



东莞银行
BANK OF DONGGUAN

2022
年度报告
ANNUAL REPORT



Important Notes

- ⊙ The Board of Directors, Board of Supervisors, Directors, Supervisors and senior management of the Bank guarantee that the information presented in the Report is true, accurate and complete, and do not contain false records, misrepresentations or major omissions and bear several and joint legal liabilities.
- ⊙ The Annual Report was approved at the 12th Meeting of the 8th Session of the Board of Directors of the Bank on 31 March 2023. Out of the 15 Directors expected to attend the meeting, 15 were present at the meeting, and 8 Supervisors of the Bank were present at the meeting.
- ⊙ KPMG Huazhen LLP issued an unqualified auditor's report for the Bank in accordance with the China Accounting Standards for Business Enterprises.
- ⊙ The Annual Report is prepared in Simplified Chinese, Traditional Chinese and English respectively. In the event of any discrepancy between the Chinese and English versions, the Simplified Chinese version shall prevail.
- ⊙ Mr. Lu Guofeng, Chairman of the Bank, Mr. Cheng Jinsong, President of the Bank, Ms. Sun Weiling, Chief Accountant, and Ms. Wei Sanfang, Head of Finance Department, represent that financial reports presented in the Annual Report are true, accurate and complete.
- ⊙ At its 10th meeting, the 8th session of the Board of Directors of the Bank reviewed and approved the preliminary profit distribution plan for the reporting period: based on the total share capital of 2.18 billion shares as of 31 December 2022, a cash dividend of RMB3.00 (tax inclusive) for every 10 shares will be distributed to all shareholders and a total cash dividend of RMB654 million will be paid.
- ⊙ Unless otherwise stated, the accounting and financial data mentioned in the Report are consolidated data.
- ⊙ The forward-looking descriptions such as future planning and development strategies involved in the Report shall not be regarded as the Bank's substantial commitments to its investors. Investors and relevant parties shall be sufficiently aware of the related risks and understand the differences between plans, forecasts and commitments.
- ⊙ Investors are expected to read the full text of the Report carefully. The details on existing major risks and proposed countermeasures are set out in the Report by the Bank. Please refer to the "Operation Discussion and Analysis" for information relating to risk management.

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Interpretation

In the Report, unless otherwise stated, the following terms contain connotations as below:

1. “Bank of Dongguan”, the “Bank”, “our Bank” and the “Company” refer to Bank of Dongguan Co., Ltd.
2. “Reporting period” refers to the year 2022.
3. “Articles of Association” refers to the “Articles of Association of Bank of Dongguan Co., Ltd.”



Chairman's Address

In 2022, the 20th National Congress of the Communist Party of China ("CPC" or the "Party") was held, and we launched a new five-year plan of strategic development. Despite the complicated domestic and international situation in the year, we achieved steady business development by upholding Party leadership in the Bank, obtaining the strong support provided by the governments at various levels, the effective guidance and supervision of regulatory authorities, unremitting efforts made by all of our employees, and the continuing support from all sectors of society. Efforts were also made to prioritize stability while pursuing progress, support the real economy, firmly maintain the bottom line of risks, and deepen reform and business transformation.

In the past year, we constantly improved the quality and efficiency of business development in the "market-oriented and customer-focused" principle. The Bank posted revenue of more than RMB10 billion, and 15.45% year-on-year growth in net profits. With optimized structure of assets and liabilities, and ongoing stable asset quality, we satisfied all major regulatory requirements.

In the past year, we continued to enhance the effectiveness of how we support the real economy while staying true to our principal businesses and primary responsibilities as well as our market positioning. We gave greater prominence to financial services that cover the life cycle of our customers' financial needs by constantly promoting product iteration to optimize such financial services. We gave strong support for the "technology innovation + advanced manufacturing", and was actively involved in the development of inclusive finance, and promoted cross-border financial services. Revolving around the requirements of multi-scenario services, we optimized wealth management, consumer credit and transaction settlement services to continuously enhance the satisfaction of citizens.

In the past year, we effectively prevented and controlled various financial risks by following the prudence principle, and kept improving corporate governance and internal control systems. We made considerable headway in integrating Party leadership into our efforts to improve corporate governance. We adopted a package of steps to prevent and defuse risks by prioritizing requirements for development security, strengthening the transmission of risk appetite, internal management and control in key areas, and improving risk identification and monitoring through the intelligent risk control system.

In the past year, we deepened internal reform and digital transformation under the guidance of our strategy. Committed to building an organization that is structured in a manner resembling an ecological system, we implemented the product manager system, and strengthened the development of technology infrastructure in an all-round way to promote the application of new technologies such as big data and AI to create an intensive, efficient and agile operation management system.

The year 2023 will see both opportunities and challenges. We will implement the guiding principles of the 20th CPC National Congress on a comprehensive scale, continue to uphold the overriding principle of prioritizing stability while pursuing progress, fully and faithfully implement the new development philosophy, seize development opportunities and stay true to our mission of serving the real economy. In doing so, we aim to create greater value for customers, investors and the society!

Chairman: Lu Guofeng

Company Overview

I. COMPANY STATUS

Legal Chinese name	东莞银行股份有限公司
Chinese abbreviation	东莞银行
Legal English name	BANK OF DONGGUAN CO., LTD.
English abbreviation	BOD
Legal representative	Lu Guofeng
Date of initial registration	8 September 1999
Unified social credit code	914419007076883717
Financial license No.	B0201H244190001
Registered office address	No. 21, Tiyu Road, Guancheng District, Dongguan, Guangdong, China

II. CONTACTS

Secretary of the Board of Directors	Li Qicong
Contact address	Office of the Board of Directors, Bank of Dongguan, No. 21, Tiyu Road, Guancheng District, Dongguan, Guangdong, China
Tel	(86)-769 2286 5192
Fax	(86)-769 2211 6029
E-mail	zhanlb@dongguanbank.cn
Postal code	523000

III. INFORMATION DISCLOSURE AND PLACE WHERE THE ANNUAL REPORT IS AVAILABLE

Newspapers for information disclosure	<i>Financial News</i>
Website for publishing annual report	Official website of the Bank: http://www.dongguanbank.cn
Place where the annual report is available	Office of the Board of Directors and branch offices of the Bank

IV. OTHER RELEVANT INFORMATION

Certified public accountant engaged	KPMG Huazhen LLP
Office address	8th Floor, KPMG Tower Oriental Plaza, 1 East Chang An Avenue, Beijing
Signatory certified public accountants	Wu Zhongming, and Ye Yunhui

Summary of Accounting Data and Financial Indicators

I. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB'000, %

Operating performance	2022	2021	Increase or decrease over the previous year	2020
Operating income	10,279,068	9,510,756	8.08	9,157,567
Operating profits	3,940,660	3,284,063	19.99	2,568,137
Total profits	3,929,591	3,279,749	19.81	2,554,984
Net profits	3,833,273	3,320,152	15.45	2,876,031
Net profits attributable to shareholders of the Company	3,834,440	3,316,334	15.62	2,875,584
Net profits attributable to shareholders of the Company after deducting non-recurring profit and loss	3,741,452	3,309,231	13.06	2,877,174
Net cash flow generated from/(used in) operating activities	21,391,893	-17,855,118	219.81	9,680,383
Basic earnings per share (RMB/share)	1.72	1.48	16.22	1.32
Diluted earnings per share (RMB/share)	1.72	1.48	16.22	1.32
Basic earnings per share after deducting non-recurring profit and loss (RMB/share)	1.67	1.48	12.84	1.32
Net cash flow from operating activities per share (RMB/share)	9.81	-8.19	219.81	4.44
Fully diluted return on equity (%)	12.24	11.69	0.55	11.60
Weighted average return on equity (%)	12.91	12.36	0.55	12.17
Fully diluted return on equity after deducting of non-recurring profit or loss (%)	11.94	11.67	0.27	11.61
Weighted average return on equity after deducting of non-recurring profit or loss (%)	12.59	12.33	0.26	12.17

Note: The indicators relating to the Group's return on equity and earnings per share are calculated in accordance with the provisions of the "Notice on Promulgation of Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.9 – Calculation and Disclosure of Return on Equity and Earnings per Share" (revised in 2010). The Bank issued RMB2.2 billion and RMB2.0 billion of write-down undated capital bonds (the "Perpetual Bonds") in 2020 and 2022 respectively, and paid the interest on the bonds in 2021 and 2022 respectively. When calculating the basic earnings per share and average return on equity disclosed herein, the Bank took into account the effect of the Perpetual Bonds.

Unit: RMB'000, %

Indicators of project scale	2022	2021	Increase or decrease over the end of the previous year	2020
Total assets	538,419,002	482,783,583	11.52	416,326,107
Total disbursement of loans and advances	290,430,530	270,088,026	7.53	229,103,304
Including: Corporate loans	170,138,898	151,907,900	12.00	121,453,717
Personal loans	101,553,545	95,585,147	6.24	78,132,581
Notes discounted	18,738,087	22,594,979	-17.07	29,517,006
Provision for loan loss	6,908,889	6,731,594	2.63	5,952,116
Including: Provision for loan loss at fair value through other comprehensive income	147,473	119,568	23.34	61,803
Total liabilities	503,564,781	452,926,078	11.18	389,245,133
Total principal of customer deposits	363,598,099	318,832,668	14.04	291,694,448
Including: Corporate deposits	216,197,287	203,690,298	6.14	192,071,907
Personal deposits	124,137,005	101,157,163	22.72	87,278,098
Shareholders' equity	34,854,221	29,857,505	16.74	27,080,974
Including: Equity attributable to shareholders of the Company	34,755,195	29,755,352	16.80	26,980,679
Share capital	2,180,000	2,180,000	0.00	2,180,000
Net assets per share attributable to shareholders of the Company (RMB/share)	14.02	12.64	10.92	11.37

Note 1: According to the "Notice on Revising and Issuing the Format of Financial Statements of Financial Enterprises for 2018 of the Ministry of Finance" (Caikui [2018] No. 36), the interest of financial instruments based on the effective interest method is included in the book balance of financial instruments. Interest on the matured financial instruments that is receivable or payable but has not been received or paid at the balance sheet date is presented under "Other assets" or "Other liabilities". Unless otherwise stated, the "loans and advances", "customer deposits" and their details referred to in the Report are non-interest amounts.

Note 2: The effects of the undated capital bonds (the "Perpetual Bonds") have been deducted from the net assets per share attributable to the Company's ordinary shareholders.

II. MAJOR FINANCIAL INDICATORS BY QUARTER

Unit: RMB'000

	2022Q1	2022Q2	2022Q3	2022Q4
Operating income	2,424,639	2,693,264	2,524,722	2,636,443
Net profits attributable to shareholders of the Company	1,212,225	825,363	1,071,588	725,264
Net profits attributable to shareholders of the Company after deducting non-recurring profit and loss	1,213,003	808,423	1,050,447	669,579
Net cash flow generated from/(used in) operating activities	7,521,585	4,027,141	6,481,737	3,361,430

III. ITEMS AND AMOUNT OF NON-RECURRING PROFITS AND LOSSES

Unit: RMB'000, %

Non-recurring gains and losses item	2022	2021	Increase or decrease over the previous year	2020
Net gains and losses from disposal of non-current assets	-1,228	-10,295	88.07	3,036
Government grants recognized in current gains and losses	137,565	24,610	458.98	11,002
Other items qualified as non-recurring gains and losses	-11,069	-4,315	-156.52	-13,153
Net non-recurring gains and losses	125,268	10,000	1,152.68	885
Less: effect of income tax	31,992	2,798	1,043.39	1,020
Total	93,276	7,202	1,195.14	-135
Including: non-recurring gains and losses that affect net profit of shareholders of the Company	92,988	7,103	1,209.14	-1,590
Non-recurring gains and losses that affect minority interests	288	99	190.91	1,455

IV. SUPPLEMENTARY FINANCIAL AND REGULATORY INDICATORS

Unit: %

Item	Standard value	2022	2021	2020
Capital adequacy ratio	≥10.5	13.42	13.32	14.54
Tier-1 capital adequacy ratio	≥8.5	9.75	9.34	10.03
Core tier-1 capital adequacy ratio	≥7.5	8.56	8.64	9.20
Leverage ratio	≥4	5.72	5.53	5.84
Liquidity ratio	≥25	77.88	59.97	58.70
Liquidity coverage rate	≥100	187.81	132.42	145.96
Non-performing loan ratio	≤5	0.93	0.96	1.19
Provision coverage ratio	≥130	254.30	259.48	219.17
Provision-loan ratio	≥1.8	2.38	2.49	2.60
Loan concentration ratio of a single customer	≤10	2.78	3.74	4.54
Credit concentration ratio of a single group customer	≤15	6.03	5.80	7.00
Migration ratio of pass loans	-	0.84	1.48	1.50
Migration ratio of special-mentioned loans	-	34.10	21.68	33.40
Migration ratio of substandard loans	-	69.56	43.20	44.81
Migration ratio of doubtful loans	-	12.49	35.31	16.28
Return on total assets	≥0.6	0.75	0.74	0.73
Cost-income ratio	-	35.22	34.55	30.67
Net interest spread	-	1.72	1.82	2.11
Net interest margin	-	1.67	1.79	2.08

Note 1: Regulatory indicators are calculated and presented in regulatory terms.

Note 2: Net interest spread=the average return on interest-earning assets - average cost rate of interest-bearing liabilities.

Note 3: Net interest margin = net interest income/average balance of interest-earning assets.

Note 4: In accordance with the provisions in the "Circular on Adjusting the Regulatory Requirements for Loan Loss Provision of Commercial Banks" (Yin Jian Fa [2018] No. 7), commercial banks are subject to the differential and dynamic regulatory policies for the provision.

V. CHANGES IN SHAREHOLDERS' EQUITY

Unit: RMB'000

Item	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit	Minority equity	Total shareholders' equity
Opening balance	2,180,000	2,197,358	2,089,535	190,080	2,900,713	5,175,989	15,021,677	102,153	29,857,505
Increase in the current period	-	1,998,963	-	-	384,029	500,000	2,311,911	-	4,996,716
Decrease in the current period	-	-	-	195,060	-	-	-	3,127	-
Ending balance	2,180,000	4,196,321	2,089,535	-4,980	3,284,742	5,675,989	17,333,588	99,026	34,854,221

VI. CAPITAL COMPOSITION AND ITS CHANGE

Unit: RMB'0,000

Item	2022	2021	2020
Total net capital	4,734,730	4,191,418	3,869,091
Net core tier-1 capital	3,020,833	2,717,266	2,449,587
Net tier-1 capital	3,440,740	2,937,282	2,669,617
Net tier-2 capital	1,293,990	1,254,136	1,199,474
Risk-weighted assets	35,292,292	31,458,554	26,617,593

Corporate Business Overview

I. PRINCIPAL BUSINESSES IN THE REPORTING PERIOD

The scope of our principal businesses includes: accepting public deposits; offering short-term, mid-term and long-term loans; domestic settlement; discounting bills; issuing, cashing and underwriting government bonds as an agency; trading government bonds; interbank borrowings; issuing financial bonds; providing bank guarantees; collecting and settling payments; safe box service; entrusted deposits and loans service of local fiscal revolving fund; foreign currency deposits; foreign currency loans; foreign currency remittances; foreign currency exchange; international settlement; interbank borrowing of foreign currency; acceptance and discounting of foreign currency bills; foreign currency guarantees; settling and selling foreign currency; foreign currency exchange as an agency; settling foreign credit card payment as an agency; insurance service as an agency (operating by branches with permit); selling securities investment funds as an agency; self-supporting foreign exchange trading; and other businesses approved by the banking regulatory authorities of China (items subject to approval according to laws shall not be operated before such approval is granted by the competent authorities).

II. MATERIAL CHANGES IN MAJOR ASSETS

During the reporting period, there were no material changes in the Bank's major assets.

III. CORE COMPETITIVENESS ANALYSIS

(I) Regional development opportunities provide broad space for growth. At present, when the national strategy of the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area") and the plan to build Shenzhen into a demonstration area of socialism with Chinese characteristics are expedited, the high-quality regional economic layout is being shaped quickly. As a city with GDP more than RMB1 trillion and a population of over ten million, Dongguan focuses on "technical innovation + advanced manufacturing" and is stepping up innovation-driven development. With Dongguan as the core and based in the Greater Bay Area, the Bank has covered 7+1 cities in the 9+2 city cluster within the Greater Bay Area. The good regional economic environment provides the Bank with unique market space and abundant local customer resources for deepening localized operation and advancing high-quality development.

(II) Scientific and standardized corporate governance leads high-quality development. Actively promoting the integration of the Party leadership and corporate governance, the Bank has formed a modern corporate governance organizational structure that consists of the general meeting of shareholders, the Board of Directors, the Board of Supervisors, and senior management, and established a complete corporate governance system and a modern enterprise system with Chinese characteristics to define the authorities and responsibilities of the general meeting of shareholders, the Board of Directors, the Board of Supervisors, and senior management and to facilitate a corporate governance operation mechanism characterized by "independent operation, effective checks and balances, mutual cooperation, and coordinated operation". The Bank's fine corporate governance on the whole ensures that the Bank can stick to the bottom line of compliance management and keep developing steadily and sustainably in the correct strategic direction.

(III) The development pattern characterized by interaction between domestic market and overseas market enhances the capabilities of comprehensive financial services. The Bank is the first city commercial bank with a branch in Hong Kong. The establishment of the Hong Kong Branch opens another chapter for the Bank in deepening its international development and building a diversified financial group, providing favorable conditions for the Bank's characteristic development. Relying on the Hong Kong Branch, the Bank is deeply involved in the construction of the Greater Bay Area as a financial hub and the high-level two-way financial opening up. By leveraging the comparative advantages of resource linkage in domestic and overseas markets, the Bank puts more efforts in product innovation to meet the requirements of customers in the Greater Bay Area for diversified financial services and has further enhanced the capabilities of comprehensive financial services.

(IV) Digital transformation drives the upgrading of the development model. Following the trend of digital development, the Bank further pushes forward digital transformation, comprehensively boosts internal coordination efficiency and customer service quality, and drives the transformation and upgrading of the Bank's development model. With more technical spending, on the basis of the upgrade of core systems, the Bank has completed the construction and commissioning of the risk credit project group, fully consolidating the technical foundation of digital transformation. The Bank intensifies efforts to build an online, middle office-based and smart bank and create an intensive, efficient and agile digital operation and management system. The Bank deepens the flattening and agility of the organizational system, and has established a full-process agile development mechanism for products and raised the innovation and development capacity to a new level.

(V) Stable operation ensures sustainable development. The Bank has adhered to the principle of stable operation, included stability in its core values, and made stability a key point in all aspects of its operation and management. The Bank implements the concept of risk enabling, and strives to improve the comprehensive risk management system, establish a scientific risk transmission mechanism, and strengthen risk appetite and risk limit management. The Bank continues to improve various risk management systems and processes and strengthen risk monitoring and warning management in key areas. With further efforts made in the construction of systems and tools and improved intelligent risk control, the Bank has further enhanced the quality and efficiency of risk management and provided a more solid foundation for high-quality development.

(VI) Excellent and professional talents lay a solid foundation for development. The Bank adheres to the people-oriented approach and fully implements the strategy of "making the Bank strong through talents". The Bank improves the human resource management system, innovates on human resource management methods, accurately recruits talents, strengthens the development of key talents, boosts the training system, intensifies talent incentives, carries out standardized, modular, and systematized behaviors for key positions, steps up the cultivation of international financial talents and professional talents, and is gradually cultivating and forging an excellent professional team of talents.

IV. IMPLEMENTATION OF KEY BUSINESSES DURING THE REPORTING PERIOD

(I) Corporate banking

1. Operating results

The Bank insists on remaining true to the original intention of providing financing by deepening 2G2B2C circle chain development in the customer-focused manner, intensifying the synergy between customer base management and localized development through leading products, and keeping enhancing the capabilities of “government finance”, “industrial finance” and “trading finance” services. As of the end of the reporting period, the balance of corporate banking deposits was RMB216.197 billion, an increase of RMB12.507 billion or 6.14% over the beginning of the year. The balance of corporate banking loans (including discount loans) was RMB188.877 billion, an increase of RMB14.374 billion or 8.24% over the beginning of the year.

2. Features of business development

(1) Driven by leading products, the Bank continues to strengthen government finance. **First**, further special local government bonds services. The Bank has become the first qualified financial institution in Dongguan to help state-owned enterprises apply for special bonds as project implementation units (“PIUs”). **Second**, a focus on developing a government finance ecosystem. The Bank has developed government scenarios such as access to people’s livelihood and fund supervision, built a comprehensive supervision platform, and increased the sources and channels of agency qualifications. In the year, the Bank obtained 7 additional agency qualifications and commenced 32 projects to expand customer base and improve service quality. **Third**, better application of financial services for rural revitalization. By deepening “product + platform” construction, in the year, the Bank reported an effective growth of village & community deposits and customers and made an important breakthrough in the marketing and promotion of “Village Finance” cross-bank collection. In the year, the Bank reported a 183.61% year-on-year growth in contracted customers and a 776.68% year-on-year growth in trading volume.

(2) Driven by innovative products, the Bank focuses on industrial finance. **First**, more efforts in the advanced manufacturing finance. Given the positioning of Dongguan as a city of “technical innovation + advanced manufacturing”, the Bank provides integrated financial innovation services to facilitate the commercialization of technical achievements in the innovation chain. By launching innovative products such as “Easy Park Building”, “Easy Mortgage” and “Receipt Loan”, the Bank provides professional efficient financial support to facilitate transformation and upgrading of traditional industries. In the year, the Bank reported 2,278 advanced manufacturing loan customers, with a balance of RMB53.525 billion loans and a net increase of RMB12.092 billion credit amount. **Second**, greater development of green finance. The Bank actively drives scenario innovation, continues to implement green finance service solutions, and has been one of the first to launch carbon emission-supported bill discounting in Guangdong Province. **Third**, expansion to construction finance. With a focus on the L/G chain ecosystem, the Bank is actively connecting with government procurement platforms and public resource trading center systems. In the year, the Bank served 4,158 businesses and issued L/Gs amounting to RMB24.914 billion.

(3) With optimized iterative products, the Bank fully extends trading finance. On the basis of “online + scenario + platform”, and with a focus on livelihood industries such as non-tax payment, education and training, street parking, smart refueling, intelligent charging, and wholesale & retail, the Bank has established an information cooperation platform to optimize payment and settlement channels and further enhance the product experience. The Bank provides multi-scenario payment and settlement, continues to optimize product iterations, and fully extends trading finance. In the year, the Bank reported 3,837 new merchants, a year-on-year increase of 47.41%, and RMB7.91 billion trading volume, a year-on-year increase of 53.51%.

(II) Inclusive finance

1. Operating results

In its efforts to thoroughly implement the strategic plans of the Party and the state on financial support for the development of small and micro businesses, the Bank continues to improve the quality and efficiency of services to small and micro businesses, and has successfully completed the targets including “increased loans and customers and controlled quality of assets and comprehensive borrowing costs for small and micro businesses” and “targeted cuts to required reserve ratios”. As of the end of the reporting period, the balance of various types of micro-credit loans (including loans to small and micro businesses, individual businesses, and owners of small and micro businesses) was RMB113.382 billion, an increase of RMB15.183 billion or 15.46% over the beginning of the year. The balance of inclusive finance loans was RMB34.486 billion, an increase of RMB6.61 billion or 23.71% over the beginning of the year, and the number of inclusive finance loan customers reached 21,005, an increase of 761 over the beginning of the year. In the year, more than RMB26.2 billion inclusive loans were granted, with a weighted average lending rate of 4.63%.

2. Features of business development

(1) The Bank strengthens the construction of institutional and systematic mechanisms to improve the inclusive finance service system. As of the end of the reporting period, the Bank had 177 business outlets, including 6 community sub-branches and 4 micro-credit sub-branches, to extend to and cover more small and micro businesses. The Bank continues to build the team of inclusive account managers across the Bank to promote the development of exclusive inclusive finance and improve the professional level of inclusive services. Every year, the Bank makes a separate inclusive credit plan, implements special support policies such as favorable resources, cost concessions, NPL tolerance and due diligence and exemption and strengthens the motivation and confidence of grassroots teams in being ready to grant loans.

(2) The Bank promotes digital transformation and upgrades the technology-enabled business model. In terms of product innovation, leveraging on online banking and fintech technology, the Bank expedites the online commercialization of inclusive loan products and continues to optimize and iterate online products including online technology e-loan, housing e-loan, government procurement e-loan, quality property mortgage e-loan and custody e-loan. In 2022, the Bank launched “House Purchase e-loan”, the first online product of its kind in the industry, and won the 2022 Greater Bay Area Inclusive Finance Innovation Award. In terms of customer development, the Bank continues to improve the customer evaluation system and publicity channels, and has established a white list of inclusive finance customers to effectively increase the accuracy of customer acquisition and the customer loan application rate and improve the acquisition and satisfaction of customer requirements for financing.

(3) The Bank actively promotes fintech business, and ranked at the top by technology, finance, and industrial integration loans. Closely following the technology, finance, and industrial integration policy, the Bank continues to optimize and innovate on technology finance products. In 2022, among the 18 banks in Dongguan cooperating with the government on technology, finance, and industrial integration that provided technology credit, the Bank was one of the best in reporting the number of customers and transactions and total amount of technology, finance, and industrial integration technology credit loans. As of the end of the reporting period, the Bank had granted technology finance loans to 2,549 customers, with a total credit balance of RMB47.195 billion, an increase of RMB8.44 billion or 21.78% over the beginning of the year.

(4) The Bank makes full use of policy benefits to boost the win-win development of the Bank and its corporate customers. First, more use of low-cost policy funds. In the year, the Bank granted a total of nearly RMB13.0 billion of re-loans and sub-loans to support about 4,450 small and micro businesses and business owners and granted the first risk-sharing sub-loan to a small and micro international trade business in Dongguan. Second, further use of the PBOC's new policies and active connection with the PBOC's inclusive micro-credit loan support tools. In 2022, the Bank reported an increase of RMB7.405 billion of inclusive loans and obtained over RMB130 million of incentive funds; actively implemented the PBOC's phased interest rate reduction policy by cutting interest rates by over RMB81.00 million for 14,600 inclusive micro-credit loan customers, a move to effectively lower customer financing costs. Third, connection with various favorable bailout policies. The Bank leverages the subsidized first loan policy offered by the provincial financial supervisory authority to promote micro-credit first-loan customers, ranked No. 1 among the city commercial banks in Guangdong province by the amount of discounts to first-loan businesses; leverages the subsidized start-up loan policy offered by the HR and Social Security Bureau to grant more micro-credit start-up loans, ranked No. 1 of its kind in Dongguan by the grant of subsidized start-up loans.

(III) International banking

1. Business results

The Bank continues to diversify the international banking product system, deepen the application of "international + domestic" scenarios, make flexible use of funds raised from domestic + overseas markets, establish a full product R&D mechanism for international banking integrating local and foreign currencies, and build "online + offline" service channels. With a focus on customer requirements, starting from dimensions such as product or process R&D, iteration efficiency, product trading volume, benefits and customers, the Bank manages the entire life cycle of international banking products, so as to keep meeting the complex business requirements of cross-border groups.

2. Features of business development

(1) The steady development of trade financing promotes capital-light development. The Bank offers cross-border investment and financing products such as overseas payment and cross-border guarantee to domestic and foreign enterprises and groups, and continues to launch "online trade financing products" to provide more convenient online financing to foreign-funded enterprises and foreign trade enterprises. During the reporting period, the Bank granted a total of RMB39.845 billion local and foreign currency trade financing, a year-on-year increase of 25.76%.

(2) Solid cross-border settlement enhances the efficiency of international settlement. The Bank provides customers with one-stop online international settlement and foreign exchange settlement and sales services, so as to help with online appointment for opening foreign currency accounts, online foreign exchange purchase and payment, fully automatic overseas collection of foreign exchange for eligible enterprises and online foreign exchange derivatives, keep solidifying cross-border settlement, enhance customer experience, and improve the efficiency of international settlement. During the reporting period, the Bank reported an international settlement volume equivalent to US\$14.235 billion.

(3) Cross-border linkage means a focus on the linkage between the two markets and deepened attention to cross-border financial services for foreign-funded customers and foreign trade customers. Making the most of the comparative advantages of the two markets and two resource linkages, the Bank links the Hong Kong Branch, and integrates domestic and foreign products and processes around the growing requirements of customers for cross-border services, so as to adapt to the specific requirements of different types of customers including state-owned enterprises, advanced manufacturing players, inclusive manufacturing players and Hong Kong-funded enterprises. During the reporting period, the Bank granted RMB5.8 billion cross-border linkage loans to meet the cross-border investment and financing requirements needed for companies going global and coming to China.

(IV) Personal banking

1. Operating results

As per the new five-year strategic plan and around the business strategy characterized by wealth transformation, leading products, customer base management, and efficiency drive, the Bank further defines line management responsibilities, makes solid efforts to build an ecotype organization, insists on prioritizing stability while pursuing progress, and goes all out for wealth transformation, laying a firm foundation for high-quality sustainable development. As of the end of the reporting period, the balance of deposits was RMB124.137 billion, an increase of RMB22.980 billion or 22.72% over the beginning of the year; and the balance of personal banking loans was RMB101.554 billion, an increase of RMB5.968 billion or 6.24% over the beginning of the year.

2. Features of business development

(1) A faster shift in wealth management helps boost AUM growth and lower deposit costs. First, from the perspective of asset and liability management, the Bank adjusts and optimizes the structure of deposits, innovates on and optimizes deposit products, expands settlement scenarios, strengthens the joint development of settlement and liabilities, and seeks to grow core personal deposits and reduce the costs of personal deposits. Second, from the perspective of allocating customer assets, the Bank strengthens customer wealth preservation and value-added services, enhances cooperation with various financial institutions, steps up the introduction of wealth products, and keeps diversifying product shelves, so as to meet customer requirements in multiple directions.

(2) A focus on customer base management helps identify customer requirements. First, with a focus on the target customer base, the Bank optimizes customer service processes, strengthens system support, diversifies customer value-added services, enhances customer satisfaction, and boosts growth in customers and assets. Second, the Bank pays close attention to the process management of customer base marketing, and has created standardized and streamlined customer service and marketing processes for marketing personnel by starting from process indicators; strengthens data analysis and potential tapping, stimulates the cross-marketing of key products, keeps customer viscosity, and consolidates the customer base. Third, the Bank creates a new media publicity position, builds a new media platform standardization and normalization management system, innovates on customer reach modes, and enhances the capacities of acquiring, activating, retaining and training customers.

(3) Improved management mechanisms strengthen support and guarantee. The Bank implements the concept of ecotype organization construction, adjusts the organizational structure around the creation of “product team + business support platform”, enhances line product drive, marketing support and technology enabling, and deepens line assets and liabilities, human resources, and risk pre-management. With linear, flat, and professional organizational mechanisms, it is possible to enhance line decision-making and action capabilities, and improve the overall line work efficiency and customer service capabilities.

(V) Direct banking business

1. Business results

The Bank adheres to the “customer-centered” business philosophy, implements the development strategy of leading productions, actively explores new business models, fully integrates financial and technical strengths, continuously drives the pace of digital operations, and constantly empowers the steady growth in the direct banking business. As of the end of the reporting period, the balance of direct-bank loans reached RMB77.83 billion, an increase of RMB77 million over the beginning of the year.

2. Features of business development

(1) Deepened the core competitiveness of consumer credit and enhanced service experience. The bank enabled the integrated marketing model and iteratively optimized the digital consumer credit operation system by exploring the expansion of customer credit group, generated marketing whitelist with data, coordinated online and offline channels, integrated a series of marketing management functions and tools, so as to achieve customers value creation throughout the entire lifecycle. During the reporting period, the total amount of consumer credit loans granted was RMB16.978 billion, an increase of 1.35% year of year.

(2) Took business settlement as a key to acquire customers to creating customer growth. By launching customer acquisition platforms such as Dongguan e-rent and Medical-financial treatment services, the Bank continues to explore and construct the digital customer acquisition model under the settlement scenario, as part of creating new growth points in customer acquisition. Meanwhile, by preparing a financial service benefits handbooks for high-net-worth clients, the Bank committed to forming financial management solutions for B-end customers and comprehensive financial service solutions for C-end customers, and created an ecosystem circle of payment and settlement products based on B2C and public-private linkage models, so as to further enhance the efficiency of turning new customers into high-net-worth clients. During the reporting period, the Bank reported that the number of Dongguan e-rent landlords was 22,400, and the settlement volume reached RMB5.295 billion, an increase of 112.82% year of year, in addition, 12,000 users contracted Medical-financial treatment services.

(3) Explored actively customer stratification and classification operations. For different levels and types of customers, direct-bank focused on refining the particle analysis of customer segmentation, and explored differentiated marketing methods by strengthening data insights. In addition, the direct-bank was exploring the new organization marketing system that was a distribution of finance + orders, quickly meeting customers' needs in a more opened and active manner, built a symbiotic and co-construction ecological protection system where our services and customer experience.

(4) Conducted digital risk management and control system to intensify risk management. Adhering to the philosophy of “risk-driven business”, prudent risk appetite, and steady risk strategy, direct-bank obtains comprehensive and objective knowledge of customers and risks by new technologies, such as data-model, machine learning, and intelligent decision-making, to boost the application of digital technologies in the full-process risk management of direct banking, embeds risk management requirements into all lending operations before, during and after the loan disbursement process, dynamically adjusts and deploys the risk management and control strategy, accelerates the disposal of non-performing assets, and builds an agile and efficient risk management mechanism, efforts to maintain the stable quality of assets quality.

(VI) Financial markets

1. Operating results

The Bank plays an active part in currency transactions and bond transactions in the inter-bank market, expands business qualifications, further issues bonds, and enables innovation and development. As of the end of the reporting period, the Bank's self-operated inter-bank transactions amounted to RMB9 trillion, representing its effectively enhanced activity and popularity in the inter-bank market. The application for opening a special trading account at the Shanghai Gold Exchange was approved by the Shanghai Gold Exchange, a sign of its successful launch of Credit Risk Mitigation Warrant investment to diversify services offered. The Bank issued RMB2 billion Perpetual Bonds to consolidate its capital and RMB4 billion financial bonds, a move to effectively supplement medium and long-term stable liabilities.

2. Features of business development

(1) Making profits through diversified investment and trading, developing asset-light model and driving internationalization. Oriented by the market, the Bank has established a standardized, asset-light product system. By strengthening investment in standardized products, diversifying intermediary business, and building a flexible portfolio, the bank has achieved steady profit. Through linking domestic and overseas markets, exploring cross-market and cross-variety opportunities, the bank has created new profit growth points.

(2) Accurate allocation of assets and liabilities to reduce costs and improve efficiency. The Bank further researches the trend of market interest rates, fully leverages the price difference advantages of different debt varieties such as repurchase, interbank lending and negotiable certificates of deposit, and selects the best debt instruments; enhances the application of derivatives or innovative instruments in liability portfolio management to further reduce the overall debt costs.

(3) Risk drive and digital enabling improve the level of intelligent risk control and digitization. The Bank continues to improve management of risks involved before, during and after investment, establish and improve a library of various investments, and research the risks in cross-border transactions. The Bank optimizes the system construction planning, expedites the iterative upgrade of trading systems, and with the help of the Bank's data platform, continues to improve the basic reporting framework for financial markets and enhance the digitization of transactions.

(VII) Asset management

1. Operating results

The Bank continues to facilitate the transformation of asset management. This includes diversifying the asset management product line according to market changes and new changes in regulatory policies, improving investment research capabilities, strengthening risk prevention and control, and promoting the steady transformation of asset management. As of the end of the reporting period, existing asset management products, all being net-worth products, amounted to RMB46.051 billion, a decrease of RMB3.131 billion or 6.37% over the beginning of the year.

2. Features of business development

(1) Diversified asset management product line to accelerate transformation of asset management products to net-worth products. First, the Bank optimizes the functions of existing products, including new functions such as redemption appointment and fixed investment, and new templates for currency T+1 and products with the shortest holding periods. Second, the Bank steps up product innovation and has launched Cash No. 2 cash management product that features functions such as fast redemption, real-time transfer and intraday advance transfer; new products with the shortest holding periods, covering 30 days, 90 days and 180 days, covering pure bonds and fixed income+; new value series of closed products dominated by held-to-maturity products valued with the cost method.

(2) Enhanced investment research capabilities to advance diversification of investment assets. In 2022, the Bank expanded the coverage of investment targets by implementing the "strategy research – portfolio management – transaction execution" investment research system to diversify investment strategies. While enlarging the scope of credit assets through measures including adjusting risk appetite and linkage between the head office and branches, the Bank further invested in cross-border assets to diversify the types of assets allocated.

(3) Tightened risk prevention and control, and standardized compliance development. The Bank upgrades risk control capabilities, further defines the asset investment strategy and access criteria before investment and tightens risk monitoring after investment to achieve risk management throughout the entire process of assets; facilitates the compliance development of new products and has completed the improvement of asset management products according to the regulatory policy requirements.

(VIII) Information technology

The Bank adheres to strategic guidance, enhances IT capabilities, boosts innovation and development even faster, deepens system and mechanism reform, sticks to the new development philosophy, strengthens data enabling, and facilitates operation and management. For the main purpose of upgrading technology enabling capabilities, the Bank further deepens technology planning, continues to promote technology governance, makes great efforts to help implement strategies, actively explores new ideas for digital transformation, and further pushes technology to enable high-quality development.

1. Adherence to the technology strategy, further collaboration, and quick support for the implementation of strategies

First, the Bank closely follows strategy guidance, enhances strong IT service capabilities, continues to advance middle office construction, and has completed the construction of projects such as risk credit, intermediate service platform and unified payment, to facilitate innovation and development. **Second**, the Bank optimizes the IT R&D plan and work arrangements, steps up the optimization of systems and functions in key areas, drives R&D and management in key areas, supports business layout and sustainable development, and quickly helps implement strategies. **Third**, based on the quality-oriented approach, the Bank carries out quality improvement actions, implements ten improvement topics including software R&D management system, built-in and process control mechanism for full life cycle quality, and continues to implement quality control measures.

2. Adherence to reform and transformation, enhancement of technical governance, and promotion of technologies to enable high-quality development

First, the Bank strengthens the strategic planning for digital transformation, deepens information technology planning, realizes closed-loop control and digital management of the entire process of technology management activities, makes the most of the role of technology enabling, steadily enhances technology governance capabilities, and improves management efficiency. **Second**, the Bank fully upgrades the technology R&D system, develops improvement objectives and strategies, improves various SOPs in the R&D process, and upgrades technology management indicators. **Third**, the Bank further reforms the allocation of technical resources, and quickens the introduction and training of information technology talents. In the year, the Bank spent RMB615 million on information technology development (accounting for 5.98% of the Bank's revenue) and hired 348 information technology employees (accounting for 6.40% of all of the Bank's employees).

3. Adherence to data construction, expanded applications of scenarios, and support for improvement in operation and management

First, the Bank improves the construction of the data capability system, consolidates the basic data platform, and has completed the data middle office construction planning to realize the data capability service system with data assets as the core and improve the efficiency and capabilities of data applications. **Second**, the Bank expands data application fields, enhances the value of data, and has completed the construction of the digital & village community grid service platform, to improve the risk analysis system and intensify the application of real-time business data. **Third**, the Bank improves the data governance support system, steadily enhances data quality, promotes special and normalized data quality governance, strengthens data source governance, diversifies and improves its data standards, and has established a mechanism for improving the efficiency of data interface benchmarking.

4. Adherence to safe operation, further integration and innovation, and establishment of an integrated operation and maintenance service system

First, the Bank strengthens the information security management system, deepens the construction of the information security technology system and operation system, enhances the Internet security attack and defense capabilities, and ensures the safe, continuous and stable operation of the network and information system. **Second**, the Bank consolidates the infrastructure, upgrades the rapid delivery of IT resources, consolidates the construction of an integrated operation and maintenance platform, enhances the efficiency of operation and maintenance, facilitates the expansion of the data center, and ensures the safe, stable and sustainable operation of infrastructure.

V. SOCIAL HONOR

Honor (extracted)	Evaluation Unit	Time of Evaluation
2021 Dongguan Benefit Contribution Award	Dongguan Committee of the CPC; People's Government of Dongguan Municipality	2022.2
Dongguan top 20 companies with main business income in 2021	Dongguan Committee of the CPC; People's Government of Dongguan Municipality	2022.2
Outstanding Benefit Contribution Enterprise in 2021	Guancheng Subdistrict Committee of the CPC; Guancheng Subdistrict Office	2022.2
2021 Contribution Award for Epidemic Control	Guancheng Subdistrict Committee of the CPC; Guancheng Subdistrict Office	2022.2
2021 Interbank Local Currency Market Innovation Award	National Interbank Funding Center	2022.3
Guangdong May 1st Labor Award	Guangdong Provincial Federation of Trade Unions	2022.4
Dongguan Advanced Unit for the Promotion of Deposits and Insurance in 2021	Dongguan Central Sub-branch of the People's Bank of China;	2022.5
Dongguan Advanced Unit for the Protection of Financial Consumer Rights in 2021	Dongguan Central Sub-branch of the People's Bank of China; Association of Financial Consumption Rights and Interests of Dongguan	2022.5
No. 62 of China's Top 100 Banks in 2022 (by net core tier-1 capital)	China Banking Association	2022.6
No. 315 in Top 1000 World Banks in 2022, an increase of 12 (by tier-1 capital)	The Banker	2022.7
Advanced Unit for Credit Investigation in 2021	Dongguan Central Sub-branch of the People's Bank of China	2022.7
Top 10 Cases of "Strengthening and Optimizing the Primary Services" in the Blue Paper on Social Value of Guangdong-Hong Kong-Macao Greater Bay Area in 2022	China Social Responsibility 100 Forum	2022.8
Dongguan Advanced Unit for Cross-border Renminbi Transactions in 2021	Dongguan Central Sub-branch of the People's Bank of China	2022.8
2022 China Golden Tripod Award – Economic and Financial Contribution Award of the Year for Serving the Real Economy	China Financial Development Forum	2022.11

VI. COMPANY'S OUTLOOK FOR FUTURE DEVELOPMENT

(I) Industry competition pattern and development trend

The world today is ever undergoing changes unseen in a century. A new round of scientific and industrial revolution is well under way. A significant shift is taking place in the international balance of power. This provides China with new strategic opportunities in pursuing development. Meanwhile, due to acute global issues, major developed economies are still facing significant inflationary pressures, with frequent regional conflicts and disturbances, the global economic recovery is sluggish. The banking industry is facing new opportunities and challenges in its development:

1. Opportunities

China is starting a new journey of building a modern socialist country in all respects. The fundamentals of the Chinese economy remain unchanged, with strong resilience and enormous potential. We are still in an important period of strategic opportunity. Guided by the general principle of seeking progress while keeping performance stable, a package of measures for stabilizing the economy will continue to function. Infrastructure investment will remain a key measure for keeping overall economic performance stable. Manufacturing investment will maintain a strong momentum. Real estate investment will hold steady. The leading role of innovation is stressed. Investment in strategic emerging industries, infrastructure upgrades and new urbanization are gaining speed. The domestic circulation is made clear. As the demand for production and consumption continues to recover, market potential will be unleashed continuously. The restoration of economic fundamentals will bring new opportunities for the high-quality development of the banking industry.

2. Challenges

Given the profound changes have taken place in the economic and financial environment at home and abroad, instabilities, uncertainties and insecurities have grown dramatically. The global industrial and supply chains are becoming vulnerable. The incentives and forms of financial risks are more complex. The banking industry is seeing unprecedented challenges in risk management. At the same time, with interest rate liberalization deepening and LPR cuts for the real economy, interest rate differentials keep narrowing. Banks have an urgent need to speed up digital transformation, advance the upgrading of operation and management mode; optimize and adjust the business structure faster, reduce reliance on traditional interest rate differentials, and expand diversified sources of profit.

(II) Development strategy

The Bank's medium and long-term strategic development goals are to: maintain reasonable returns on equity (ROE), grow steadily in the total size of assets, and become a comprehensive financial group with regional competitive advantages.

Adhering to the principle of "keeping development stable", the strategic positioning of "serving the local, serving the real economy and serving the public" and the philosophy of "customer-focused, market-oriented" operations, and based on the direction of comprehensive operation, international development, and characteristic competition, the Bank will further advance digital transformation and the construction of an asset-light bank, step up the innovation of specialized and localized financial products & services, create new advantages in coordinated development, and continue to promote high-quality, sustainable growth.

(III) Business plan for the year 2023

In 2023, the Bank will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the spirit of the 20th National Congress of the Communist Party of China, stick to the general principle of seeking progress while keeping performance stable, completely, accurately and fully follow the new development philosophy and the regulatory requirements. In expediting digital transformation, the Bank will effectively combine professional reform with leading products, efficiency drive, and overall strategy of global operation and strive to achieve high-quality development and a new leap forward. Emphasis will be placed on implementing the following eight aspects:

1. Unswervingly strengthen the Party leadership and building to lead high-quality development with high-quality Party building. We strengthen political construction, intensify the full implementation of the principle of the Party governing finance; strengthen ideological construction, thoroughly study and implement the spirit of the 20th National Congress of the Communist Party of China, and use the party's innovative theory to guide daily work; strengthen the construction of Party conduct, and fully enforce strict Party discipline and conduct.

2. Further improve corporate governance, fulfill the development strategy faster, and build a new pattern of high-quality development.

We continue to improve the modern corporate governance system with Chinese characteristics, enhance the operation mechanism that consists of the general meeting of shareholders, the Board of Directors, the Board of Supervisors and senior management, keep optimizing the management mechanism for equity and related party transactions, strengthen the establishment of an information disclosure system, and fully promote the effectiveness of corporate governance.

3. Deepen professional reform, continue to build a strong head office, and make every effort to create new momentum for high-quality development.

We carry out the new five-year strategic plan in a solid manner, accelerate the reform of the sales system, large operating system and the building of investment research capabilities, and keep enhancing the new momentum of high-quality development.

4. Implement the new development philosophy and strive to advance the high-quality development of key operations.

We completely, accurately, and fully implement the new development philosophy, seize market opportunities, fully explore new growth points in corporate banking, promote personal banking to achieve a new leap forward, and keep improving asset management strategy and mechanism construction under global operations.

5. Focus on building core risk control capabilities and improve the pertinence and effectiveness of management.

We improve risk empowerment, build a sensitive and efficient risk management system, and shape a unified risk culture.

6. Focus on the construction of digital transformation infrastructure and upgrade the level of technology enabling development.

We deepen platform construction, boost the implementation of the innovation strategy; focus on data capacity building, and enable digital operation to enhance quality.

7. Adhere to the principle of efficiency first and play the crucial role of the market in resource allocation.

We take efficiency as the core, keep tightening the active management of assets and liabilities, and strive to increase operating efficiency; improve the dynamic assessment and post-evaluation mechanism, and fully enhance the efficiency of resource allocation.

8. Adhere to making the Bank strong through talents, and build a team of professional talents to provide talent support for high-quality development.

We keep improving the selection and employment mechanism, update the talent training system and human resource management system, and strive to build a loyal, clean and responsible high-quality team of talents.

Operation Discussion and Analysis

I. OVERVIEW

In 2022, the Bank adhered to the general principle of seeking progress while keeping performance stable, fully implemented the new development philosophy and regulatory requirements, focused on leading products, efficiency drive, and global operations around the new five-year strategic development plan, pushed the transformation and upgrading of its management and service models, created new advantages in market competition, and strived to write a new chapter in high-quality development.

First, the size made a new record. As of the end of the reporting period, total assets amounted to RMB538.419 billion, a year-on-year increase of RMB55.635 billion or 11.52%, making it a medium-sized bank; total liabilities amounted to RMB503.565 billion, a year-on-year increase of RMB50.639 billion or 11.18%; the balance of deposits was RMB363.598 billion, a year-on-year increase of RMB44.765 billion or 14.04%; and the balance of loans was RMB290.431 billion, a year-on-year increase of 20.343 billion or 7.53%.

Second, the revenue exceeded RMB10 billion. During the reporting period, the Bank reported a revenue of RMB10.279 billion, a year-on-year increase of RMB768 million or 8.08%, stepping into a new stage of development. Of the revenue, net non-interest income amounted to RMB2.504 billion, a year-on-year increase of 279 million or 12.53%, and accounted for 24.36% of the revenue, a year-on-year increase of 0.96%. The profit structure has been continuously optimized.

Third, the operating efficiency was steadily improved. During the reporting period, the Bank realized a net profit of RMB3.833 billion, a year-on-year increase of RMB513 million or 15.45%, including RMB3.834 billion attributable to shareholders of the Company. Basic earnings per share were RMB1.72, a year-on-year increase of RMB0.24 per share or 16.22%. The ROE was 12.24%, a year-on-year increase of 0.55%; and the weighted average ROE was 12.91%, a year-on-year increase of 0.55%.

Fourth, the quality of assets remained stable. The Bank adhered to stable operation and ensured that no compliance risk occurred. As of the end of the reporting period, the Bank's NPL ratio was 0.93%, a decrease of 0.03% over the beginning of the year. The provision coverage ratio was 254.30%. Sufficient provision meant the risk-resistance capacity to some extent.

As of the end of the reporting period, the Bank's major regulatory indicators are presented below:

Type	Item	Ratio	Unit: %
Operation performance indicator	Return on average assets	0.75	
Operation performance indicator	Return on fully diluted net assets	12.24	
Operation performance indicator	Cost-income ratio	35.22	
Asset quality indicator	Non-performing loan ratio	0.93	
Prudent operation indicator	Capital adequacy ratio	13.42	
Prudent operation indicator	Loan concentration ratio of a single customer	2.78	
Prudent operation indicator	Provision coverage ratio	254.30	

II. ANALYSIS ON MAJOR BUSINESSES

(I) Income statement analysis

In 2022, the Bank adhered to strategic guidance, focused on helping industrial finance, put great efforts to serve the real economy, expedited the transformation of asset management, and improved the quality and efficiency of comprehensive customer operations. Based on the risk-driven idea, the Bank made steady progress in all activities. During the reporting period, the Bank reported a revenue of RMB10.279 billion, a year-on-year increase of RMB768 million or 8.08%; a net profit of RMB3.834 billion attributable to shareholders of the Company, a year-on-year increase of RMB518 million or 15.62%.

During the reporting period, the changes in the main items of the Bank's profits are shown in the table below:

Item	Unit: RMB'000, %			
	2022	2021	Change	Growth Rate
Operating income	10,279,068	9,510,756	768,312	8.08
Net interest income	7,775,043	7,285,581	489,462	6.72
Interest income	18,589,904	16,991,501	1,598,403	9.41
Interest expenses	10,814,861	9,705,920	1,108,941	11.43
Non-interest income	2,504,025	2,225,175	278,850	12.53
Net fee and commission income	889,826	881,109	8,717	0.99
Other non-interest income	1,614,199	1,344,066	270,133	20.10
Operating expenses	6,338,408	6,226,693	111,715	1.79
Taxes and surcharges	121,129	110,371	10,758	9.75
Operating and administrative expenses	3,620,586	3,286,315	334,271	10.17
Credit impairment losses	2,595,649	2,828,171	-232,522	-8.22
Impairment losses on other assets	1,044	1,836	-792	-43.14
Operating profits	3,940,660	3,284,063	656,597	19.99
Net non-operating income	-11,069	-4,314	-6,755	-156.58
Total profits	3,929,591	3,279,749	649,842	19.81
Income tax expenses	96,318	-40,403	136,721	338.39
Net profits	3,833,273	3,320,152	513,121	15.45
Including: Net profit attributable to shareholders of the Company	3,834,440	3,316,334	518,106	15.62
Profits or losses attributable to minority interests	-1,167	3,818	-4,985	-130.57

1. Net interest income

During the reporting period, the Bank fully optimized the asset-liability portfolio management system, proposed the portfolio management optimization strategy, proactively reduced high-cost deposits, continuously improved the pricing mechanism for deposits and loans, established the two-way circulation management system for the Bank's incoming and outgoing assets, played a guiding role in pricing, and fully enhanced asset and liability management capabilities. During the reporting period, the Bank reported a net interest income of RMB7.775 billion, a year-on-year increase of RMB489 million or 6.72%.

During the reporting period, the changes in the Bank's net interest income are summarized as follows:

Item	Unit: RMB'000, %			
	2022	2021	Change	Growth Rate
Interest income	18,589,904	16,991,501	1,598,403	9.41
Loans and advances to customers	13,484,174	12,437,168	1,047,006	8.42
Investments	4,298,687	3,863,030	435,657	11.28
Deposits in the central bank	426,708	434,562	-7,854	-1.81
Financial assets purchased under resale agreements	234,926	217,989	16,937	7.77
Loans to banks and other financial institutions	136,882	23,885	112,997	473.09
Deposits with banks and other financial institutions	8,527	14,867	-6,340	-42.64
Interest expenses	10,814,861	9,705,920	1,108,941	11.43
Customer deposits	7,282,941	6,531,363	751,578	11.51
Bonds payable	2,617,603	2,023,343	594,260	29.37

Unit: RMB'000, %

Item	2022	2021	Change	Growth Rate
Deposits from banks and other financial institutions	95,279	83,153	12,126	14.58
Financial assets sold under repurchase agreements	329,243	327,935	1,308	0.40
Loans from banks and other financial institutions	230,103	102,844	127,259	123.74
Borrowings from the central bank	235,671	615,092	-379,421	-61.69
Lease liabilities	24,021	22,190	1,831	8.25
Net interest income	7,775,043	7,285,581	489,462	6.72

The daily average balance, interest income (expense) and average yield (cost rate) of the Bank's interest-bearing assets and liabilities are presented below:

Unit: RMB'000, %

Item	2022			2021		
	Daily average balance	Interest income/expense	Average yield/cost rate	Daily average balance	Interest income/expense	Average yield/cost rate
Loans and advances to customers	282,468,356	13,484,174	4.77	249,430,772	12,437,168	4.99
Investments	133,157,059	4,298,687	3.23	115,192,590	3,863,030	3.35
Deposits in the central bank	28,376,975	426,708	1.50	29,434,050	434,562	1.48
Financial assets purchased under resale agreements	13,582,765	234,926	1.73	10,189,538	217,989	2.14
Deposits with banks and other financial institutions	2,075,008	8,527	0.41	1,852,287	14,867	0.80
Loans to banks and other financial institutions	5,109,096	136,882	2.68	859,718	23,885	2.78
Total interest-earning assets ¹	464,769,261	18,589,904	4.00	406,958,956	16,991,501	4.18
Customer deposits	334,720,669	7,282,941	2.18	299,994,301	6,531,363	2.18
Bonds payable	92,173,150	2,617,603	2.84	65,053,357	2,023,343	3.11
Deposits from banks and other financial institutions	4,975,140	95,279	1.92	4,127,246	83,153	2.01
Financial assets sold under repurchase agreements	20,132,253	329,243	1.64	14,113,804	327,935	2.32
Loans from banks and other financial institutions	9,804,882	230,103	2.35	4,302,006	102,844	2.39
Borrowings from the central bank	11,458,581	235,671	2.06	23,332,474	615,092	2.64
Lease liabilities	657,649	24,021	3.65	515,739	22,190	4.30
Total interest-earning liabilities ¹	473,922,323	10,814,861	2.28	411,438,926	9,705,920	2.36
Net interest income	-	7,775,043	-	-	7,285,581	-
Net interest spread	-	-	1.72	-	-	1.82
Net interest margin	-	-	1.67	-	-	1.79

Note 1: The daily average balance of interest-earning assets and interest-bearing liabilities are unaudited data provided by the Bank's management.

(1) Interest income

During the reporting period, the Bank achieved interest income of RMB18.590 billion, representing a year-on-year growth of 9.41%. The continuous increase in interest income of the Bank was mainly due to the continuous increase in the average daily size of the Bank's interest-earning assets.

① Loans and advances interest income

During the reporting period, the Bank achieved loans and advances interest income of RMB13.484 billion. This made up 72.53% of interest income, representing a year-on-year growth of 8.42%. The growth in interest income from loans and advances was mainly attributable to the Bank's consistent increase in the total volume of loans. During the reporting period, the daily average balance of the Bank's loans and advances increased by RMB33.038 billion year-on-year, and the average return from loans and advances witnessed a year-on-year decrease by 22BPs to 4.77% due to the influence of decline in market interest rates.

During the reporting period, the daily average balance, interest income and average return of all components in loans and advances are summarized in the following table:

Unit: RMB'000, %

Item	2022			2021		
	Daily average balance	Interest income	Average return	Daily average balance	Interest income	Average return
Corporate loans	162,151,260	8,032,051	4.95	137,896,668	7,218,491	5.23
Personal loans	98,079,081	5,034,130	5.13	86,974,903	4,560,635	5.24
Discounted bills	22,238,015	417,993	1.88	24,559,202	658,042	2.68
Total	282,468,356	13,484,174	4.77	249,430,772	12,437,168	4.99

② Income from investment interest

During the reporting period, the Bank registered interest income from investments of RMB4.299 billion. This accounted for 23.12% of interest income, representing a year-on-year increase of 11.28%. The increase in investment interest income was mainly due to the Bank's increased allocation of investment assets based on market conditions, and the daily average balance of investment assets increased by RMB17.964 billion compared with 2021.

(2) Interest expenses

During the reporting period, the Bank registered interest expense of RMB10.815 billion, representing a year-on-year growth of 11.43%. This is mainly due to the continuous increase in the average daily size of interest-bearing liabilities.

① Interest expense on customer deposits

Interest expense on customer deposits is the major component in the Bank's interest expense. During the reporting period, the Bank's interest expense on customer deposits was RMB7.283 billion, accounting for 67.34% of interest expense, with a year-on-year increase of 11.51%, mainly due to the Bank's average daily balance of customer deposits increased by RMB34.726 billion year-on-year.

During the reporting period, the daily average balance, interest expense and average cost rate of all components in customer deposits are summarized in the following table:

Unit: RMB'000, %

Item	2022			2021		
	Daily average balance	Interest expense	Average cost rate	Daily average balance	Interest expense	Average cost rate
Corporation demand deposits	78,630,948	603,855	0.77	82,240,719	686,501	0.83
Corporation time deposits	146,107,835	4,452,743	3.05	121,649,481	3,776,873	3.10
Retail demand deposits	47,145,798	138,895	0.29	37,447,286	115,837	0.31
Retail time deposits	62,836,088	2,087,448	3.32	58,656,815	1,952,152	3.33
Total	334,720,669	7,282,941	2.18	299,994,301	6,531,363	2.18

② Interest expenses on bonds payable

During the reporting period, the Bank's interest expenses on bonds payable amounted to RMB2.618 billion, accounting for 24.20% of interest expenses. During the reporting period, the interest expenses on bonds payable increased by 29.37% year-on-year due to the increases in the size of Interbank certificate of deposit offerings and issuance of RMB4.0 billion of financial bonds in 2022.

2. Non-interest income

During the reporting period, the Bank achieved a net non-interest income of RMB2.504 billion, an increase of RMB279 million or 12.53% year-on-year, including net fees and commission income of RMB890 million and other non-interest income of RMB1.614 billion.

The Bank's non-interest income is presented as follows:

Item	Unit: RMB'000, %			
	2022	2021	Increase/decrease	Growth rate
Fees and commission income	1,033,340	984,938	48,402	4.91
Agency service charges	287,311	307,850	-20,539	-6.67
Bank card charges	70,984	42,653	28,331	66.42
Guarantee service charges	158,288	137,306	20,982	15.28
Settlement service charges	79,309	80,148	-839	-1.05
Entrusted service charges	137,694	121,023	16,671	13.78
Consulting services charges	45,089	80,374	-35,285	-43.90
Account management charges	1,093	421	672	159.62
Security lending service charges	9,178	1,536	7,642	497.53
Custody service charges	2,213	1,066	1,147	107.60
Other charges	242,181	212,561	29,620	13.93
Fees and commission expenses	143,514	103,829	39,685	38.22
Net fees and commission income	889,826	881,109	8,717	0.99
Other non-interest income	1,614,199	1,344,066	270,133	20.10
Investment income	1,344,049	1,156,835	187,214	16.18
Net (losses)/gains from changes in fair value	-107,980	133,662	-241,642	-180.79
Foreign exchange gains and losses	239,724	38,087	201,637	529.41
Other operating income	2,069	1,167	902	77.29
Net (losses)/gains from disposal of assets	-1,228	-10,295	9,067	88.07
Other income	137,565	24,610	112,955	458.98
Total	2,504,025	2,225,175	278,850	12.53

(1) Fee and commission income

During the reporting period, the Bank realized a fee and commission income of RMB1.033 billion, representing a year-on-year increase of 4.91%, which was mainly due to the rapid year-on-year growth in bank card services, guarantee service and entrusted service. The components of fee and commission income are summarized as below:

The Bank posted bank card services fee income of RMB71 million, representing a year-on-year growth of 66.42%, mainly due to the Bank's effective hit products of payment and settlement products, the acquisition of new intermediate business income sources, and the continuous increase in bank card charges income.

The Bank achieved guarantee service fee income of RMB158 million, up by 15.28% year-on-year, mainly driven by the Bank's efforts to expand off-balance-sheet related businesses, which led to the continuous growth of guarantee service fee.

The Bank achieved entrusted service fee income of RMB138 million, up by 13.78% year-on-year, mainly due to changes in the size of the Bank's wealth management business.

(2) Investment income

During the reporting period, the Bank achieved an investment income of RMB1.344 billion, representing a year-on-year increase of 16.18%.

(3) Net (losses)/gains from changes in fair value

During the reporting period, the Bank's profit or loss from changes in fair value was RMB-108 million, a decrease from the same period of the previous year, mainly due to market fluctuations.

(4) Exchange gains and losses

During the reporting period, the Bank achieved exchange gains and losses of RMB240 million, up by 529.41% year-on-year, mainly due to the growth and structural adjustment of swap business and foreign exchange settlement and sale business.

3. Operating and administrative expenses

During the reporting period, the Bank's operating and administrative expenses were RMB3.621 billion, representing a year-on-year increase of 10.17%. The increase in business and management fees was mainly due to a combination of factors such as the Bank's decision to increase input in technology development for bank-wide digital transformation, the purchase of properties and the increase in staff headcount. Specifically, depreciation and amortization increased by 29.43% year-on-year, while rental and property management fees decreased by 52.39% year-on-year, mainly due to the fact that the Bank adopted new lease standards in 2021, and, part of the lease contracts due in 2021 will be included in the right-of-use asset accounting after renewal. As of the end of the reporting period, the Bank's cost-to-income ratio was 35.22%, representing a year-on-year increase by 0.67 percentage point.

Item	Unit: RMB'000, %			
	2022	2021	Increase/decrease	Growth rate
Employee benefits expenses	2,248,290	2,079,932	168,358	8.09
Depreciation and amortization	580,872	448,795	132,077	29.43
Rent and management fees	20,731	43,539	-22,808	-52.39
Other office and administrative expenses	770,693	714,049	56,644	7.93
Total	3,620,586	3,286,315	334,271	10.17

4. Credit impairment losses

During the reporting period, the Bank made a provision for credit impairment loss of RMB2.596 billion. Detailed composition is summarized as below:

Item	Unit: RMB'000, %			
	2022	2021	Increase/decrease	Growth rate
Loans and advances to customers	1,151,972	1,519,177	-367,205	-24.17
Debt investments	1,248,621	761,674	486,947	63.93
Other debt investments	1,976	194,938	-192,962	-98.99
Deposits with banks and other financial institutions	-2,434	2,349	-4,783	-203.62
Loans to banks and other financial institutions	7,986	18,971	-10,985	-57.90
Credit commitments	48,325	32,730	15,595	47.65
Financial assets purchased under resale agreements	-	-112	112	100.00
Others	139,203	298,444	-159,241	-53.36
Total	2,595,649	2,828,171	-232,522	-8.22

5. Income tax expenses

During the reporting period, the Bank accrued income tax expense of RMB96 million, representing a year-on-year increase of RMB137 million or 338.39%. During the reporting period, the year-on-year increase in the Bank's income tax expenses was mainly due to the year-on-year increase in total profits.

(II) Balance sheet analysis**1. Assets**

As of the end of the reporting period, the Bank's total assets amounted to RMB538.419 billion, representing a year-on-year increase of RMB55.635 billion or 11.52%. The significant increase in the Bank's total assets was mainly due to the substantial increase in loans and advances as well as debt investment to customers year-on-year. The distribution of the Bank's asset structure is summarized as below:

Item	Unit: RMB'000, %					
	2022		2021		Changes	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Cash and balances with central bank	39,617,875	7.36	33,559,339	6.95	6,058,536	0.41
Deposits with banks and other financial institutions	1,111,929	0.21	1,431,470	0.30	-319,541	-0.09
Loans to banks and other financial institutions	5,844,829	1.09	3,274,851	0.68	2,569,978	0.41
Derivative financial assets	663,928	0.12	562,220	0.12	101,708	0.01
Financial assets purchased under resale agreements	10,945,507	2.03	13,161,246	2.73	-2,215,739	-0.69
Loans and advances to customers	284,325,438	52.81	264,062,688	54.70	20,262,750	-1.89
Financial investments						
Financial assets held for trading	39,371,472	7.31	37,765,538	7.82	1,605,934	-0.51
Debt investments	129,147,922	23.99	93,204,370	19.31	35,943,552	4.68
Other debt investments	18,319,466	3.40	28,002,740	5.80	-9,683,274	-2.40
Investments in other equity instruments	25,126	0.00	23,093	0.00	2,033	0.00
Long-term equity investments	954,207	0.18	913,080	0.19	41,127	-0.01
Fixed assets	1,755,365	0.33	1,015,457	0.21	739,908	0.12
Construction-in-progress	390,053	0.07	739,998	0.15	-349,945	-0.08
Right-of-use assets	619,278	0.12	599,168	0.12	20,110	-0.01
Intangible assets	653,608	0.12	644,285	0.13	9,323	-0.01
Deferred tax assets	2,280,946	0.42	2,104,045	0.44	176,901	-0.01
Other assets	2,392,053	0.44	1,719,995	0.36	672,058	0.09
Total assets	538,419,002	100.00	482,783,583	100.00	55,635,419	-

(1) Loans and advances

As of the end of the reporting period, the balance of the Bank's loans and advances was RMB290.431 billion, a year-on-year increase of 7.53%. In 2022, the Bank adhered to the concept of stable operation, closely followed the policy orientation, increased support for the real economy, continued to deepen inclusive finance, met the consumer financing requirements, promoted credit extension in an orderly manner, and steadily increased the size of loans. First, the Bank deepened the financial industry chain, focused on advanced manufacturing, actively introduced new financial flow, and helped the real economy upgrade; Second, the Bank actively practiced inclusive finance, leveraged the advantages of products including housing (e) loan, house purchase (e) loan and government credit, effectively supported the development of small and micro businesses, and eased the difficulty of businesses in financing; Third, the Bank identified key high-quality customers, further optimized product process as driven by big data and cloud technology, and increased efforts to grant personal credit.

① As of the end of the reporting period, distribution of the loans and advances issued by the Bank is summarized as below:

Unit: RMB'000, %

Item	31 December 2022		31 December 2021	
	Amount	Percentage	Amount	Percentage
Loans and advances to corporate customers	170,138,898	58.58	151,907,900	56.24
Loans and advances to personal customers	101,553,545	34.97	95,585,147	35.39
Discounted bills	18,738,087	6.45	22,594,979	8.37
Total	290,430,530	100.00	270,088,026	100.00

As of the end of the reporting period, outstanding corporate loans offered by the Bank amounted to RMB170.139 billion, which accounts for 58.58% of loans and advances, while outstanding retail customer loans came in at RMB101.554 billion, which accounts for 34.97% of loans and advances.

② Balance of top ten loan clients and their percentages

As of the end of the reporting period, the top ten loan clients of the Bank are summarized as below:

Unit: RMB'000, %

No.	Client Name	Balance	Percentage of total loans and advances
1	** Company	1,318,001	0.45
2	** Company	1,185,330	0.41
3	** Company	1,177,819	0.41
4	** Company	1,148,222	0.40
5	** Company	1,147,000	0.39
6	** Company	1,100,000	0.38
7	** Company	1,046,100	0.36
8	** Company	930,989	0.32
9	** Company	865,883	0.30
10	** Company	843,950	0.29
	Total	10,763,295	3.71

③ Top five industries that received the largest amounts of loans from the Bank and their percentages

As of the end of the reporting period, the top five industries that received most loans from the Bank and their corresponding percentage are summarized as below:

Unit: RMB'000, %

Industry	Amount	Percentage of total loans and advances
Lease and commercial services	48,773,500	16.79
Manufacturing	40,276,679	13.87
Wholesale and retail business	21,863,837	7.53
Real estate	16,475,205	5.67
Construction	13,534,883	4.66

④ Breakdown of guarantee by type for the reporting period

As of the end of the reporting period, the guarantee types and their corresponding percentages of the Bank are summarized as below:

Guarantee types	Unit: RMB'000, %	
	31 December 2022	
	Amount	Percentage
Unsecured loans	55,306,602	19.04
Guaranteed loans	53,891,893	18.56
Loans secured by mortgages	156,711,568	53.96
Pledged loans	24,520,467	8.44
Total	290,430,530	100.00

(2) Loan asset quality analysis

① Five-tier loan classification

As of the end of the reporting period, the Bank's five-tier loan classification is summarized as below:

Category	Unit: RMB'000	
	31 December 2022	31 December 2021
Normal	285,120,088	265,586,166
Special mention	2,595,303	1,907,898
Substandard	988,600	1,301,544
Doubtful	1,355,586	822,724
Loss	370,953	469,694
Total	290,430,530	270,088,026

② Debt-expiated assets

As of the end of the reporting period, the carrying balance of the Bank's debt-expiated assets amounted to RMB8.26 million.

(3) Investment

The investment business of the Bank is principally denominated in Renminbi. While maintaining sufficient liquidity, the Bank actively optimized its investment structure and broadened its income sources.

As of the end of the reporting period, investments of the Bank included: ① Financial assets held for trading; ② Debt investments; ③ Other debt investments; ④ Other equity instrument investments; ⑤ Long-term equity investments.

As of the end of the reporting period, the Bank's investment composition is summarized as below:

Item	Unit: RMB'000, %			
	31 December 2022		31 December 2021	
	Amount	Percentage	Amount	Percentage
Financial assets held for trading	39,371,472	20.96	37,765,538	23.62
Debt investments	129,147,922	68.76	93,204,370	58.29
Other debt investments	18,319,466	9.75	28,002,740	17.51
Investments in other equity instruments	25,126	0.01	23,093	0.01
Long-term equity investments	954,207	0.51	913,080	0.57
Total	187,818,193	100.00	159,908,821	100.00

① Financial assets held for trading

As of the end of the reporting period, the carrying balance of the Bank's financial assets held for trading amounted to RMB39.371 billion, accounting for 20.96% of total investments, mainly including funds, bonds, asset management plans, trust schemes and interbank certificates of deposit (CDs).

② Debt Investments

As of the end of the reporting period, the carrying balance of the Bank's debt investments amounted to RMB129.148 billion, accounting for 68.76% of total investments, mainly including bonds, asset management plans, interbank certificates of deposit (CDs), income certificate and trust schemes.

③ Other debt investments

As of the end of the reporting period, the carrying balance of the Bank's other debt investments amounted to RMB18.319 billion, accounting for 9.75% of total investments, mainly including bonds, interbank CDs, trust schemes and asset management plans.

④ Investments in other equity instruments

As of the end of the reporting period, the carrying balance of the Bank's investments in other equity instruments amounted to RMB25 million, accounting for 0.01% of the total investments, which mostly consisted of the equity investments in China UnionPay Co., Ltd.

⑤ Long-term equity investment

As of the end of the reporting period, the carrying balance of the Bank's long-term equity investment amounted to RMB954 million, accounting for 0.51% of total investments.

(4) Interbank transactions (asset item)

As of the end of the reporting period, the interbank assets of the Bank amounted to RMB17.902 billion, accounting for 3.32% of total assets and representing a year-on-year increase by RMB35 million or 0.19%.

As of the end of the reporting period, the composition of the Bank's interbank transactions (asset item) is summarized as below:

Item	Unit: RMB'000, %			
	31 December 2022		31 December 2021	
	Amount	Percentage	Amount	Percentage
Deposit with banks and other financial institutions	1,111,929	6.21	1,431,470	8.01
Loans to banks and other financial institutions	5,844,829	32.65	3,274,851	18.33
Financial assets purchased under resale agreements	10,945,507	61.14	13,161,246	73.66
Total	17,902,265	100.00	17,867,567	100.00

(5) Cash and balances with central bank

Cash and balances with central bank includes cash, statutory reserves, excess reserve, foreign exchange risk reserve, public financial deposit and interest accrued. As of the end of the reporting period, the Bank's cash and balances with central bank amounted to RMB39.618 billion, representing a year-on-year increase of RMB6.059 billion and accounting for 7.36% of total assets.

As of the end of the reporting period, the composition of the Bank's cash and balances with central bank is summarized as below:

Unit: RMB'000, %

Item	31 December 2022		31 December 2021	
	Amount	Percentage	Amount	Percentage
Cash	1,015,833	2.56	997,805	2.97
Statutory reserves	26,335,354	66.47	25,443,868	75.82
Excess reserves	12,215,722	30.83	7,088,888	21.12
Foreign exchange risk reserves	27,618	0.07	–	–
Fiscal deposits	9,955	0.03	15,984	0.05
Interest accrued	13,393	0.03	12,794	0.04
Total	39,617,875	100.00	33,559,339	100.00

2. Liabilities

During the reporting period, the Bank improved active management. Based on the “Measures for the Liabilities Quality Management of Commercial Banks” and regulatory guidance requirements, we kept improving the liability quality management system, paths and methods, and strived to upgrade the liability quality management through improving the indicator monitoring and analysis system and reporting mechanism, strengthening the liability strategy management, optimizing limit control, tightening the management of core liabilities and promoting digitization of liability management, so as to facilitate the Bank’s high-quality and sustainable development.

As of the end of the reporting period, the Bank’s total liabilities amounted to RMB503.565 billion, a year-on-year increase of RMB50.639 billion or 11.18%. This increase was largely the result of a greater increase in customer deposits over the end of the previous year. The distribution of the Bank’s liability structure is shown below:

Unit: RMB'000, %

Item	31 December 2022		31 December 2021		Changes during the period	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Borrowings from central bank	12,551,456	2.49	10,857,913	2.40	1,693,543	0.10
Deposits from banks and other financial institutions	6,538,671	1.30	4,094,438	0.90	2,444,233	0.39
Derivative financial liabilities	789,511	0.16	629,170	0.14	160,341	0.02
Loans from banks and other financial institutions	8,179,422	1.62	5,319,360	1.17	2,860,062	0.45
Financial assets sold under repurchase agreements	10,694,783	2.12	20,685,918	4.57	-9,991,135	-2.44
Customer deposits	369,588,228	73.39	322,651,132	71.24	46,937,096	2.16
Employee benefits payable	1,313,695	0.26	1,141,308	0.25	172,387	0.01
Taxes and surcharges payable	239,349	0.05	202,675	0.04	36,674	0.00
Provisions	297,010	0.06	248,308	0.05	48,702	0.00
Bonds payable	91,465,544	18.16	85,534,540	18.88	5,931,004	-0.72
Lease liabilities	652,864	0.13	617,794	0.14	35,070	-0.01
Other liabilities	1,254,248	0.25	943,522	0.21	310,726	0.04
Total liabilities	503,564,781	100.00	452,926,078	100.00	50,638,703	–

(1) Customer deposits

Customer deposits are the Bank’s main source of funds. During the reporting period, the Bank’s deposit increased steadily, providing the most important source of funds for development. As of the end of the reporting period, the Bank’s balance of deposits (excluding accrued interest) was RMB363.598 billion, representing a year-on-year increase of RMB44.765 billion or 14.04%, including the corporate deposit balance of RMB216.197 billion, representing a year-on-year increase of 6.14%, and the personal deposit balance of RMB124.137 billion, representing a year-on-year increase of 22.72%.

As of the end of the reporting period, the composition of the Bank's deposits is summarized as below:

Item	Unit: RMB'000, %			
	31 December 2022		31 December 2021	
	Amount	Percentage	Amount	Percentage
Corporate deposits				
Including: demand	79,070,263	21.39	80,954,343	25.09
Time	137,127,024	37.10	122,735,955	38.04
Sub-total of corporate deposits	216,197,287	58.50	203,690,298	63.13
Personal deposits				
Including: demand	54,048,473	14.62	41,105,500	12.74
Time	70,088,532	18.96	60,051,663	18.61
Sub-total of personal deposits	124,137,005	33.59	101,157,163	31.35
Margin deposits	21,434,867	5.80	12,403,798	3.84
Other deposits	1,828,940	0.49	1,581,409	0.49
Interest accrued	5,990,129	1.62	3,818,464	1.18
Total customer deposits	369,588,228	100.00	322,651,132	100.00

(2) Interbank transactions (liabilities item)

As of the end of the reporting period, the Bank's balance of interbank liabilities was RMB25.413 billion, accounting for 5.05% of the total liabilities, representing a year-on-year decrease of RMB4.687 billion or 15.57%. The decrease was mainly due to the Bank's moderate decrease in the volume of financial assets sold under repurchase agreements according to its business strategy and capital position.

As of the end of the reporting period, the composition of the Bank's interbank transactions (liabilities item) is summarized as below:

Item	Unit: RMB'000, %			
	31 December 2022		31 December 2021	
	Amount	Percentage	Amount	Percentage
Deposits from banks and other financial institutions	6,538,671	25.73	4,094,438	13.60
Loans from banks and other financial institutions	8,179,422	32.19	5,319,360	17.67
Financial assets sold under repurchase agreements	10,694,783	42.08	20,685,918	68.72
Total	25,412,876	100.00	30,099,716	100.00

(3) Bonds payable

As of the end of the reporting period, the Bank's balance of bonds payable was RMB91.466 billion, accounting for 18.16% of the total liabilities, representing a year-on-year increase of RMB5.931 billion or 6.93%. The increase in the balance of bonds payable was mainly due to the Bank's moderate increase in the volume of interbank CDs issued according to its business strategy and market conditions and the financial bond amounted to RMB4.0 billion issued in 2022.

As of the end of the reporting period, the composition of the Bank's bonds payable is summarized as below:

Item	Unit: RMB'000, %			
	31 December 2022		31 December 2021	
	Amount	Percentage	Amount	Percentage
Tier-2 capital bonds payable	8,996,448	9.84	8,996,005	10.52
Financial bonds payable	13,996,947	15.30	9,997,331	11.69
Certificates of deposit payable	68,100,435	74.45	66,266,069	77.47
Interest accrued	371,714	0.41	275,135	0.32
Total	91,465,544	100.00	85,534,540	100.00

(4) Borrowings from central bank

As of the end of the reporting period, the balance of the Bank's borrowings from the central bank was RMB12.551 billion, accounting for 2.49% of the total liabilities and representing a year-on-year increase of RMB1.694 billion or 15.60%.

(III) Analysis on cash flow statement

1. Net cash flow generated from/(used in) operating activities

Item	Unit: RMB'000	
	2022	2021
Sub-total of cash inflow from operating activities	65,280,973	54,823,491
Sub-total of cash outflow from operating activities	43,889,080	72,678,609
Net cash flow generated from/(used in) operating activities	21,391,893	-17,855,118

During the reporting period, the net cash flow generated from the Bank's operating activities was RMB21.392 billion, including cash inflow from operating activities of RMB65.281 billion, representing a year-on-year increase of RMB10.457 billion, which was mainly due to the year-on-year increase in net cash flow of customer deposits and deposits from banks and other financial institutions, and cash outflow from operating activities of RMB43.889 billion, representing a year-on-year decrease of RMB28.790 billion, which was mainly due to the year-on-year decrease in net cash flow of loans and advances to customers.

2. Net cash flow generated from/(used in) investing activities

Item	Unit: RMB'000	
	2022	2021
Sub-total of cash inflow from investing activities	1,469,544,422	340,994,336
Sub-total of cash outflow from investing activities	1,494,428,666	352,714,681
Net cash flow (used in)/generated from investing activities	-24,884,244	-11,720,345

During the reporting period, the net cash flow from operating activities amounted to RMB24.884 billion. Among them the cash inflow from investing activities amounted to RMB1,469.544 billion, representing a year-on-year increase of RMB1,128.550 billion, mainly due to the increase in cash inflow received from disposal of investments; the cash outflow from investing activities amounted to RMB1,494.429 billion, representing a year-on-year increase of RMB1,141.714 billion, mainly due to the increase in cash outflow paid to investments.

3. Net cash flow generated from/(used in) financing activities

Unit: RMB'000

Item	2022	2021
Sub-total of cash inflow generated from financing activities	115,848,664	127,596,454
Sub-total of cash outflow generated from financing activities	111,341,655	89,780,448
Net cash flow generated from/(used in) financing activities	4,507,009	37,816,006

During the reporting period, the net cash flow generated from financing activities amounted to RMB4.507 billion. Among them cash inflow from financing activities amounted to RMB115.849 billion, representing a year-on-year decrease of RMB11.748 billion, which was mainly due to year-on-year decrease in interbank CDs and bonds issued; cash outflow in financing activities amounted to RMB111.342 billion with a year-on-year increase of RMB21.561 billion, which was mainly due to the year-on-year increase in the cash outflow of existing interbank CDs and bonds redeemed upon maturity.

(IV) Analysis on items with over 30% changes

Unit: RMB'000, %

Item	31 December 2022	31 December 2021	Change (%) year-on-year	Major reason
Loans to banks and other financial institutions	5,844,829	3,274,851	78.48	Mainly due to the increase in the scale of placement with domestic banks and financial institutions.
Debt investments	129,147,922	93,204,370	38.56	Mainly due to the increase in the investment volume of policy bank bonds in debt investment and other assets on the asset structure adjustment, which was made based on the investment strategy.
Other debt investments	18,319,466	28,002,740	-34.58	Mainly due to the decrease in the investment volume of policy bank bonds and other assets on the asset structure adjustment, which was made based on the investment strategy.
Fixed assets	1,755,365	1,015,457	72.86	Mainly due to the completion of the business premises under construction to be carried forward to fixed assets.
Construction-in-progress	390,053	739,998	-47.29	Mainly due to the completion of the business premises under construction to be carried forward to fixed assets.
Other assets	2,392,053	1,719,995	39.07	Mainly due to an increase in advance payment.
Deposits from banks and other financial institutions	6,538,671	4,094,438	59.70	Mainly due to the increase in term deposits placed with the Bank by other financial institutions.
Loans from banks and other financial institutions	8,179,422	5,319,360	53.77	Mainly due to the increase in interbank payments and sub-loan business for small and micro enterprises.-
Financial assets sold under repurchase agreements	10,694,783	20,685,918	-48.30	Mainly due to the decrease in the volume of financial assets sold under repurchase agreements, which was made based on funding needs and regulatory liquidity requirements.
Other liabilities	1,254,248	943,522	32.93	Mainly due to the increase in funds to be liquidated.
Other equity instruments	4,196,321	2,197,358	90.97	Mainly due to the issuance of RMB2 billion with undated capital bonds.
Other comprehensive income	-4,980	190,080	-102.62	Mainly due to the decrease in provision for impairment in other comprehensive income resulting from the disposal of other debt investments.

Item	2022	2021	Change (%) year-on-year	Major reason
Fee and commission expenses	143,514	103,829	38.22	Mainly due to the increase in channel fees for payment of business activities.
Net (losses)/gains from changes in fair value	-107,980	133,662	-180.79	Mainly due to the decrease in the fair value of the financial assets held for trading.
Foreign exchange gains and losses	239,724	38,087	529.41	Mainly due to the increase in the scale and structural adjustment of foreign exchange business.
Income from other business	2,069	1,167	77.29	Mainly due to the year-on-year increase in rental of the leased properties.
Net (losses)/gains from disposal of assets	-1,228	-10,295	-88.07	Mainly due to the decrease in the loss on the disposal of fixed assets compared with the same period.
Other income	137,565	24,610	458.98	Mainly due to the year-on-year increase in government subsidies related to routine business activities.
Impairment loss of other assets	1,044	1,836	-43.14	Mainly due to the year-on-year decrease in allowances for impairment losses on repossessed assets.
Non-operating income	2,251	3,663	-38.55	Mainly due to the decrease in the amount of liquidated damages received.
Non-operating expenses	13,320	7,977	66.98	Mainly due to the year-on-year increase in donation expenditure.
Income tax expenses	96,318	-40,403	338.39	Mainly due to the year-on-year increase in total profits, resulting in the year-on-year increase in the income tax expenses.

(V) Segment analysis

According to business lines, the Bank divides its business into four segments: corporate, retail, capital and other businesses. Segment assets and liabilities and segment revenue, expenses and operating results are measured in accordance with the Bank's accounting policies. Internal charges and transfer pricing are determined by reference to market prices and are reflected in the performance of each segment.

During the reporting period, the situation in each business segment of the Bank is summarized as below:

Item	Unit: RMB'000			
	2022		2021	
	Operating income	Total profits	Operating income	Total profits
Corporate business	4,999,938	1,982,968	4,710,184	1,673,250
Retail banking	3,377,577	1,331,883	2,959,728	1,120,049
Capital business	1,887,803	659,157	1,825,362	514,723
Other business	13,750	-44,417	15,482	-28,273
Total	10,279,068	3,929,591	9,510,756	3,279,749

In 2022, the Bank's operating income of corporate business amounted to RMB5.000 billion, accounting for 48.64% of total operating income; the operating income of retail banking amounted to RMB3.378 billion, representing a significant year-on-year growth of RMB418 million or 14.12%.

(VI) Other balances of off-balance sheet items that have material impact on operating results

Please refer to the "Notes to Financial Statements 58. Credit Commitment" in the "Financial Reports".

(VII) Assets and liabilities measured at fair value

Item	Unit: RMB'000				
	Balance at the beginning of the year	Losses/gains from changes of fair value during the year	Fair value Changes recognized in equity during the year	Change in provision for impairment during the year	Balance at the end of the period
Financial assets held for trading	37,765,538	-72,818	-	-	39,371,472
Derivative financial instruments	-66,950	-35,162	-	-	-125,583
Including: Derivative financial assets	562,220	-	-	-	663,928
Derivative financial liabilities	629,170	-	-	-	789,511
Other debt investments	28,002,740	-	-15,336	-211,068	18,319,466
Investments in other equity instruments	23,093	-	-11,979	-	25,126
Loans and advances measured at fair value through other comprehensive income	27,898,680	-	-37,904	27,905	24,500,493
Total	93,623,101	-107,980	-65,219	-183,163	82,090,974

III. INVESTMENT STATUS ANALYSIS

(I) Overview

1. Information about the subsidiaries during the reporting period

Unit: RMB'000, %		
Name of subsidiaries	Investment cost (As at the end of 2022)	Shareholding ratio
Chongqing Kaizhou Taiye Village Bank Co., Ltd.	31,550	63.10
Dongyuan Taiye Village Town Bank Co., Ltd.	51,000	51.00
Zongyang Taiye Village Bank Co., Ltd.	93,000	84.55

2. Acquired subsidiary during the reporting period

The Bank proposed to invest and set up a branch in Hong Kong subsidiary pursuant to the Reply of Guangdong Office of the China Banking and Insurance Regulatory Commission on Bank of Dongguan's Investment and Establishment of the Hong Kong Subsidiary. On 19 August 2021, the Bank subscribed to and invested HKD1 billion in Hong Kong to establish Guanyin International Co., Ltd., a wholly-owned subsidiary, which has no paid-in capital and has not started operation yet. According to the Banking Ordinance of Hong Kong, the Bank will put the Hong Kong subsidiary into operation after obtaining the banking license issued by the Hong Kong Monetary Authority.

3. Major joint stock companies during the reporting period

Unit: RMB'000, %		
Name of invested companies	Carrying amount (As at the end of 2022)	Shareholding ratio
Bank of Xingtai Co., Ltd.	783,343	9.79
Dongguan Chang'an Village Bank Co., Ltd.	115,407	20.00
Dongguan Houjie Huaye Village Bank Co., Ltd.	36,147	35.00
Lingshan Taiye Village Bank Co., Ltd.	19,310	30.00

(II) Significant equity investment obtained during the reporting period

During the reporting period, the Bank had no obtained significant equity investment.

(III) Ongoing significant non-equity investment during the reporting period

During the reporting period, the Bank had no ongoing significant non-equity investment.

(IV) Sale of major asset and equity

During the reporting period, the Bank had no matters concerning sale of major asset and equity.

(V) Subsidiaries

1. Chongqing Kaizhou Taiye Village Bank Co., Ltd.

Major financial data during the last year and last period:

Unit: RMB'000		
Item	As at the end of 2022	As at the end of 2021
Total assets	443,258	378,116
Net assets	71,977	80,565
Operating income	12,020	12,831
Net profits	-8,589	318

2. Dongyuan Taiye Village Town Bank Co., Ltd.

Major financial data during the last year and last period:

Item	Unit: RMB'000	
	As at the end of 2022	As at the end of 2021
Total assets	427,039	504,109
Net assets	130,547	130,243
Operating income	18,932	23,363
Net profits	4,305	7,397

3. Zongyang Taiye Village Bank Co., Ltd.

Major financial data during the last year and last period:

Item	Unit: RMB'000	
	As at the end of 2022	As at the end of 2021
Total assets	737,694	677,285
Net assets	54,495	55,184
Operating income	8,040	10,108
Net profits	-689	494

(VI) Structured entities controlled by the Bank**1. Structured entities not included in the scope of consolidated financial statements**

Structured entities initiated by the Bank but not included in the consolidated financial statements mainly include non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are primarily to manage the investors' assets and collect management fees. Its financing method is to issue investment products to investors. Interest in the unconsolidated structured entities held by the Bank mainly lies in administrative fees charged on managing these structured entities.

The Bank owns interests through directly holding structured entities issued by third-party institutions. Such structured entities include trust plans, wealth management products, asset management plans, funds and asset-backed securities. These structured entities are not included in the scope of the Bank's consolidated financial statements. The nature and purpose of these structured entities are primarily to manage the investors' assets and earn management fees. Its financing method is to issue investment products to investors.

For details about structured entities of the Bank, please refer to the "Notes to Financial Statements 64: Interests in structured entities not included in the consolidated financial statements" in the "Financial Reports".

2. Structured entities included in the consolidated financial statements

As of the end of the reporting period, the Bank had no structured entities included in the scope of consolidated financial statements.

IV. RISK MANAGEMENT**(I) Overview of risk management**

During the reporting period, the Bank stuck closely to the bank-wide strategic plan and annual work objectives, held fast to the general keynote of stable development, and constructed a comprehensive risk management system that takes active risk integration and deeply synergistic business development as the main part and takes layered and classified management and intelligent risk control as the side parts. Also, the Bank promoted the construction of the risk-preemptive agile collaboration mechanism and the intelligent risk management platform by empowering business with technologies. In this way, effective risk management measures provide support for sustainable and stable business operation and comprehensively raise the risk awareness, measuring, monitoring, and controlling capabilities of the Bank.

(II) Credit risk management

Credit risk refers to the risk that a customer (or transaction counterparty) is unable or unwilling to perform its contractual obligations to the Bank. Assets of the Bank that are exposed to credit risks include various loans, interbank loans at call, assets purchased under resale agreements, interbank deposits, bond investments, special purpose vehicle investments, interest receivables, other receivables, and off-balance sheet assets. Credit risk management refers to the whole process of active identification, measurement, monitoring, control or mitigation, and reporting of credit risks.

During the reporting period, the Bank strengthened credit risk control closely around its business objectives. **The first is** to continuously optimize the asset structure under the policy guidance. By strengthening market research and analysis, the Bank establishes research and analysis frameworks for the macro-economy, the industry, the market and the asset portfolio, thoroughly implements the national development strategy plan, and combines internal and external environments to optimize and adjust credit policies and risk preferences in a timely manner to form a closed logic loop of "research-strategy-execution". By exerting the integration effect of investment and research, the Bank strengthens risk limit management, disperses highly-concentrated risks, and continuously optimizes the asset structure. **The second is** to make active moves for combination and keep improving credit extension process management. Focusing on the management requirements in the full life cycle of products, the Bank strengthens the whole process of products embedded with risk control, deepens the active combination of risk management with all business sectors, establishes a risk strategy for synergistic coordination with business development, and constructs a defense line of asset quality control for the Bank, so as to effectively drive business development with risk management. **The third is** to apply hierarchical classification and continuously improve the risk monitoring mechanism. The Bank further improves the credit risk monitoring system, optimizes and adjusts it in breadth and depth, improves the sensitivity to credit risks, carries out monitoring and investigation based on different layers and categories, and strengthens the monitoring, investigation, and risk management for large-amount credit extension, key areas and key customer groups, thus comprehensively improving the effectiveness and accuracy of risk monitoring and inspection. **The fourth is** to be enabled by technologies to continuously improve the intelligent risk control capability. The Bank strengthens the application of financial technologies in all aspects of risk management, promotes the effective integration of technology and finance, continues to enrich and improve credit risk identification and assessment tools, fully taps the effective application of data, platforms and systems, continuously improves business development, and makes risk management more systematic, digitalized, and intelligent.

The Bank adopts the weighting approach to measure credit risk-weighted assets in accordance with the requirements of the Measures for the Administration of Capital of Commercial Banks (for Trial Implementation). As of the end of the reporting period, credit risk weighted assets amounted to RMB319.040 billion, of which: on-balance sheet credit risk weighted assets amounted to RMB292.371 billion, off-balance sheet credit risk weighted assets amounted to RMB26.315 billion, and counterparty credit risk weighted assets amounted to RMB0.354 billion.

According to the "Administrative Measures for Large-Scale Risk Exposure of Commercial Banks", large-scale risk exposure refers to the commercial bank's exposure to credit risk associated with a single customer or a group of related customers exceeding 2.5% of its net tier-1 capital. The Bank incorporated large-scale risk exposure management into a comprehensive risk management system, monitored changes of large-scale risk exposure, and effectively controlled customer risk concentration. As of the end of the reporting period, other than regulatory exempt customers, the Bank's single non-financial institution customers, non-financial institution group customers, single financial institution customers, financial institution group customers and anonymous clients of large-scale exposure level all met the regulatory requirements.

(III) Market risk management

Market risk refers to the risk that the Bank's on-balance sheet and off-balance sheet businesses suffer losses due to adverse changes in market prices (interest rates, exchange rates, stock prices, and commodity prices). The market risk faced by the bank comes from bank books and transaction books, and the main risks faced are interest rate risk and exchange rate risk. Market risk management refers to the entire process of actively identifying, measuring, monitoring and controlling market risks.

During the reporting period, the Bank actively stepped up market risk management and improved the pertinence and effectiveness of market risk management. The first is to formulate market risk management policies and quota systems, push forward the implementation of related policies, and continuously carry out the monitoring, early warning, prevention and control of market risk, based on business planning and risk management needs. The second is to ramp up macroeconomic forecasting and national policy analysis efforts, rationalize the allocation of assets and liabilities throughout the Bank, optimize asset structure, and minimize repricing duration mismatches. The third is to regularly review and update the stress testing models on market risk, create more stress testing scenarios, optimize stress testing plans, and conduct stress testing on market risk in an orderly manner; work on early detection of major market risk based on the forewarning indicators, improve emergency management work, and regularly organize market risk emergency drills across the Bank. The fourth is to vigorously promote the establishment of the market risk management system, accelerate the realization of systematic management for risk factors, valuation measurement, profit and loss attribution, limit monitoring, stress testing, capital measurement and other functions, and make market risk management operations more targeted. The fifth is to regularly report on the market risk level and management status to the senior management and its subordinate risk management and internal control committees, the Board of Directors and its subordinate risk management committees, etc.

The Bank adopts the standard method to measure market risk-weighted assets in accordance with the requirements of the "Measures for the Administration of Capital of Commercial Banks (for Trial Implementation)". The Bank conducts business strictly within the regulatory limits. There are no business overruns and the market risk is generally controllable. As of the end of the reporting period, market risk-weighted assets amounted to RMB15.844 billion.

(IV) Operational risk management

Operational risk refers to the risk of loss caused by imperfect or problematic internal procedures, employees, and information technology systems, as well as external events.

During the reporting period, the Bank actively promoted the implementation and completion of the operational risk management system to prevent and respond to various operational risks. The first is to continuously strengthen the management of rules and regulations, carry out post-evaluation of rules and regulations, and continuously improve rules, regulations and internal procedures. The second is to promote the optimization and application of operational risk management tools, evaluate operational risk points and control measures, regularly monitor, re-inspect, and optimize key risk indicators, and continue to collect information about operational risk events. The third is to strengthen the management of employees' behavior, regularly monitor and investigate the abnormal behavior of employees, and train them in various ways to continuously improve their professionalism and risk control capabilities. The fourth is to strengthen the prevention and control of external risks, carry out emergency drills for line failures in the main computer room, public health event prevention and control, and reputation risk prevention and control, so as to improve the Bank's ability to deal with emergencies.

The Bank measures operational risk-weighted assets by using the Basic Indicator Approach in accordance with the "Administrative Measures for the Capital of Commercial Banks". As of the end of the reporting period, the size of operational risk-weighted assets was RMB18.038 billion.

(V) Liquidity risk management

Liquidity risk refers to the risk that a bank cannot obtain sufficient funds in a timely manner at a reasonable cost to repay due debts, perform other payment obligations, and meet other capital needs for normal business development.

During the reporting period, the Bank applied the following measures to continuously strengthen liquidity risk management: **The first is to** strengthen the analysis of macroeconomy and market trends, dynamically quantify and predict risk situations in the future, and deploy asset and liability management strategies in a forward-looking manner to achieve a balance between risks and benefits. **The second is to** continuously strengthen the measurement and monitoring of liquidity risks, further improve the limit management system for liquidity risks, strengthen the liquidity risk management of business lines and affiliated institutions, adjust the limit in a timely manner, and improve the appropriateness and scientificity of the limit. **The third is to** step up the management of qualified and high-quality liquid assets and better manage the use of those liquid assets to ensure sufficient liquidity reserves and further improve the response to liquidity risks. **The fourth is to** strengthen active liability management, expand diversified financing channels, coordinate the scale and pace of various funding sources, and improve market financing capabilities. **The fifth is to** carry out liquidity risk stress tests on a regular basis to identify factors that may cause liquidity risks in a timely manner. **The sixth is to** establish and improve liquidity risk contingency plans and carry out liquidity risk emergency drills regularly.

According to the "Measures for the Liquidity Risk Management of Commercial Banks" and the "Measures for the Disclosure of Information on Liquidity Coverage Ratio by Commercial Banks", as of the end of the reporting period, the Bank's liquidity coverage rate information details are as follows:

Unit: RMB'000, %		
Qualified high-quality liquid assets	Net cash outflow in the next 30 days	Liquidity coverage rate
82,305,202	43,823,134	187.81

Note: The above indicators are calculated and presented in accordance with the regulatory consolidation standards.

According to the "Measures for the Liquidity Risk Management of Commercial Banks" and the "Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks", as of the end of the reporting period, the Bank's net stable fund ratio details are as follows:

Unit: RMB'000, %	
Item	31 December 2022
Stable funds available	320,432,578
Stable funds required	299,084,541
Net stable funding ratio	107.14

Note: The above indicators are calculated and presented in accordance with the regulatory consolidation standards.

(VI) Compliance risk management

Compliance risk refers to the risk that a commercial bank may suffer legal sanctions, regulatory penalties, major financial losses, and reputation losses due to the failure to comply with laws, rules and guidelines.

During the reporting period, the Bank actively conducted compliance risk prevention based on the goal of ensuring lawful and compliant operation and management. **The first is to** continuously strengthen the management of the internal control system. The Bank focuses on external regulatory policies and internal operation management. By means of the internalization of external regulatory requirements, the multi-faceted review of the internal control system, the regular evaluation of the stock system, and other compliance work, the Bank keeps improving relevant systems as well as their rationality and completeness. **The second is to** formulate an annual compliance risk management work plan, clarify compliance risk management measures, improve the level of compliant operation, and facilitate the sustainable, healthy and efficient development of the Bank's business. **The third is to** improve the compliance inspection and management mechanism, formulate the bank-wide annual inspection plan, and control the quality of inspection and rectification from the aspects of standardization of inspection procedures, effectiveness of inspection results, and earnestness of rectification follow-up. **The fourth is to** deepen the provision of compliance culture, actively create a sound atmosphere of compliance culture, popularize the knowledge about compliance culture, and improve employees' compliance awareness through compliance document study, onboard training, compliance culture promotion, violation case presentation, compliance evaluation and assessment, etc. While continuously taking compliance management as the core of risk management, the Bank achieves effective identification and management of compliance risks by building an effective compliance risk management mechanism and cultivating excellent compliance culture, complemented by corresponding supporting institutionalized measures, so as to comprehensively improve the appropriateness and effectiveness of compliance risk management and effectively guarantee the lawful, compliant, safe and steady development of the Company.

(VII) Reputational risk management

Reputational risk refers to the risk that the brand value of a bank is impaired by the negative comments of stakeholders, the public, and the media on the bank due to the behavior of the bank, the insurance institution, or their employees, or other external events. Reputational risk may arise in any part of the Bank's operation and management, and usually exists together with credit risk, market risk, operational risk, and liquidity risk, etc. The reputational risk management of the Bank is to realize the identification, monitoring, control and resolution of reputation risks by establishing an active, reasonable and effective reputational risk management mechanism, so as to establish and maintain a sound image of the Bank and promote its stable development.

During the reporting period, the Bank strictly implemented the regulatory requirements for reputational risk management, strengthened the documented management of reputational risk, and continued to improve the reputational risk management system and mechanism, so as to increase the reputational risk management capability of the Bank. Main measures include: **The first is to** strengthen the full-process control and normalization of reputational risks by closely adhering to the "prevention first" concept. Based on the actual work, the Bank makes normalized management efforts such as public opinion monitoring, pre-assessment of reputational risk, reputational risk management training, emergency drills for reputation incidents, and investigation of hidden reputational risks, so as to continuously improve the quality and management capability of the reputational risk team. **The second is to** strengthen the construction of the consumer rights protection mechanism by closely adhering to the "customer-centric" service concept. The Bank continuously improves customer service experience by smoothing online business channels and optimizing customer service processes; continuously improves the quality and efficiency of customer complaint handling by better standardizing and refining the management of customer complaints and visits, and smoothing customer feedback channels, so as to effectively protect the legitimate rights and interests of customers, and prevent customer complaints from turning into reputation incidents. **The third is to** actively promote positive publicity of the Bank by closely adhering to the concept of "returning to the origin of finance". The Bank works with mainstream media platforms to run positive reports on the Bank's support for developing the real economy, helping with rural revitalization, and fulfilling social responsibilities, etc., so as to continuously improve brand awareness. The Bank sponsors in its name some public social and cultural activities such as "Intangible Cultural Heritage in the Campus" and "Calligraphy Contest", and participates in public welfare undertakings for poverty alleviation, elderly support, education, medical assistance, culture, and sports, etc. The purpose is to continuously improve the brand reputation, and create a sound public opinion environment for the safe and stable operation of our bank.

(VIII) Country risk management

Country risk refers to the risk that borrowers or debtors in a country or region may fail or refuse to repay debts owed to banking financial institutions due to economic or political or social changes and events in the country or region, or that banking financial institutions may incur business losses or other types of losses as a result of such events in the country or region.

According to the regulatory requirements, the Bank incorporated country risk management into the comprehensive risk management system, and established a country risk management system that dovetails with the Bank's strategic objectives, country risk exposure level and complexity. During the reporting period, the Bank continued to improve country risk management by identifying, evaluating, monitoring, reporting and mitigating country risk s; regularly assessed the country risk level and managed the transaction limits accordingly, regularly and continuously monitored the country risk exposure and the implementation of the transaction limits, and accrued country risk reserves as required to ensure that the country risk s are kept under control.

(IX) Anti-money laundering and terrorist financing risk management

The Bank strictly abides by the laws and regulations on anti-money laundering and anti-terrorist financing (hereinafter referred to as "anti-money laundering"), actively complies with risk-based anti-money laundering regulatory requirements, duly performs anti-money laundering social responsibilities and legal obligations, and strives to improve the standard of risk management against money laundering and terrorist financing (hereinafter referred to as "money laundering").

Firstly, the Bank complies with the requirements on money laundering risk control, continuously improves the money laundering risk management mechanism and internal control system, and fully implements anti-money laundering laws, regulations and regulatory requirements. **Secondly**, the Bank forces the relevant anti-money laundering requirements firstly upon its senior management, and promptly reports on money laundering risk management to the Board of Directors and the senior management. **Thirdly**, the Bank effectively fulfills its statutory obligations of anti-money laundering – focusing on the statutory obligations of anti-money laundering revolving around customer identification, customer identity information and transaction records storage and reporting large transactions and suspicious transactions, the Bank tightens up the control of high-risk customers and high-risk products/businesses. The Bank carries out anti-money laundering publicity and training activities. **Fourthly**, the Bank cracks down on money-laundering-related crimes, investigates, analyzes and reports on key suspicious transaction clues, and actively cooperates with the People's Bank of China in anti-money laundering investigations and research, so as to provide strong support for the People's Bank and public security authorities to combat money laundering and other illegal criminal activities. **Fifthly**, the Bank ramps up system support, continuously optimizes the anti-money laundering system, list monitoring system and the relevant business system, and enhances the information technology support for anti-money laundering operations.

V. CAPITAL MANAGEMENT

(I) Overview of capital management

The Bank's capital management is centered on the indicators of capital adequacy ratio and core tier-1 capital adequacy ratio. It aims to achieve synergy in external supervision, credit rating, risk compensation and shareholder return, etc., and closely integrates development planning and risk management practices to achieve scale expansion and coordination of profitability, total capital and structural optimization, optimal capital scale and return on capital.

The Bank regularly monitored the Bank's capital adequacy ratio and regulatory capital in accordance with the Measures for the Administration of Capital of Commercial Banks (for Trial Implementation) and related regulations, and reported relevant information to the regulatory authorities at the end of the year and on a quarterly basis. During the reporting period, **firstly**, the Bank used methods such as scenario simulation and stress tests to predict, plan and manage the capital adequacy ratio based on factors such as strategic development planning, business expansion and changes in risk factors, ensuring that the capital adequacy ratio conforms to regulatory, rating and risk compensation requirements and shareholders' expectations for returns on investment at all times. **Secondly**, the Bank maintained healthy and sustainable development of various businesses to create sources of steady streams of profits, and adopted the capital replenishment mechanism relying primarily on endogenous capital accumulation and supplemented by exogenous financing to ensure continuous compliance with the regulatory capital adequacy ratio requirements. In 2022, the Bank successfully issued the undated bonds of RMB2 billion, which effectively replenished the capital and consolidated the capital base. **Thirdly**, the Bank established a set of practical capital management systems based on the overall development strategy. By improving the internal management mechanism, we formulated a series of policies and systems on issues such as capital adequacy ratio planning and management, economic capital appraisal management and internal capital adequacy assessment process management to standardize various capital management operations, and tighten up risk portfolio limit management, so as to ensure that the Bank's capital adequacy matches the major risks it faces and the standard of its risk management operations, and that the capital plan matches the operating conditions, changes in risk factors and long-term development strategies.

(II) Capital adequacy ratio

According to the requirements of the Measures for the Administration of Capital of Commercial Banks (for Trial Implementation), the capital adequacy ratio of the Bank on each balance sheet date is as follows:

Item	Unit: RMB'0,000, %	
	31 December 2022	31 December 2021
Net core tier-1 capital	3,020,833	2,717,266
Net tier-1 capital	3,440,740	2,937,282
Net tier-2 capital	1,293,990	1,254,136
Total net capital	4,734,730	4,191,418
Total risk-weighted assets	35,292,292	31,458,554
– Credit risk weighted assets	31,904,040	28,639,152
– Market risk weighted assets	1,584,446	1,084,965
– Operation risk weighted assets	1,803,806	1,734,437
Core tier-1 capital adequacy ratio	8.56	8.64
Tier-1 capital adequacy ratio	9.75	9.34
Capital adequacy ratio	13.42	13.32

Note: For more information on the Bank's capital measurement, please refer to the "2022 Capital Adequacy Ratio Report of Bank of Dongguan Co., Ltd." issued by the Bank.

(III) Leverage

Item	Unit: RMB'0,000, %	
	31 December 2022	31 December 2021
Net tier-1 capital	3,436,040	2,935,903
On and off-balance sheet assets after adjustments	60,070,831	53,085,167
Leverage	5.72	5.53

Note: The leverage is calculated and presented in accordance with the regulatory consolidation standards.

VI. OVERVIEW OF BRANCHES AND SUB-BRANCHES

As of the end of the reporting period, the Bank had one head office business department and 13 branches (Dongguan Branch, Guangzhou Branch, Shenzhen Branch, Huizhou Branch, Changsha Branch, Foshan Branch, Hefei Branch, Qingyuan Branch, Zhuhai Branch, Shaoguan Branch, Zhongshan Branch, Nansha Branch of Guangdong Pilot Free Trade Zone, and Hong Kong Branch), 61 tier-1 sub-branches, 92 tier-2 sub-branches, 6 community sub-branches, and 4 SME sub-branches.

No.	Institution name	Address	Telephone
1	Bank of Dongguan Co., Ltd.	No.21 Tiyu Road, Guancheng District, Dongguan	0769-22111741
2	Dongguan Branch, Bank of Dongguan Co., Ltd.	Store 101, 3801, 3901 and 4001, Building 1, International Trade Center, No. 1, Hongfu East Road, Dongcheng Street, Dongguan	0769-26622092
3	Yuanmei Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, Building 1, Haide Plaza, No. 200, Hongfu Road, Nancheng Street, Dongguan	0769-23308000
4	Government affairs and Small-and-Micro Sub-branch, Bank of Dongguan Co., Ltd.	Store 102, No. 199 Hongfu Road, Nancheng Street, Dongguan	0769-23660516
5	Central District Sub-branch, Bank of Dongguan Co., Ltd.	Stores 07-12, Floor 1 and Stores 01-10, Floor 2, Building 1, Private Finance Building, No. 111 Guantai Road, Nancheng District, Dongguan	0769-22403905
6	Central District Shidai Sub-branch, Bank of Dongguan Co., Ltd.	Stores 138, 139, 140 and 141, No. 1 Hongwei Road, Nancheng District, Dongguan	0769-22987866
7	Central District Dongzheng Sub-branch, Bank of Dongguan Co., Ltd.	No.52 Dongzheng Road, Dongguan	0769-22213957
8	Central District Zhenghe Sub-branch, Bank of Dongguan Co., Ltd.	Floor 1, Unicom Building, Shenghe Road, Nancheng District, Dongguan	0769-22412568
9	Central District Renhe Sub-branch, Bank of Dongguan Co., Ltd.	Stores 112, 113 and 115, Dongjun Haoyuan, Dongjun Road, Nancheng District, Dongguan	0769-22902718
10	Central District Hongfu Sub-branch, Bank of Dongguan Co., Ltd.	Store on the 1st Floor of Line 5-8 and Store on the 2nd Floor of Line 6-8, Building A, Sanlian Building, 73, Hongfu West Road, Nancheng District, Dongguan	0769-22427800
11	Central District Xinghua Sub-branch, Bank of Dongguan Co., Ltd.	Store 1001-01, No. 28 Binhe Road, Nancheng Street, Dongguan	0769-22903722
12	Central District Yizhan Sub-branch, Bank of Dongguan Co., Ltd.	Store 116, No. 73 Zhongli Road, Nancheng Street, Dongguan	0769-22850355
13	Central District, Hengzhao Sub-branch, Dongguan Bank Co., Ltd.	Store 109, No.20, Hongbei Road, Nancheng Street, Dongguan	0769-28565021
14	Donghu Sub-branch, Bank of Dongguan Co., Ltd.	No.96 Qifeng Road, Downtown Center, Dongguan	0769-22389670
15	Wanjiang Sub-branch, Bank of Dongguan Co., Ltd.	No.363 Wanfu Road, Wanjiang District, Dongguan	0769-22279348
16	Wanjiang Wansheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101, 102, 103, 104 and 105, Building 8, Wanfu Road, Wanjiang Street, Dongguan	0769-22275686
17	Wanjiang Wangu Sub-branch, Bank of Dongguan Co., Ltd.	Store 1111, No.76, Wanjiang Section, Wansui Road, Wanjiang Street, Dongguan	0769-22279350
18	Dongjiangzhixing Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101, 102, 103, 104, 201, Building 1, DongjiangZhixing Commercial Center, No. 30, Hongyuan Road, Nancheng Street, Dongguan	0769-21669216
19	Wanjiang Yangguanghaian Community Sub-branch, Bank of Dongguan Co., Ltd.	Stores 120 and 121, Building 8, Phase I, Yangguang Hai'an Garden, Wanjiang Xincheng Community, Dongguan	0769-21663367
20	Dongcheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 135-138, No. 1 Jinhua Road, Zhushan Community, Dongcheng Street, Dongguan	0769-22360826
21	Dongcheng New City District Sub-branch, Bank of Dongguan Co., Ltd.	Store 114, No. 65, Dongyuan Road, Zhushan Community, Dongcheng Street, Dongguan	0769-26626015
22	Dongcheng Chengfeng Sub-branch, Bank of Dongguan Co., Ltd.	Store A112-113, Fenghua Yuan, No. 18, Huajie, Yuxing Road, Qiantou, Dongcheng District, Dongguan	0769-22265890
23	Dongcheng New District Sub-branch, Bank of Dongguan Co., Ltd.	Stores 82, 84, 86 and 88, Jinyuan Garden, Dajingtou Road, Dongcheng District, Dongguan	0769-22264364
24	Dongcheng Woling Sub-branch, Bank of Dongguan Co., Ltd.	Store 1006, Building 1, No. 5, Dongcheng Section, Dongcheng South Road, Dongcheng Street, Dongguan	0769-22336371
25	Dongcheng Taihe Sub-branch, Bank of Dongguan Co., Ltd.	Stores A01-A03, Outside of Youyicheng Shopping Mall, Dongtai Taihe Commercial Street, Dongcheng District, Dongguan	0769-23104533
26	Dongcheng Nianfeng Sub-branch, Bank of Dongguan Co., Ltd.	No. 130-136, New Nianfeng Villa Village, No. 163, Shiyang Street, Wentang Community, Dongcheng District, Dongguan	0769-22478125

No.	Institution name	Address	Telephone
27	Dongcheng Xingcheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 73-75, New Century Star, Dongcheng District, Dongguan	0769-23604013
28	Dongcheng Dongsheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 124, 125, 126, and 127, Building 10, Kaisheng Jingyuan, No. 33, Dongcheng Section, Dongsheng Road, Dongcheng Street, Dongguan	0769-22299897
29	Dongcheng Tianbao Sub-branch, Bank of Dongguan Co., Ltd.	Stores 1030, 1031, 1032, 1033 and 1036, No. 422, Dongcheng Section, Dongcheng Middle Road, Dongcheng Street, Dongguan	0769-26386220
30	Dongcheng Niushan Sub-branch, Bank of Dongguan Co., Ltd.	Store 105, No. 24, Niushan Commercial Street, Dongcheng Street, Dongguan	0769-23112925
31	Dongcheng Wentang Community Sub-branch, Bank of Dongguan Co., Ltd.	No.8, Shiqiaozhen Road, Chazhong Council, Wentang Community, Dongcheng District, Dongguan	0769-22015314
32	Shilong Sub-branch, Bank of Dongguan Co., Ltd.	Floors 1-3, Left Side of Building 204-252, Xihu Middle Road, Xihu District, Shilong Town, Dongguan	0769-86113073
33	Shilong Xinglong Sub-branch, Bank of Dongguan Co., Ltd.	Ground Stores B3, B5-B7, Juhaoh Mansion, Yuxing Road, Huangzhou New City District, Shilong Town, Dongguan	0769-86183722
34	Shilong Lvhua Sub-branch, Bank of Dongguan Co., Ltd.	No. 6, Lvhua West Road, Shilong Village, Shilong Town, Dongguan	0769-86609570
35	Humen Sub-branch, Bank of Dongguan Co., Ltd.	Zone C, Floor 1, Longquan Hotel, Jinzhou Section, Liansheng Road, Humen Town, Dongguan	0769-85116993
36	Humen Yinxiang Road Sub-branch, Bank of Dongguan Co., Ltd.	Stores 112, 113 and 114, Building 24, Yilin Garden, No. 3, Chigang Junma Road, Humen Town, Dongguan	0769-85116733
37	Humen Zexu Sub-branch, Bank of Dongguan Co., Ltd.	No. 7, Gangkou Road, Humen Town, Dongguan	0769-85115922
38	Humen Liansheng Sub-branch, Bank of Dongguan Co., Ltd.	Store A2, Floor 1, A+ Building, No. 399 Liansheng North Road, Humen Town, Dongguan	0769-85011218
39	Humen Shatai Sub-branch, Bank of Dongguan Co., Ltd.	No. 18, Taisha Road, Humen Town, Dongguan	0769-85511740
40	Humen Fumin Sub-branch, Bank of Dongguan Co., Ltd.	Store 1003, No. 8, Humen Yinlong Road, Humen Town, Dongguan	0769-85121998
41	Humen Xinzhou Sub-branch, Bank of Dongguan Co., Ltd.	No.201, Shatai Road, Humen Town, Dongguan	0769-85103678
42	Humen Longquan Sub-branch, Bank of Dongguan Co., Ltd.	No.92, Renmin Road, Humen Town, Dongguan	0769-85113118
43	Humen Beizha Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 159, Humen Section, Taian Road, Humen Town, Dongguan	0769-85551188
44	Humen Bomei Sub-branch, Bank of Dongguan Co., Ltd.	Store A1001, Fumin Fabric Market, Bomei Village, Humen Town, Dongguan	0769-85233128
45	Humen Zhenxing Sub-branch, Bank of Dongguan Co., Ltd.	No. 54, Zhenxing Avenue, Gate of Humen Town, Dongguan	0769-85129288
46	Humen Jinjie Sub-branch, Bank of Dongguan Co., Ltd.	Stores 1106, 1107, 1980, 1981 and 1982, No. 156, Humen Avenue, Humen Town, Dongguan	0769-82709238
47	Humen Weiyuan Sub-branch, Bank of Dongguan Co., Ltd.	Store 102, Building 2, No. 97, Waihuandao Road, Humen Town, Dongguan	0769-82188020
48	Humen Fengtai Sub-branch, Bank of Dongguan Co., Ltd.	Store 148, 149, 150, and 151, No. 20, Humen Xinlian Road, Humen Town, Dongguan	0769-85123932
49	Guancheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 22-26, Right Side of Hongfu Building, No. 39, Dongcheng West Road, Downtown Dongguan	0769-22235295
50	Yunhe Sub-branch, Bank of Dongguan Co., Ltd.	No. 163, Yunhe West 1st Road, Downtown, Dongguan	0769-22235305
51	Yunhe Zhongxin Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101 and 102, Building 19, City Landscape Garden, No. 19, Hongtu Road, Nancheng District, Dongguan	0769-22827701
52	Yunhe Yifeng Sub-branch, Bank of Dongguan Co., Ltd.	Store B39, Yijiage, Yifeng Urban Square, Yifeng Road, Dongcheng District, Dongguan	0769-23132911
53	Yunhe Jingu Sub-branch, Bank of Dongguan Co., Ltd.	Stores 106-107, No. 46, Liwuwei Road, Dongcheng Street, Dongguan	0769-22290738
54	Xizheng Sub-branch, Bank of Dongguan Co., Ltd.	Store 2, Floor 1, North Building, Shimin Square, No. 1, Gaodi Street, Guancheng District, Dongguan	0769-22224244
55	Xiping Sub-branch, Bank of Dongguan Co., Ltd.	Stores 138-139 and 150-153, Zone A, Century, Commercial Street, Dongguan Avenue, Dongguan	0769-22809810
56	Dongmen Sub-branch, Bank of Dongguan Co., Ltd.	Store 1012, No. 2, Guancheng Section, Dongzong Road, Guancheng Street, Dongguan	0769-23057680
57	Zhongtang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 135-138 (Floor 1) and Stores 207-209 (Floor 2), Building 4, Juyi Huayuan, Yayuan Road, Zhongtang Town, Dongguan	0769-88811208
58	Zhongtang Zhonghuang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 6-13, Block 1, Phase I, Nongming Apartment, South Side of Commercial Avenue, Huangyong Village, Zhongtang Town	0769-88816376
59	Shipai Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101-116, No. 10, Shipai Park South Road, Shipai Town, Dongguan	0769-86652442
60	Shipai Taihe Sub-branch, Bank of Dongguan Co., Ltd.	No. 299, Shipai Avenue Middle, Shipai Town, Dongguan	0769-86657380
61	Changping Sub-branch, Bank of Dongguan Co., Ltd.	Store 111, Floor 1, Wanye Financial Building, No. 3, Changping Avenue, Changping Town, Dongguan	0769-81087143
62	Changping Jinyang Sub-branch, Bank of Dongguan Co., Ltd.	No. 89-2, Jinmei Road, Changping Town, Dongguan	0769-83335630
63	Changping Jinhua Sub-branch, Bank of Dongguan Co., Ltd.	No. 18, Tutang Section, Changdong Road, Changping Town, Dongguan	0769-83911506

No.	Institution name	Address	Telephone
64	Changping Zijing Sub-branch, Bank of Dongguan Co., Ltd.	Stores 1-9, Fengrongge, Changfeng Plaza, Zijing Garden, Changping Town, Dongguan	0769-81899003
65	Changping Guangdian Sub-branch, Bank of Dongguan Co., Ltd.	Ground-floor Store, Guangdian Building, Beside Changping Avenue, Changping Town, Dongguan	0769-81173117
66	Changping Lijing Small-and-Micro Sub-branch, Bank of Dongguan Co., Ltd.	Buildings No. 1-5, Lvhuating Mansion, Section G, Lijing Garden, Licheng Development Zone, Hengjiangxia Village, Changping Town, Dongguan	0769-81182646
67	Wangniudun Sub-branch, Bank of Dongguan Co., Ltd.	Stores 102-108, Building 2, Tiancheng Times Square, No. 11 Zhenzhong Road, Wangniudun Town, Dongguan	0769-88852859
68	Hongmei Sub-branch, Bank of Dongguan Co., Ltd.	No. A18-20, Hongmei Cultural and Sports Business Center, Qiaodong Road, Hongmei Town, Dongguan	0769-88438098
69	Daojiao Sub-branch, Bank of Dongguan Co., Ltd.	No. 197, Zhenxing East Road, Daojiao Town, Dongguan	0769-88310633
70	Daojiao Jichuan Small-and-Micro Sub-branch, Bank of Dongguan Co., Ltd.	Ground-floor Stores 1 and 2, Dao+ Apartment Building, No. 6, Changping Commercial Road, Changping Village, Daojiao Town, Dongguan	0769-88833246
71	Machong Sub-branch, Bank of Dongguan Co., Ltd.	Stores 4-6, Building 1, (beside Machong Bridge), Yelin Mansion, Machong Avenue, Machong Town, Dongguan	0769-88822547
72	Machong Ouchong Sub-branch, Bank of Dongguan Co., Ltd.	Stores 5-7, Ouchong Development Zone Building, Machong Town, Dongguan	0769-88825737
73	Machong Zhenxing Sub-branch, Bank of Dongguan Co., Ltd.	Stores 105, 106 and 107, Building 3, Huayang Haoting, No. 2 Zhenxing Road, Machong Town, Dongguan	0769-88236992
74	Machong Zhangpeng Sub-branch, Bank of Dongguan Co., Ltd.	Store 116, No. 5 Zhangpeng Road, Machong Town, Dongguan	0769-81219131
75	Machong Zhangpeng Community Sub-branch, Bank of Dongguan Co., Ltd.	Store 11, Floor 1, Xinguanren Residential Center, Zhangpeng Road, Machong Town, Dongguan	0769-81219131
76	Houjie Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101 and 201, No. 15 Houjie Tiyu Road, Houjie Town, Dongguan	0769-85921666
77	Houjie Hetian Sub-branch, Bank of Dongguan Co., Ltd.	Store 1, Heyang Building, Hetian Village, Houjie Town, Dongguan	0769-85053622
78	Houjie Xincheng Sub-branch, Bank of Dongguan Co., Ltd.	No. 141, Jiaju Avenue, Houjie Town, Dongguan	0769-85913362
79	Houjie Santun Sub-branch, Bank of Dongguan Co., Ltd.	Stores 128, 129 and 130, Building 14, Vanke Jinyu International Garden, Houjie Town, Dongguan	0769-85899161
80	Houjie Xitou Sub-branch, Bank of Dongguan Co., Ltd.	Floor 1, No. 3, Xinwei Estate, Xitou Community, Houjie Town, Dongguan	0769-81520622
81	Chang'an Sub-branch, Bank of Dongguan Co., Ltd.	No. 55, Changsheng Middle Road, Chang'an, Chang'an Town, Dongguan	0769-85310232
82	Chang'an Full Sub-branch, Bank of Dongguan Co., Ltd.	Stores E106-E107, Floor 1, No. 222, Dezhen Middle Road, Chang'an Town, Dongguan	0769-85330825
83	Chang'an Fujing Sub-branch, Bank of Dongguan Co., Ltd.	Stores 116-120, Commercial Building, Fuying Shanshui Mansion, Lianfeng North Road, Chang'an Town, Dongguan	0769-85330828
84	Chang'an Fudu Sub-branch, Bank of Dongguan Co., Ltd.	No. 1, Wusha Yuxing Road, Chang'an Town, Dongguan	0769-85545532
85	Chang'an Fuchang Sub-branch, Bank of Dongguan Co., Ltd.	No. 13-21 and 23, Changfu Road, Xiaobian Village, Chang'an Town, Dongguan	0769-85330831
86	Chang'an Fusheng Sub-branch, Bank of Dongguan Co., Ltd.	Store 102, No. 16, Wenshan Road, Chang'an Town, Dongguan	0769-85330833
87	Chang'an Jinsha Sub-branch, Bank of Dongguan Co., Ltd.	No. 38, Jinghai Middle Road, Shatou Village, Chang'an Town, Dongguan	0769-85330823
88	Chang'an Fuxing Sub-branch, Bank of Dongguan Co., Ltd.	Store 103, No. 39-1, Zhongshan North Road, Shangsha Village, Chang'an Town, Dongguan	0769-85397832
89	Chang'an Xifang Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 45, Zhugang Road, Chang'an Town, Dongguan	0769-81882626
90	Chang'an Xinmin Sub-branch, Bank of Dongguan Co., Ltd.	Store 126, No. 78, Chang'an Xinmin Road, Chang'an Town, Dongguan	0769-81888080
91	Chang'an Wusha Community Sub-branch, Bank of Dongguan Co., Ltd.	Store 10, Tongda Garden, Jiangbei Village, Wusha Community, Chang'an Town, Dongguan	0769-85358412
92	Dalingshan Sub-branch, Bank of Dongguan Co., Ltd.	Stores 16-18 and 32-33, Building 141, New Century Leading House, Dalingshan Town, Dongguan	0769-85788119
93	Dalingshan Zhenhua Sub-branch, Bank of Dongguan Co., Ltd.	No. 26, Zhenhua Road, Dalingshan Town, Dongguan	0769-82780798
94	Liaobu Sub-branch, Bank of Dongguan Co., Ltd.	No. 20, Qinzheng Road, Liaobu Town, Dongguan	0769-83286208
95	Liaobu Hongtu Sub-branch, Bank of Dongguan Co., Ltd.	Stores 108-111, Commercial Building, No. 22, Zhonghui Songhu City Area 2, Jinxing Road, Liaobu Town, Dongguan	0769-83305875
96	Liaobu Hengkeng Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 191, Liaobu Section, Guanzhang Road, Liaobu Town, Dongguan	0769-83303328
97	Liaobu Songhu Zhigu Sub-branch, Bank of Dongguan Co., Ltd.	Store 110, Building 5, Songhu Zhigu R&D Center, No. 1, Renju Road, Liaobu Town, Dongguan	0769-82566551
98	Zhangmutou Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 2, Zhangmutou Xinxing Street, Zhangmutou Town, Dongguan	0769-87796828
99	Zhangmutou Yinhe Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101, 401, and 501, Building 516, Diyonguan, No. 1, Zhangmutou Yinhe Middle Road, Zhangmutou Town, Dongguan	0769-87126618
100	Shijie Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 33, Zhengwen West Road, Shijie Village, Shijie Town, Dongguan	0769-86316766
101	Shijie Dongcheng Sub-branch, Bank of Dongguan Co., Ltd.	Store 104, No. 62, Shijie Mingzhu West Road, Shijie Town, Dongguan	0769-86637708
102	Shijie Dongsheng Sub-branch, Bank of Dongguan Co., Ltd.	Store 26, the third Industrial Park, Juzhou Village, Shijie Town, Dongguan	0769-86637799

No.	Institution name	Address	Telephone
103	Chashan Sub-branch, Bank of Dongguan Co., Ltd.	No. 92, Dongyue Road, Chashan Town, Dongguan	0769-86647608
104	Chashan Nanshe Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, Building 1, No. 35, Chashan Jinshan Road, Chashan Town, Dongguan	0769-86645608
105	Hengli Sub-branch, Bank of Dongguan Co., Ltd.	No. 38, Yanjiang South Road, Hengli Town, Dongguan	0769-83727308
106	Hengli Hepan Sub-branch, Bank of Dongguan Co., Ltd.	No. 1, Zhenxing West Road, Hengli Town, Dongguan	0769-83373208
107	Dongkeng Sub-branch, Bank of Dongguan Co., Ltd.	No. 259, Dongxing Road, Dongkeng Town, Dongguan	0769-83363182
108	Dongkeng Baishun Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101, 102, 103, 104, 105 and 106, No. 67, Dongkeng Yanhe West Second Road, Dongkeng Town, Dongguan	0769-82802026
109	Dongkeng Country Garden Small-and-Micro Sub - Branch, Bank of Dongguan Co., Ltd.	Stores 110 and 111, Commercial Building, No. 13, Phase II, Dongkeng Country Garden, No. 233, Dongxing East Road, Dongkeng Town, Dongguan	0769-88009962
110	Qishi Sub-branch, Bank of Dongguan Co., Ltd.	No. 28, Zhenhua Road, Qishi Town, Dongguan	0769-86663828
111	Qiaotou Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101, 102, 103, and 104, No. 2, Qiaoguang Avenue (Tianxin Section), Tianxin Community, Qiaotou Town, Dongguan	0769-83343313
112	Qiaotou Lianhu Sub-branch, Bank of Dongguan Co., Ltd.	Stores 106-110, Building 9, Phase I, Kaida Mansion, Bilian Road, Qiaotou Town, Dongguan	0769-83342821
113	Qiaotou Shizhu Sub-branch, Bank of Dongguan Co., Ltd.	Store 102, Building 1, Comprehensive Building, No. 26, Qiaotou Qiaoxin Road, Qiaotou Town, Dongguan	0769-82521286
114	Tangxia Sub-branch, Bank of Dongguan Co., Ltd.	No. 47, Huayuan Street, Tangxia Town, Dongguan	0769-87727089
115	Tangxia Hongye Sub-branch, Bank of Dongguan Co., Ltd.	No. 63, Tanglong Road, Tangxia Town, Dongguan	0769-87728223
116	Tangxia Shigu Sub-branch, Bank of Dongguan Co., Ltd.	No. 3, Shigu Commercial Street, Tangxia Town, Dongguan	0769-87888268
117	Tangxia Lincun Sub-branch, Bank of Dongguan Co., Ltd.	Stores 110, 111, 112, 113 and 114, Building 1 and Stores 115, 116 and 117, Building 2, Yucheng Garden, No. 90, Xirong Road, Tangxia Town, Dongguan	0769-87812828
118	Tangxia Yingbin Sub-branch, Bank of Dongguan Co., Ltd.	Stores 122-126, Fukang Mansion, Yingbin Avenue, Tangxia Town, Dongguan	0769-82016922
119	Tangxia Zhufoling Community Sub-branch, Bank of Dongguan Co., Ltd.	South of Building 1, No. 1, Lane 8, Zhufoling New Village, Tangxia Town, Dongguan	0769-81281978
120	Fenggang Sub-branch, Bank of Dongguan Co., Ltd.	Store 105, No. 17, Fenggang Yongsheng Street, Fenggang Town, Dongguan	0769-87502628
121	Fenggang Jinfeng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 103-104, Building 1, Yishanju Commercial Residential Block, Sanzheng Wolongshan Garden, Yongsheng North Street, Fenggang Town, Dongguan	0769-87753326
122	Fenggang Yantian Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101 and 102, Building 11, Fenggang Tian An Cyber Park, No. 208, Fenggang Section, Dongshen Road, Fenggang Town, Dongguan	0769-87778812
123	Fenggang Guanjingtou Sub-branch, Bank of Dongguan Co., Ltd.	Stores 159, 160 and 161, No. 15, Longping East Road, Fenggang Town, Dongguan	0769-87560289
124	Dalang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101, 102, 103, 104, and 201, and Stores 301, 302, 303, 304, 305, 306, 307, 308 and 309 in Unit 1, No. 555, Dalang Meijing Middle Road, Dalang Town, Dongguan	0769-83012368
125	Dalang Yinlang Sub-branch, Bank of Dongguan Co., Ltd.	Store 8, Annex Building, Shanghai Building, No. 288, Yinlang South Road, Dalang Town, Dongguan	0769-82816188
126	Dalang Xiangtou Sub-branch, Bank of Dongguan Co., Ltd.	Store A5, No. 118, Fukang Road, Xiangtou Community, Dalang Town, Dongguan	0769-81119806
127	Huangjiang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 353, 355, 357 and 359, Huangjiang Avenue, Huangjiang Town, Dongguan	0769-83603777
128	Huangjiang Meitang Sub-branch, Bank of Dongguan Co., Ltd.	Store 1, Floor 1, Meitang Nongmin Apartment (Buildings 6 and 7), Binong Second Road, Huangjiang Town, Dongguan	0769-83624185
129	Songshan Lake Keji Sub-branch, Bank of Dongguan Co., Ltd.	Floors 1 and 2, Office Building 1, No. 5, Keji Eighth Road, Songshan Lake High-tech Industrial Development Zone, Dongguan	0769-23075229
130	Songshan Lake Zhongji Zhigu Sub-branch, Bank of Dongguan Co., Ltd.	Store 115 and Store 116, Building 1, No. 3, Nanshan Road, Songshan Lake Park, Dongguan	0769-23328382
131	Xiegang Sub-branch, Bank of Dongguan Co., Ltd.	Store 105, Building 1, Yongjiang International Mansion, No. 1, Guangchang Middle Road, Xiegang Town, Dongguan	0769-87760638
132	Shatian Sub-branch, Bank of Dongguan Co., Ltd.	Stores A1-115 to A1-120, A1-215 to A1-220, Building A1, Binhai Center Commercial Street, Shatian Town, Dongguan	0769-88805661
133	Shatian Renzhou Sub-branch, Bank of Dongguan Co., Ltd.	Stores 103, 104 and 105, No. 312, Renzhou Road, Shatian Town, Dongguan	0769-81699161
134	Qingxi Sub-branch, Bank of Dongguan Co., Ltd.	Floors 1 and 2, Minghui Building, No. 5, Lucheng West Road, Qingxi Administrative Center, Dongguan	0769-87302618
135	Qingxi Jufu Sub-branch, Bank of Dongguan Co., Ltd.	Store 1, Jufu Shopping Mall, Jumin Jufu Road, Qingxi Town, Dongguan	0769-82098182

No.	Institution name	Address	Telephone
136	Gaobu Sub-branch, Bank of Dongguan Co., Ltd.	Two stores in Floor 1 and all stores in Floor 2, Commercial and Office Building 14, Phase III, New Century Yilongwan Estate, No. 2, Yilong East Road, Gaobu Town, Dongguan	0769-86789233
137	Binhaiwan New District Branch, Bank of Dongguan Co., Ltd.	Store 101, Building 1, No. 1, Wanqu Avenue, Binhaiwan New District, Dongguan	0769-85310001
138	Shuixiang Sub-branch, Bank of Dongguan Co., Ltd.	Part of Floor 1 & Floor 2 of Building 1, No. 6, Dazhong Road, Jiuqu Village, Daojiao Town, Dongguan	0769-88319886
139	Guangzhou Branch, Bank of Dongguan Co., Ltd.	Stores 101-103, 105-107, 201-204 and 301, No. 128, Whampoa Avenue West, Tianhe District, Guangzhou	020-87508528
140	Guangzhou Panyu Sub-branch, Bank of Dongguan Co., Ltd.	Store B101, Floor 1, Building 2, Donghan Garden, No. 71, Guanghua South Road, Shiqi Town, Panyu District, Guangzhou	020-39258785
141	Guangzhou Zengcheng Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 224, Store 101, No. 226, Stores 114 and 115, No. 228, Fenghuang North-cross Road, Yongning Street, Zengcheng District	020-32164036
142	Guangzhou Dongpu Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, Floor 1 and Store 01, Mezzanine, Podium Building, Delida Commercial Building, No. 385, Dagan Middle Road, Tianhe District, Guangzhou	020-32053840
143	Guangzhou Tianhe Sub-branch, Bank of Dongguan Co., Ltd.	Stores in Floors 1 and 2, No. 1023, Zhongshan Avenue, Tianhe District, Guangzhou	020-32232177
144	Guangzhou Luogang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101-105, Floor 1 and Store 203, Floor 2, Building 2, No. 31, Luolang Road, Huangpu District, Guangzhou	020-22201297
145	Guangzhou Baiyun Sub-branch, Bank of Dongguan Co., Ltd.	Stores 117, 118 and 133, Floor 1, No. 1063, Helong First Road, Helong Street, Baiyun District, Guangzhou	020-36403639
146	China (Guangdong) Pilot Free Trade Zone Nansha Branch, Bank of Dongguan Co., Ltd.	Stores 106, 107, 605 and 606 (Self-numbered Building 1), No. 106, Fengze East Road, Yunshan Poetic Estate, Nansha, Nansha District, Guangzhou	020-39005832
147	Nansha Huangge Sub-branch, Bank of Dongguan Co., Ltd.	Store 115, No. 1, Qilin Second Street, Huangge Town, Nansha District, Guangzhou	020-84687364
148	Shenzhen Branch, Bank of Dongguan Co., Ltd.	Floors 1&11, Shidai Technology Building, No. 7028, Shennan Avenue, Futian District, Shenzhen	0755-23955635
149	Shenzhen Longgang Sub-branch, Bank of Dongguan Co., Ltd.	Store Unit 01(Mezzanine) and Unit 08 (Floor 1), Zhengzhong Times Square, No. 99, Longcheng Avenue, Longcheng Street, Central, Longgang District, Shenzhen	0755-89613575
150	Shenzhen Bao'an Sub-branch, Bank of Dongguan Co., Ltd.	Stores 105 and 106, Building 1, Huasheng Shenghui Mansion, Xin'an Street, Bao'an District, Shenzhen	0755-29583522
151	Shenzhen Qianhai Sub-branch, Bank of Dongguan Co., Ltd.	Floor 2, Qianhai Enterprise Hall Building, No. 63, Qianwan First Road, Qianhai Shenzhen-Hong Kong Cooperation District, Shenzhen	0755-83183081
152	Shenzhen Nanshan Branch, Bank of Dongguan Co., Ltd.	Stores 27 and 28a, Floor G, Building C, Kexing Science Park, No. 15, Keyuan Road, Middle Area, Science Park, Nanshan District, Shenzhen	0755-83616071
153	Huizhou Branch, Bank of Dongguan Co., Ltd.	Stores 07, 08, 09 and 10, Floor 1, and Store 02, Floor 2, Dewei Building, No. 4, Yunshan West Road, Huizhou	0752-2781888
154	Huizhou Huiyang Sub-branch, Bank of Dongguan Co., Ltd.	All stores in Area A and partial stores in Area B, No. 01, Floor 1, Taixing International Building, Kaicheng Avenue, Danshui Town, Huiyang District, Huizhou	0752-8229655
155	Huizhou Zhongkai Sub-branch, Bank of Dongguan Co., Ltd.	Store 01, Floor 1, Zhongkai Investment Holdings Building, No. 8, West Hechang Fifth Road, Zhongkai High and New Technology Zone, Huizhou	0752-5752188
156	Changsha Branch, Bank of Dongguan Co., Ltd.	Stores 104 on Floor 1 of T1 (Block A) and Floors 26-28 of T3 (Block C), Binjiang Financial Center, No. 112, Chazishan East Road, Yuelu District, Changsha, Hunan Province	0731-88785173
157	Changsha Lushan Sub-branch, Bank of Dongguan Co., Ltd.	Floors 1 and 2, Xiangsuhui Building, Lugu Information Harbour, No. 668, Lugu Avenue, Yuelu District, Changsha, Hunan Province	0731-88197507
158	Changsha Xingsha Sub-branch, Bank of Dongguan Co., Ltd.	Shangcheng Building B (No. 108, 109, 209, 110 and 210), Kaiyuan North Road, Changsha County, Hunan Province	0731-88291906
159	Changsha Tianxin Sub-branch, Bank of Dongguan Co., Ltd.	Store 101-1, Building 18B, Shangxi Garden, No. 31, Xiangfu West Road, Tianxin District, Changsha, Hunan Province	0731-88276672
160	Changsha Furong Sub-branch, Bank of Dongguan Co., Ltd.	Floor 1, No. 106, Section 2, Furong Middle Road, Furong District, Changsha, Hunan Province	0731-88293620
161	Foshan Branch, Bank of Dongguan Co., Ltd.	Stores 901-910, Block A, No. 68 and No. 9-12, Floor 1, No. 66, Jihua Fourth Road, Chancheng District, Foshan	0757-82903806
162	Foshan Nanhai Branch, Bank of Dongguan Co., Ltd.	Floor 1, Building 64, Yiyuntianhui Garden, No. 26, Nanping Road West, Guicheng Street, Nanhai District, Foshan	0757-81858118
163	Foshan Sanshui Sub-branch, Bank of Dongguan Co., Ltd.	Stores West 101, 102 of Block 4, Huixin Mansion, No. 3, Jianshe Second Road, Xi'nan Street, Sanshui District, Foshan	0757-87733670
164	Foshan Shunde Sub-branch, Bank of Dongguan Co., Ltd.	Stores 106 and 107, Yiyunjun Garden, No. 1, Xingshun Road, Residents Committee of Dehe Community, Daliang Sub-district Office, Shunde District, Foshan	0757-22339910
165	Hefei Branch, Bank of Dongguan Co., Ltd.	Wanghu Jiayuan Commercial Building, No. 117, Meihe Road, Baohe District, Hefei	0551-62689778

No.	Institution name	Address	Telephone
166	Hefei Guangshi Garden Community Sub-branch, Bank of Dongguan Co., Ltd.	South of Building 1, Property Complex Building, Guangshi Garden Community, Ningxia Road, Baohe District, Hefei	0551-63805368
167	Hi-Tech Branch in Hefei Area of Anhui Pilot Free Trade Zone, Bank of Dongguan Co., Ltd.	Stores 103, 104, 105 and 106, Floor 1 and Stores 201 and 202, Floor 2, Wanchuang Center Commercial Building A, No. 1818, Chuangxin Avenue, Hi-tech Industry Development Zone, Hefei	0551-62310808
168	Hefei Science and Technology Sub-branch, Bank of Dongguan Co., Ltd.	Stores 103-105, Floor 1, Building 4, Yindu Xiangshuijun Estate, Feicui East Road, Shimen North Road, Hefei Economic and Technological Development Zone	0551-63812523
169	Hefei Luyang District Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, Building A, New Guanghe Building, No. 7377, Linquan Road, Luyang District, Hefei	0551-63809500
170	Hefei Yaohai Sub-branch, Bank of Dongguan Co., Ltd.	Store H1, Store F5 and Store F6, Floor 1, Building M7, Phase I, Global Center, Bashang Street, No. 2, Wuhu Road, Yaohai District, Hefei	0551-62323366
171	Qingyuan Branch, Bank of Dongguan Co., Ltd.	Store 35, Block 7 and Floor 2&3, Block 5 and 7, Zone A, Wanji Golden Bay Mansion, No. 6, Jinxia Road, New Urban District, Qingyuan	0763-3668867
172	Qingyuan Dongcheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 1-07, 1-08, 1-09, 1-10, 1-11, 1-12, Floor 1, Qiaoshun Building, Block 1, New Times Garden, No. 6, Dongcheng Avenue, Qingcheng District, Qingyuan	0763-3898313
173	Zhuhai Branch, Bank of Dongguan Co., Ltd.	No. 377, No. 381, Floor 2 and No. 381, Floor 3, Qinglv Middle Road, Xiangzhou District, Zhuhai	0756-2393175
174	Shaoguan Branch, Bank of Dongguan Co., Ltd.	Stores 1-6 of Floor 1 and Floors 2-4, Building E1, Zhixing Garden, No. 1, Yinhua Road, Wujiang District, Shaoguan	0751-8606922
175	Shaoguan Furong New District Sub-branch, Bank of Dongguan Co., Ltd.	Swimming Pool, Commercial Building 1, Taiyangcheng Huadi, Country Garden, No. 8, Danxia Middle Avenue, Wujiang District, Shaoguan	0751-8606030
176	Zhongshan Branch, Bank of Dongguan Co., Ltd.	Stores 105-107, Floors 20-21, Building 1, Xinghuiwan Estate, No. 4, Zhongshan Second Road, Shiqi District, Zhongshan	0760-86996228
177	Hong Kong Branch, Bank of Dongguan Co., Ltd.	Suites 2504-2511, 25/F, Two International Finance Center, No. 8 Finance Street, Central, Hong Kong	00852-29512600

Significant Events

I. PROFIT DISTRIBUTION OF ORDINARY SHARES

(I) Formulation, implementation or adjustment of profit distribution policies for ordinary shareholders during the reporting period

Pursuant to the Company Law and the Bank's Articles of Association and relevant regulations, the profit distribution plan was formulated by the Board of Directors and reviewed and approved by the general meeting. The Board of Directors formulates the profit distribution plan, which must be reviewed by Independent Directors to issue confirmed independent opinions, and must be approved by more than two-thirds of the Bank's Directors; the profit distribution plan must be approved with more than half of the voting rights held by shareholders (including shareholder proxies) attending the meeting. After the general meeting of the Bank decides on the profit distribution plan, the Board of Directors of the Bank shall complete the distribution of dividends (or shares) within two months after the annual general meeting is held.

The Bank conducts profit distribution by allocating dividends by cash or shares; however, the shares held by the Bank are excluded from profit distribution. The priority of net profit after tax of the Bank is: making up deficits in previous years, statutory surplus reserve, discretion surplus reserve, general reserve and payments of dividends to shareholders.

(II) Profit distribution plans of the Bank in the past three years (including the reporting period)

1. 2022 Annual profit distribution plan. On 24 February 2023, the Bank held the 10th Meeting of the 8th Session of the Board of Directors. The meeting reviewed and approved the "2022 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd." and agreed on: appropriating 10% of net profit (i.e. RMB384 million) as statutory surplus reserve; appropriating general risk reserve of RMB700 million; distributing cash dividends to all shareholders of the Bank on the basis of RMB3.00 (before tax) for every 10 shares, totaling RMB654 million.

2. 2021 Annual profit distribution plan. On 10 March 2022 and 31 March 2022, the Bank held the 4th Meeting of the 8th Session of the Board of Directors and its 2021 Annual General Meeting. The meeting reviewed and approved the "2021 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd." and agreed on: appropriating 10% of net profit (i.e. RMB331 million) as statutory surplus reserve; appropriating general risk reserve of RMB500 million; distributing cash dividends to all shareholders of the Bank on the basis of RMB2.50 (before tax) for every 10 shares, totaling RMB545 million.

3. 2020 Annual profit distribution plan. On 2 March and 26 March 2021, the Bank held the 19th Meeting of the 7th Session of the Board of Directors and its 2020 Annual General Meeting. The meetings reviewed and approved the "2020 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd." and agreed on: appropriating 10% of net profit (i.e. RMB288 million) as statutory surplus reserve; appropriating general risk reserve of RMB500 million; distributing cash dividends to all shareholders of the Bank on the basis of RMB2.50 (before tax) for every 10 shares, totaling RMB545 million.

(III) Cash dividend for ordinary shares in the Company in the past three years (including the reporting period)

Year	Dividend per share (RMB)	Total shares (100 million shares)	Total cash dividend (RMB100 million)	Net profit attributable to the parent company's ordinary shareholders in the annual consolidated dividend statement (RMB100 million)	Percentage of net profit attributable to the parent company's ordinary shareholders in the consolidated statement (%)
2022	0.30	21.8	6.54	38.34	17.06
2021	0.25	21.8	5.45	33.16	16.44
2020	0.25	21.8	5.45	28.76	18.95

II. FULFILLMENT OF COMMITMENTS

The Bank had no commitments other than its normal business scope during the reporting period.

III. OCCUPATION OF LISTED COMPANY'S NON-OPERATING FUNDS BY CONTROLLING SHAREHOLDERS AND THEIR RELATED PARTIES

During the reporting period, the Bank did not experience occupation of funds by controlling shareholders and their related parties for non-operating purpose.

IV. AUDIT OPINIONS ISSUED BY THE ACCOUNTING FIRM

The 2022 Annual Financial Report has been audited by KPMG Huazhen LLP and an unqualified audit report had been issued.

V. EXPLANATION OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ACCOUNTING METHODS COMPARED TO PREVIOUS YEAR'S FINANCIAL REPORT

For details about changes in accounting policies and accounting estimates, please refer to "Notes to Financial Statements 4. Changes in Major Accounting Policies" in "Financial Reports".

VI. EXPLANATION OF THE SITUATION WHERE THE CORRECTION OF SIGNIFICANT ACCOUNTING ERRORS REQUIRES RETROSPECTIVE RESTATEMENT DURING THE REPORTING PERIOD

During the reporting period, as the Bank did not correct major accounting errors, there was no need to restate retrospectively.

VII. EXPLANATION ON CHANGES IN THE SCOPE OF CONSOLIDATED STATEMENTS COMPARED WITH FINANCIAL REPORTS OF PREVIOUS YEAR

During the reporting period, the scope of the Bank's consolidated statements remained unchanged.

VIII. APPOINTMENT AND DISMISSAL OF CERTIFIED PUBLIC ACCOUNTANT**(I) Appointment and dismissal of certified public accountant**

Certified public accountant engaged	KPMG Huazhen LLP
Consecutive years of providing audit service by certified public accountant	6 years
Signatory Certified Public Accountants	Wu Zhongming, Ye Yunhui

(II) Appointment and dismissal of certified public accountant for internal control

Pursuant to the resolution of the Bank's 2021 Annual General Meeting, the Bank engaged KPMG Huazhen LLP to audit and issue an audit report on the 2022 financial statements of the Bank prepared in accordance with the PRC accounting standards.

IX. MATTERS IN CONNECTION WITH BANKRUPTCY OR REORGANIZATION

During the reporting period, there was no matter in connection with bankruptcy or reorganization.

X. SIGNIFICANT LITIGATION AND ARBITRATION

During the reporting period, the Bank had new matters relating to litigations and arbitration, mainly concerning the loans. Principals of newly added significant bad loan litigations (the principal amount involved in a single litigation case is over RMB10 million) amounted to RMB558,180,000.

XI. PUNISHMENT IMPOSED ON THE BANK AND ITS DIRECTORS AND OFFICERS BY RELATED REGULATORY AND JUDICIAL BODIES

During the reporting period the Bank's Directors and senior management were not punished by the relevant regulatory authorities or judicial authorities, but the Bank and its branches were punished by the regulatory authorities for 6 times in total, involving an aggregate amount of RMB2.20 million. The Bank had completed the rectification in accordance with regulatory requirements and improved its risk control system. The relevant penalties did not have any material impact on the continuing operation of the Bank.

XII. INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND ULTIMATE CONTROLLERS

During the reporting period, the Bank did not have any failure to perform the obligations determined by the court's effective legal instruments, or owe a relatively large amount of debts due and unpaid.

XIII. IMPLEMENTATION OF EQUITY INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLANS AND OTHER EMPLOYEE INCENTIVE PLANS

During the reporting period, there was no equity incentive scheme, employee stock ownership plans or other employee incentive plans in place.

XIV. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Bank strictly adhered to the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions, the Administrative Measures for Related Party Transactions of Bank of Dongguan Co., Ltd., and the Implementation Rules for the Management of Related Party Transactions of Bank of Dongguan Co., Ltd. and the related requirements issued by the Banking and Insurance Regulatory Commission. Transactions with related parties were generated in normal business activities, and the transaction conditions and interest rates conformed to relevant provisions of regulatory authorities and the Bank, and were determined following the principles of marketization, which were objective, fair, and reasonable and had no material effect on the Bank's operating results or financial status. As of the end of the reporting period, the Bank's credit balance in the related party transactions under the CBIRC criteria was RMB5,960,177,300, representing 12.65% of the Bank's net capital. All related party transaction indicators met regulatory requirements.

In 2022, the Bank had the following significant related party transactions:

On 17 March 2022, a credit of RMB1,203.6 million was granted to Dongguan Financial Holdings Group Co., Ltd., a related party, which accounted for 2.89% of the Bank's net capital at the end of the fourth quarter of 2021.

On 17 March 2022, a credit of RMB1,346 million was granted to Dongguan Securities Co., Ltd., a related party, which accounted for 3.23% of the net capital of the Bank at the end of the fourth quarter of 2021.

On 12 April 2022, a credit of RMB700 million was granted to Dongguan Yingfeng Real Estate Development Co., Ltd., a related party, which accounted for 1.63% of the net capital of the Bank at the end of the first quarter of 2022.

On 1 August 2022, a credit of RMB433.50 million was granted to Dongguan Fumin Gas Co., Ltd., a related party, which accounted for 1.00% of the net capital of the Bank at the end of the second quarter of 2022.

On 21 December 2022, a credit of RMB800 million was granted to Dongguan Binkai Zhigu Industrial Investment Co., Ltd., a related party, which accounted for 1.72% of the net capital of the Bank at the end of the third quarter of 2022.

XV. MAJOR CONTRACTS AND THEIR PERFORMANCES

(I) Significant custody, contracts and leases

During the reporting period, the Bank had no significant custody, contract, lease transactions or other major contract matters.

(II) Significant guarantees

During the reporting period, apart from financial guarantee businesses as approved by the People's Bank of China (PBOC) and the China Banking and Insurance Regulatory Commission (CBIRC), the Bank did not have any significant guarantees that need to be disclosed.

(III) Entrusted cash asset management

1. Entrusted wealth management

During the reporting period, the Bank did not issue entrusted wealth management beyond its normal business scope.

2. Entrusted loan

During the reporting period, the Bank did not issue entrusted loans beyond its normal business scope.

(IV) Other major contracts

During the reporting period, the Bank was performing other major contracts as follows:

On 19 May 2022, the Bank and China Resources Land (Dongguan) Co., Ltd. signed the *Customization Agreement for the Headquarters Building of the Bank of Dongguan* and RMB350 million was paid for the second phase of the property purchase.

On 15 December 2022, the Bank and China Resources Land (Dongguan) Co., Ltd. signed the *Supplementary Agreement (1) to the Customization Agreement for the Headquarters Building of the Bank of Dongguan*, agreeing that the estimated total purchase price was about RMB3.209 billion, and RMB232 million was paid for the third phase of the property purchase.

XVI. SOCIAL RESPONSIBILITY

(I) Fulfillment of social responsibilities

Always adhering to the principle of “originating from the society and contributing to the society”, the Bank integrates the fulfillment of social responsibilities into every part of its business development, continuously improves its social responsibility management capability, and adheres to the path of sustainable development. **The first is to** take multiple measures to strengthen financial support in key areas of the real economy around the purpose of providing financial services for the real economy. **The second is to** live out the concept of “finance for the people” and continue to innovate in and optimize products and services for people’s livelihood; actively participate in public welfare and charitable undertakings, and practice social responsibilities. **The third is to** actively respond to the national “dual carbon” strategy by vigorously developing green finance, continuously promoting a green financial system, and pushing forward the innovation in green financial products and services, thus providing support for the sustainable development of society.

For details, please refer to the *Social Responsibility Report (Environmental, Social and Governance Report) of the Bank of Dongguan Co., Ltd. for 2022* disclosed on the official website of the Bank.

(II) Assistance to rural revitalization

1. Overview of annual work

Regarding rural revitalization as an important political task, the Bank has established a steering organization for cross-departmental assistance under the leadership of the Party Committee, with the Secretary of the Party Committee and the Chairman as the first persons in charge. The Bank has set up an assistance leading group and a rural revitalization work office to promote rural revitalization and assistance. The main leaders participated in field investigation and promoted the specific work of rural revitalization in towns and villages. By resolutely implementing the decisions and arrangements made by the Party Central Committee and the State Council on consolidating and expanding the achievements of poverty alleviation and effectively connecting the results with rural revitalization, and closely sticking to the main tasks of “Three-Stage Objectives and Tasks” and “Five Promotions”, the Bank vigorously promotes the consolidation of poverty alleviation achievements, and facilitates rural revitalization in an orderly manner.

During the reporting period, the Bank, as a group organization unit, formed a stationed work group with Tangxia Town to provide assistance in Siqian Town, Shixing County, Shaoguan. Following the “Notice on Well Completing Rural Revitalization Work in the Province” issued by Guangdong Rural Revitalization Steering Group and the general guiding ideology of the Guangdong Provincial Rural Revitalization Office, the work group improved the dynamic monitoring and assistance mechanism to prevent poverty reoccurrence, consolidated the outcomes of “Two Provisions and Three Guarantees”, and held fast to the bottom line of preventing massive poverty reoccurrence. The Bank did its best in poverty reoccurrence monitoring to consolidate the labor achievements of building a well-off society in an all-around manner while ensuring the effective connection with and smooth development of rural revitalization.

During the reporting period, the Bank provided support for more than 10 projects in Siqian Town, such as poverty reoccurrence monitoring, embankment reinforcement, dam construction, bridge construction, bridge repair, roadbed and farmland restoration. Furthermore, the Bank responded to the call of departments at all levels to actively participate in various assistance tasks. Particularly, RMB2 million was donated on the Guangdong Poverty Alleviation cum Dongguan Charity Day; RMB500,000 was donated to support the construction of supporting homestay facilities in Chongyang Town, Wujiang District, Shaoguan as a part of rural revitalization.

2. Subsequent rural revitalization plan

In 2023, the Bank will remain on the main tasks of “Three-Stage Objectives and Tasks” and “Five Promotions”, and actively cooperate with the assistance work group to implement the work plan; strengthen communication with various departments in Siqian Town, and focus on local development in the future; work with local town-level committees and the government to formulate the rural revitalization work plan, thus contributing to promoting rural revitalization and developing the regional economy.

XVII. PROTECTION OF CONSUMERS' RIGHTS AND INTERESTS

In 2022, the Bank lived out the concept of “finance for the people”, actively adapted itself to the new situation and new requirements for the protection of financial consumers' rights, continuously improved the consumers' rights protection management system, strived to enhance financial consumers' sense of gain, happiness and satisfaction, and earnestly assumed the main responsibility of protecting consumers' rights and interests.

In terms of system construction, the Bank continues to deepen the organizational structure reform for consumer protection, formulates and improves systems and mechanisms for complaint management, personal financial information protection, financial marketing and promotion, internal assessment, and regular inspection of consumer protection, so as to further consolidate the foundation of consumer protection.

In terms of complaint management, the Bank continues to optimize the protection of consumer rights and interests management system, strengthens the management and control of the entire complaint process, and continuously improves the complaint handling management mechanism and process; comprehensively improves the level of complaint handling and enhances customer experiences and satisfaction by applying leader-modeled case resolution and hidden complaint risk investigation, strengthening emergency response to complaints, and promoting diversified compliant solutions; strengthens complaint summarization and analysis based on problems, deepens the “traceable and rectifiable” complaint handling by proposing consumer protection suggestions and enhancing complaint accountability investigation, so as to keep improving systems, procedures, and services. In 2022, the Bank received a total of 452 customer complaints, including 250 complaints from bank card, accounting for 55.31%, 93 from loan business, accounting for 20.58%, and 11 from Renminbi savings business, accounting for 2.43%. In terms of geographical distribution, most complaints occurred in Dongguan, accounting for 85.62%. Complaints were basically handled in a timely and proper manner, with 100% complaints closed. No major incident of complaint risk occurred during the year.

In terms of financial knowledge education and publicity, the Bank continues to fulfill its responsibility for the popularization, education and publicity of financial knowledge, and strives to build a “centralized + normalized” publicity mechanism. The Bank actively organizes a series of collective education and publicity events of diversified forms, strong effect, and wide coverage for consumer protection and financial knowledge promotion, including the March 15 Financial Consumer Rights Day, the “Popularize Financial Knowledge and Protect Your Pocket” education program, the special action to combat pension fraud, and the joint financial education and publicity event. Also, the Bank actively implements normalized publicity, focuses on hot areas, and carries out four themed publicity activities on a quarterly basis, covering personal information protection, safe use of bank cards, financial knowledge promotion, and prevention of telecommunication and network fraud; takes additional efforts to strengthen multi-channel publicity on the Internet, and makes full use of its WeChat Official account, video account, official website, and external media resources to improve “case-based” publicity and risk warning, thus effectively increasing the influence and expanding the audience of publicity and education activities. Since 2022, the Bank has carried out a total of more than 1,500 education and publicity activities of various kinds, with an audience of more than one million people. The popularization and publicity of financial knowledge have achieved impressive results.

Changes in Shares and Shareholders

I. SHARE CAPITAL

The total number of the Bank's share capital was 2.18 billion shares and there was no change in the number of total share capital during the reporting period.

II. SHAREHOLDERS

(I) Number of shareholders and shareholding

Item	31 December 2022		31 December 2021	
	Number (shares)	Shareholding ratio (%)	Number (shares)	Shareholding ratio (%)
State-owned	787,558,700	36.13	787,558,700	36.13
Social legal person owned	851,666,649	39.06	851,666,649	39.06
Natural person owned	540,774,651	24.81	540,774,651	24.81
Total shares	2,180,000,000	100.00	2,180,000,000	100.00

Note: State shares and state-owned legal person shares are collectively referred to as state-owned shares.

As of the end of the reporting period, the total number of shareholders of the Bank was 5,183 including 80 institutional shareholders and 5,103 natural-person shareholders. The number of shareholders, whose shares were entrusted by the Bank to Guangdong Equity Exchange Co., Ltd. for custody, was 5,183, with 2,180,000,000 shares under custody. Among them, altogether 5,068 shareholders, owning 2,173,883,835 shares in total, personally or entrust others to go through the share confirmation procedures. No third parties raised doubts against the shares held by them. There were 109 natural-person shareholders and six institutional shareholders that did not personally or entrust others to go through the share confirmation procedures, and shares held by them accounted for 0.28% of the Bank's total shares, which had no adverse impact on the Bank's ownership structure stability.

(II) Controlling shareholders and ultimate controllers of the Company

The Company did not have any controlling shareholders or ultimate controllers.

(III) Shareholding of the Bank's top ten shareholders

No.	Name of shareholder	Number (shares)	Shareholding ratio (%)	Shares under mortgage (pledge) or freezing or not
1	Finance Bureau of Dongguan	484,396,000	22.22	No
2	Dongguan Dazhong Industrial Co., Ltd.	108,564,000	4.98	No
3	Humen Town Investment Service Center of Dongguan	108,128,000	4.96	No
4	Dongguan Hongzhong Investment Co., Ltd.	104,848,708	4.81	No
5	Dongguan Power Grid Development Company	77,732,254	3.57	No
6	Zhaoye Trading Co., Ltd. of Dongguan	76,422,386	3.51	No
7	Dongguan Financial Holdings Group Co., Ltd.	62,623,266	2.87	No
8	Lung Chuen International Hotel of Dongguan	61,800,284	2.83	No
9	Zhongpeng Trading Co., Ltd. of Dongguan	57,535,726	2.64	No
10	Dongguan Ligao Trading Co., Ltd.	56,833,334	2.61	No

During the reporting period, there was no change in the shareholding of the Bank's top ten shareholders.

(IV) Shareholders holding 5% or more of the Bank's equity

The only shareholder directly holding 5% or more of the Bank's equity is the Finance Bureau of Dongguan, which is a government agency. It is the largest shareholder of the Company, holding 22.22% of total shares in the Company.

Dongguan Financial Holdings Group Co., Ltd. and three companies controlled by it hold a total of 10.95% shares in the Company. The details are as follows:

Name of shareholder	Number (shares)	Shareholding (%)
Dongguan Financial Holdings Group Co., Ltd.	62,623,266	2.87
Zhaoye Trading Co., Ltd. of Dongguan	76,422,386	3.51
Zhongpeng Trading Co., Ltd. of Dongguan	57,535,726	2.64
Yinda Trading Co., Ltd. of Dongguan	42,230,796	1.94
Total	238,812,174	10.95

Guanyi Investment Co., Ltd. of Dongguan holds 100.00% of the shares in Zhaoye Trading Co., Ltd. of Dongguan, Zhongpeng Trading Co., Ltd. of Dongguan and Yinda Trading Co., Ltd. of Dongguan, respectively. Dongguan Financial Holdings Group Co., Ltd. holds 100.00% of the shares in Guanyi Investment Co., Ltd. of Dongguan. The State-owned Assets Supervision and Administration Commission of Dongguan Municipal Government holds 100.00% of the shares in Dongguan Financial Holdings Group Co., Ltd. Therefore, the ultimate controller of Dongguan Financial Holdings Group Co., Ltd., Zhaoye Trading Co., Ltd. of Dongguan, Zhongpeng Trading Co., Ltd. of Dongguan, Yinda Trading Co., Ltd. of Dongguan is the State-owned Assets Supervision and Administration Commission of Dongguan Municipal Government.

Directors, Supervisors, Senior Management and Employees

I. BASIC INFORMATION OF MEMBERS OF THE BOARD OF DIRECTORS

No.	Name	Gender	Date of birth	Work entity	Position at the Bank	Position at the work entity	Number of shares
1	Lu Guofeng	Male	Sep. 1969	Bank of Dongguan	Secretary of the Party Committee and Chairman	Secretary of the Party Committee and Chairman	450,000 shares
2	Cheng Jinsong	Male	May 1968	Bank of Dongguan	Deputy Secretary of the Party Committee, Vice Chairman and President of the Bank	Deputy Secretary of the Party Committee, Vice Chairman and President of the Bank	None
3	Wu Jianwen	Male	May 1973	Bank of Dongguan	Member of the Party Committee, Executive Director, Vice President of the Bank	Member of the Party Committee, Executive Director, Vice President of the Bank	None
4	Xie Yongwei	Male	Sep. 1972	Bank of Dongguan	Member of the Party Committee, Executive Director, Vice President of the Bank	Member of the Party Committee, Executive Director, Vice President of the Bank	303,065 shares
5	Zhang Qingwen	Male	Aug. 1968	Dongguan Financial Holdings Group Co., Ltd.	Non-Executive Director	Deputy Secretary of the Party Committee, Director, General Manager	None
6	Lu Yuyan	Female	Jan. 1977	Dongguan Financial Holdings Group Co., Ltd.	Non-Executive Director	General Manager of Accounting Department	None
7	Zhang Foen	Male	Jul. 1953	Dongguan Lung Chuen International Hotel	Non-Executive Director	Chairman	None
8	Wang Yiren	Male	Nov. 1993	Da Zhong Investment Group Co., Ltd.	Non-Executive Director	Chairman	None
9	Chen Chaohui	Male	Oct. 1969	Guangdong Humen Fumin Group Co., Ltd.	Non-Executive Director	Chairman of the Board of Supervisors	None
10	Liu Mingchao	Male	Oct. 1980	Dongguan Power Grid Company of Guangdong Jurunda Group Co., Ltd.	Non-Executive Director	General manager	None
11	Wang Yanming	Male	Jun. 1957	Lingnan College of Sun Yat-sen University	Independent Director	Professor, Doctoral Supervisor	None
12	Sun Hui	Female	Nov. 1961	Guangzhou Shengshi Huixi Investment Management Co., Ltd.	Independent Director	Executive Director and General Manager	None
13	Hua Xiuping	Female	Aug. 1978	Nottingham University Business School (China)	Independent Director	Professor, Doctoral Supervisor	None
14	Qian Wei	Male	Sep. 1963	Shanghai Fudan Science and Technology Park Venture Capital Co., Ltd.	Independent Director	Director and General Manager	None
15	Chen Tao	Male	Jun. 1978	Guangdong Pan-China Certified Public Accountant	Independent Director	Department Manager	None

II. BASIC INFORMATION OF MEMBERS OF THE BOARD OF SUPERVISORS

No.	Name	Gender	Date of birth	Work entity	Position at the Bank	Position at the work entity	Number of shares
1	Ye Haopeng	Male	Jul. 1962	Bank of Dongguan	Employee Supervisor	None	None
2	Chen Dongbai	Male	Dec. 1984	Dongguan Tengyu Enterprise Management Co., Ltd., Dongguan Chengfeng Wool Textile Co., Ltd.	Shareholder Supervisor	General Manager, Financial Manager of Accounting Department	None
3	Wang Ganchao	Male	Oct. 1988	Dongguan Ligao Trading Co., Ltd.	Shareholder Supervisor	Executive Director, General Manager	None
4	Xiao Jianming	Male	Sep. 1969	Compliance Department of Dongguan Bank Head Office	Employee Supervisor, General Manager	Employee Supervisor, General Manager	448,313 shares
5	Cai Jieling	Female	Oct. 1973	Human Resources Department of Dongguan Bank	Head of CPC Organization Department of the Bank, Employee Supervisor, General Manager	Head of CPC Organization Department of the Bank, Employee Supervisor, General Manager	200,000 shares
6	Chen Xikang	Male	Nov. 1969	Guangdong Chen, Liang & Co.	External Supervisor	Partner, lawyer	None
7	Yao Xiaocong	Male	Dec. 1953	None	External Supervisor	None	None
8	Chen Ying	Female	Aug. 1980	Dongguan Branch of Zhongzhixin (Guangdong) Engineering Consulting Co., Ltd., Guangdong Zhongzhixin Certified Public Accountants Firm (Special General Partnership), Dongguan Branch of Guangdong Zhongzhixin Certified Public Accountants Firm (Special General Partnership)	External Supervisor	Person in Charge, Partner, Branch Director	None
9	Wei Jiaxuan	Female	Nov. 1984	State Assets Supervision and Administration Commission of Dongguan	Shareholder Supervisor	Appointed Supervisor of State Assets Supervision and Administration Commission of Dongguan	None

III. BASIC INFORMATION OF SENIOR MANAGEMENT

No.	Name	Gender	Date of Birth	Years of Experience (Financial)	Position	Number of shares
1	Cheng Jinsong	Male	May 1968	30	Deputy Secretary of the Party Committee, Vice Chairman and President of the Bank	None
2	Wu Jianwen	Male	May 1973	26	Member of the Party Committee, Executive Director, and Vice President of the Bank	None
3	Xie Yongwei	Male	Sep. 1972	23	Member of the Party Committee, Executive Director, Vice President of the Bank and Chairman of the Federation of Trade Unions	303,065 shares
4	Li Qicong	Male	Sep. 1972	28	Member of the Party Committee, Vice President of the Bank and Secretary of the Board of Directors	None
5	Zhong Zhandong	Male	Mar. 1971	29	Chief Information Officer	None
6	Sun Weiling	Female	Jan. 1972	26	Chief Accountant	112,609 shares
7	Hu Ni	Female	Sep. 1983	14	Risk Director (starting from February 2023)	None

IV. MAIN WORKING EXPERIENCE OF DIRECTORS, SUPERVISORS, SENIOR OFFICERS AND OTHER MANAGEMENT PERSONNEL IN DEPARTMENTS WHICH HAVE A SIGNIFICANT IMPACT ON RISK

(I) Directors

Lu Guofeng, Secretary of Party Committee and Chairman, male, born in September 1969, a holder of master degree; Intermediate Economist. He formerly served as a Member of the Party Commission and the Vice President of China Construction Bank Dongguan branch and the Deputy Secretary of the Party Committee and President of the Bank. He currently serves as the Secretary of Party Committee and Chairman of the Bank.

Cheng Jinsong, Deputy Secretary of the Party Committee, Vice Chairman and President of the Bank, male, born in May 1968, a holder of master degree; Senior Economist. He formerly served as the Secretary of the Party Commission and the President of China Construction Bank Shaoguan Branch. He currently serves as the Deputy Secretary of the Party Commission, the Vice Chairman and the President of the Bank.

Wu Jianwen, Member of the Party Committee, Executive Director, Vice President of the Bank, male, born in May 1973, a holder of bachelor academic qualification and a master degree; Intermediate Economist and Intermediate accountant. He formerly served as the Manager of the Financial Management Department of Dongguan Trust Co., Ltd., Member of the Party Committee and Vice President of Dongguan Securities Co., Ltd., and Chairman of the Trade Union (concurrently). He currently serves as the Member of the Party Committee, Executive Director, Vice President of the Bank.

Xie Yongwei, Member of the Party Committee, Executive Director, Vice President of the Bank and Chairman of the Trade Union, male, born in September 1972, a holder of bachelor academic qualification and a master degree; Senior Certified Financial Planner, Intermediate Economist and Assistant Accountant. He formerly served as the Deputy Department Manager of the Shenzhen Peng Cheng Accounting Firm, and various positions at the Bank including Director and General Manager Assistant of the Auditing Department, General Manager of the Office of the Board of Supervisors, General Manager of the Trade Union Office, General Manager of the President's Office, Director of the Party Committee Office, General Manager of Office of the Board of Directors and the Secretary of the Board of Directors. He currently serves as the Member of the Party Committee, Executive Director, Vice President of the Bank and Chairman of the Trade Union.

Zhang Qingwen, Non-Executive Director, male, born in August 1968, a holder of master degree; Senior Electronic Engineer. He formerly served as the Director and General Manager of Dongguan Development Holdings Co., Ltd., Deputy Secretary of the Party Committee, Director and General Manager of Dongguan Communications Investment Group Co., Ltd. He currently serves as the Deputy Secretary of the Party Committee, Director and General Manager of Dongguan Financial Holdings Group Co., Ltd.

Lu Yuyan, Non-Executive Director, female, born in January 1977, a holder of bachelor degree; Intermediate Accountant. She worked for Dongguan Branch of the China Construction Bank. She currently serves as the General Manager of Accounting Department of Dongguan Financial Holdings Group Co., Ltd.

Zhang Foan, Non-Executive Director, male, born in July 1953, a holder of high school diploma. He started his work in July 1970 and currently is the Executive Director and Manager of the Dongguan Lung Chuen International Hotel and Dongguan Lung Chuen Industrial Co., Ltd.

Wang Yiren, Non-Executive Director, male, born in November 1993, a holder of bachelor academic qualification. He formerly served as the Investment Manager of Investment Banking Department of Guangzhou Branch of China Merchants Bank Co., Ltd. He currently serves as the Chairman of Dazhong Investment Group Co., Ltd. the Executive Director and Manager of Kangdi Industrial Co., Ltd.

Chen Chaohui, Non-Executive Director, male, born in October 1969, a holder of college diploma. He formerly served as an accountant of the Dongguan Humen Industrial and Trading Corporation, the Manager of the Finance Department of Dongguan Zhujiang Corporation Group, the Audit Manager of the Financial Audit Department of the Dongguan Humen Assets Management Co., Ltd. and the Manager of the Finance and Statistics Department of Guangdong Humen Fumin Group Co., Ltd. He currently serves as the Chairman of the Board of Supervisors of the Guangdong Humen Fumin Group Co., Ltd.

Liu Mingchao, Non-Executive Director, male, born in October 1980, a holder of bachelor academic qualification and a master degree. He formerly served as the Director and Deputy General Manager of the General Department of the Headquarter of the Dongguan Power Industrial Corporation, the deputy General Manager and General Manager of Dongguan Power Grid Development Company, and the General Manager of Dongguan Branch of Guangdong Electric Power Industry Development Corporation. He currently serves as the General Manager of Dongguan Guandian Branch of Guangdong Jurunda Group Co., Ltd.

Wang Yanming, Independent Director, male, born in June 1957, a holder of doctor degree; professor and doctoral supervisor. He formerly served as the teacher of Bailuzhou Middle School in Ji'an city of the Jiangxi Province, the teacher of the Department of Mathematics of Guangxi University, the post-doctoral researcher and lecturer of the Peking University, the associate professor of the Sun Yat-sen University. He currently serves as the professor and doctoral supervisor of the Lingnan College of the Sun Yat-sen University, and the independent director of Guangdong Nanhai Rural Commercial Bank Company Limited.

Sun Hui, Independent Director, female, born in November 1961, a holder of master degree and the qualification of general accountant and tax accountant. She worked for the Personnel Office of the Shanghai Justice Bureau, Shanghai Huaxia Law Office, No. 1 Washington Group, and the Saide Global Pacific. She currently serves as the Executive Director and General Manager of the Guangzhou Shengshi Huixi Investment Management Co., Ltd. Independent Director of Times China Holdings Co., Ltd. and External Supervisor of Guangdong Qingyuan Rural Commercial Bank Co., Ltd.

Hua Xiuping, Independent Director, female, born in August 1978, a holder of doctor degree; professor and doctoral supervisor. She formerly served as the Assistant Professor and Doctoral Supervisor of Finance of Nottingham University Business School (China). She currently serves as the Professor and Doctoral Supervisor of Finance of Ningbo Nottingham University Business School (China), the Independent Director of Shenzhen Topband Co., Ltd. and the Independent Director of Ningbo Fubang Jingye Group Co., Ltd.

Qian Wei, Independent Director, male, born in September 1963, a holder of master degree. He worked for Shenyang Branch of the Bank of China, Bank of China Shenyang Trust Consulting Company, Shenyang Tiexi District Sub-Branch of Bank of China, China Orient Trust and Consulting Company, Investment Management Department of Bank of China, BOC International Holdings Limited and BOC International (China) Co., Ltd. He currently serves as the Chairman of the Lvsilu Equity Investment Management Limited, the director and General Manager of Shanghai Fudan Science and Technology Park Venture Capital Co., Ltd. and the Independent Director of COFCO Capital Holdings Co., Ltd.

Chen Tao, Independent Director, male, born in June 1978, a holder of college diploma; Certified Public Accountant, Intermediate Accountant and Asset Appraiser. He worked for China Kanglianda Industrial Group. He currently serves as a Department Manager of the Pan-China Certified Public Accountants.

(II) Supervisors

Ye Haopeng, Employee Supervisor, male, born in July 1962, has a bachelor degree; political worker. He formerly served as the Deputy Director and Director of Dongguan Branch Office of Bank of China, the Deputy Director of Dongguan Local Financial Asset Management Office, the Deputy Director and Director of Dongguan Financial Service Office and the Director of the Finance Bureau of the Dongguan Municipal People's Government, Deputy Secretary of Party Committee, the Secretary of the Disciplinary Committee of the Bank, Leader of the Discipline Inspection and Supervision Team of the Municipal Commission for Discipline Inspection, the Chairman of the Board of Supervisors, and Chairman of the Federation of Trade Unions. He currently serves as the Supervisor of Employees of the Bank.

Chen Dongbai, Shareholder Supervisor, male, born in December 1984, has a bachelor degree. He started his work in July 2008 and he formerly served as a clerk of the Party and Government Office of the People's Government of Dalang Town, Dongguan, the Project Manager of General Office of Dongguan Huichang Industrial Investment Co., Ltd. He currently serves as the General Manager of Dongguan Tengyu Enterprise Management Co., Ltd. and the Financial Manager of Dongguan Chengfeng Wool Textile Co., Ltd.

Wang Ganchao, Shareholder Supervisor, male, born in October 1988, has a high school diploma. He began to work in 2008, and currently serves as the Executive Director and General Manager of Dongguan Ligao Trading Co., Ltd.

Xiao Jianming, Employee Supervisor, male, born in September 1969, has a doctor degree; senior economist. He started his work in July 1994. He formerly served as the Staff Member of the Party Committee of the Hunan Provincial Space Administration, the Staff Member of the Comprehensive Office of the Changsha National Security Bureau, the lecturer of the Law Department of Hunan College of Finance and Economics, the Director and Assistant Manager of the Credit Department of the Bank, the Deputy General Manager of the Risk Management Department of the Bank, the Deputy General Manager (in charge of overall work) and General Manager of the Compliance Department of the Bank, the deputy leader of the preparatory group and president of Zhuhai Branch, the General Manager of the Credit Management Department of the Bank. He currently serves as the General Manager of Compliance Department and the Employee Supervisor of the Bank.

Cai Jiuling, Employee Supervisor, female, born in October 1973, has a bachelor degree; Assistant Accountant. She started her work in July 1992 and she formerly served as an office staff of Guangdong Dongguan Wujiaohua Corporation; a clerk of the HR Department of the Dongguan Finance and Trade Office; and various positions at Head Office of the Bank including employee of Sales Department, the employee, Director and Deputy General Manager of Trade Union Office, the Deputy General Manager of the Office of the Board of Supervisors. She currently serves as Head of the Party Committee, General Manager of the Human Resources Department and Employee Supervisor of the Bank.

Chen Xikang, External Supervisor, male, born in November 1969, has a bachelor degree; third-grade lawyer. He started his work in July 1992 and he formerly served as a lawyer of Dongguan Law Firm, Deputy Director and lawyer of Dongguan Zhongjian Law Firm. He currently serves as the partner and lawyer of Guangdong Chen, Liang & Co.

Yao Xiacong, External Supervisor, male, born in December 1953, has a bachelor degree; accountant. He began to work in January 1970, and formerly served as the Accountant and Chief Financial Officer of Pingshi Section and Shaoguan Section of Guangzhou Railway (Group) Corporation, the Deputy Finance Director, Finance Director and Finance Branch Chief of Yangcheng Railway Corporation of Guangzhou Railway (Group) Corporation, the Finance Chief of the Guangzhou Railway (Group) Corporation, the Chief Accountant, Secretary of the Board of Directors and the Investigator of the Guangshen Railway Company Limited, and the Independent Director of Shenzhen MTC Co., Ltd.

Chen Ying, External Supervisor, female, born in August 1980, has a bachelor degree; Certified Public Accountant and senior accountant in China. She started to work in July 2001 and formerly served as the manager of Taxation Department of Dongguan Wabisen Enterprise Management & Consulting Co., Ltd., General Manager of Dongguan Jucheng Enterprise Management Consulting Co., Ltd., and the Director of Dongguan Jucheng Certified Public Accountants, Deputy General Manager of Zhongzhixin (Guangdong) Engineering Consulting Co., Ltd. She currently serves as the Head of Dongguan branch of Zhongzhixin (Guangdong) Engineering Consulting Co., Ltd., the partner of Guangdong Zhongzhixin Accounting Firm (Special General Partnership), and the Director of Dongguan branch of Guangdong Zhongzhixin Accounting Firm (Special General Partnership).

Wei Jiaxuan, Shareholder Supervisor, female, born in November 1984, has a bachelor degree, Chinese certified public accountant, tax accountant, and intermediate accountant. She began to work in September 2007, and formerly served as the accountant and the plant accountant in the overseas group of the financial department of Delta Electronics (Dongguan) Co., Ltd., the accountant in the financial department of Flextronics Electronics (Dongguan) Co., Ltd., the financial assistant and financial supervisor in the financial department of the Shilong Branch of Dongguan Carrefour Commercial Co., Ltd., the senior auditor and project manager in the audit department of Guangdong CCAT Certified Public Accountants Co., Ltd.. She currently serves as a supervisor appointed by Dongguan State-owned Assets Supervision and Administration Commission.

(III) Senior management

Cheng Jinsong, Deputy Secretary of the Party Committee, Vice Chairman and President of the Bank (See “Directors” for details).

Wu Jianwen, Member of the Party Committee, Executive Director, Vice President of the Bank (See “Directors” for details).

Xie Yongwei, Member of the Party Committee, Executive Director, Vice President of the Bank (See “Directors” for details).

Li Qicong, Member of the Party Committee, Vice President of the Bank, Secretary of the Board of Directors, male, born in September 1972, a holder of master degree; Certified Public Accountant and Intermediate Accountant. He formerly served as the Deputy Manager and Manager of the Accounting Department under the Dongguan Branch International Business Department of China Construction Bank, the Manager of the Marketing Department, Vice section-level Customers Manager of Corporate Business Department, the Manager of the Marketing Development Department of the Hantang Securities Dongguan Sales Office, Deputy Manager of Corporate Business Department of Dongguan Branch of the Bank of Communications, Manager of the Corporate Business Department I, Deputy General Manager of the International Business Department at the Bank, Deputy President (in charge of overall work) and President of Songshan Lake Keji Sub-Branch, Head and President of Foshan Branch and General Manager of Corporate Business Department. He currently serves as the Member of the Party Committee, Vice President of the Bank, and Secretary of the Board of Directors.

Zhong Zhandong, Chief Information Officer, male, born in March 1971, a holder of bachelor degree; senior Electronic Technical Engineer. He formerly served as the Deputy Manager and Manager of the Science and Technology Department, Manager and Deputy General Manager of the Information Technology Department and General Manager of the Data Center of the Guangdong Development Bank. He currently serves as the Chief Information Officer of the Bank.

Sun Weiling, Chief Accountant, female, born in January 1972, a holder of bachelor degree; Senior Accountant and International Certified Public Accountant (ICPA). She formerly served as the Accounting Director of New City Center Development Department of the Dongguan Fucheng District Real Estate Development Company, and various positions at the Bank including Deputy General Manager and General Manager of the Accounting Department, General Manager of the Human Resources Department and General Manager of the Trade Union Office. She currently serves as the Chief Accountant of the Bank.

Hu Ni, Risk Director, female, born in September 1983, a holder of master degree; Intermediate Economist. She held various positions at the Bank including the Director and Deputy General Manager of Risk Planning of the Risk Management Department, the Deputy General Manager of the Corporate Business Department, the Vice President of the Songshan Lake Keji Sub-Branch, Deputy General Manager of the Office of the Board of Directors, and General Manager and Deputy General Manager of Risk Management Department (in charge of overall work). She currently serves as the Risk Director of the Bank (began to perform her duties in February 2023).

(IV) Management personnel in departments which have a significant impact on risk

Sun Weiling, Chief Accountant (Chief Financial Director) (See "Senior Management" for details).

Hu Ni, Risk Director (began to perform her duties in February 2023) (See "Senior Management" for details).

Wei Sanfang, General Manager of the Accounting Department, female, born in August 1973, a holder of master degree; Certified Public Accountant and Intermediate Accountant. She held different positions in China Construction Bank Dongguan Branch, including the Deputy General Manager and General Manager of the Credit Card Department, the Deputy General Manager of the Planning Finance Department, Deputy General Manager of Credit Card and E-banking Department (in charge of the overall work), the Deputy General Manager and General Manager of the Planning Finance Department (in charge of the overall work), General Manager of the Investment Banking Department (Financial Marketing Department), and the Deputy General Manager of the Accounting Department of the Bank. She currently serves as the General Manager of the Accounting Department of the Bank.

Yao Xia, General Manager of the Auditing Department, female, born in February 1970, a holder of bachelor degree; Certified Public Accountant, Intermediate Accountant and Certified Financial Planner. She formerly served as the Deputy Manager of the City Credit Corporation Center of Dongguan, Head of the Operation Department of the Dongguan Sub-Branch of CITIC Industrial Bank, Certified Public Accountant of the Zhonglian Accounting Firm of Dongguan, Financial Director, Head of Comprehensive Planning Group, Deputy General Manager of the Bank's Accounting Department (temporary post), the Vice President of Guangzhou Branch, and Deputy General Manager and General Manager of the Accounting Department (in charge of the overall work). She currently serves as the General Manager of the Auditing Department of the Bank.

Xie Hualin, General Manager of Risk Management Department, male, born in December 1974, a holder of bachelor degree; Intermediate Economist. He held different positions at the bank, including the employee of Credit Department, Head of Credit Planning Department and Risk Management Department, General Manager Assistant (temporary post), General Manager Assistant, Deputy General Manager (temporary post), Deputy General Manager, Deputy General Manager of Business Department, Vice President (in lieu of performance) and Vice President of Zhuhai branch, Vice President of Guangzhou branch and Deputy General Manager of Direct Banking Business Department. He currently serves as the General Manager of the Risk Management Department of the Bank.

V. CHANGES IN IMPORTANT PERSONNEL**(I) Directors**

In 2022, there was no change in the directors of the Bank.

(II) Supervisors

On 31 March 2022, Wei Jiaxuan was elected as the shareholder supervisors of the 8th Supervisory Committee of the Bank in the Bank's 2021 Annual General Meeting of shareholder.

On 25 July 2022, Mr. Ye Haopeng applied for resignation as the chairman of the Board of Supervisors and employee supervisor of the Bank due to reaching the statutory retirement age. Mr. Ye Haopeng will continue to perform the duties of employee supervisor before new employee supervisor takes office. The resignation as the chairman of the Board of Supervisors has taken effect from 25 July 2022.

(III) Senior management

On 30 September 2022, Zhang Tao applied for resignation as the Vice President of the Bank due to reaching the statutory retirement age.

On 31 October 2022, Ma Yaping applied for resignation as the Risk Director of the Bank due to reaching the statutory retirement age.

On 10 November 2022, Hu Ni was appointed as the Risk Director of the Bank at the 8th Meeting of the 8th Session of the Board of Directors of the Bank, and began to perform her duties as the Risk Director in February 2023.

VI. AMOUNT OF REMUNERATION RECEIVED BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In 2022, the total amount of remuneration received by the Directors, Supervisors and senior management of the Bank was RMB28.15 million (calculated based on the actual cost of the labor cost which includes salaries (including the incentive on tenure), subsidies, bonus payment in-arrears, social insurance contributions, contributions to housing provident fund, corporate pension and personal income tax withheld or remitted by individuals and contributions to social insurance, the housing provident fund and annuity withheld or remitted by the Bank).

VII. EMPLOYEES

As of the end of the reporting period, the Bank had 5,437 employees. Among them, 494 employees possess master degrees or higher educational credentials, 4,242 possess bachelor degrees, 566 possess college diplomas, and 135 possess technical secondary education or below background.

VIII. REMUNERATION ASSESSMENT, INCENTIVE AND RESTRAINT SYSTEM

The Bank has established a remuneration management framework based on the actual needs of management decision-making. The supreme decision-making body is the General Meeting of Shareholders of the Bank, which is in charge of remuneration management of the Directors and Supervisors. The Board of Directors and its subordinate Nomination & Remuneration Committee are in charge of the remuneration and assessment of the senior management. In 2022, the Nomination & Remuneration Committee held five meetings in total. The senior management is responsible for the development of remuneration management and performance appraisal policies for employees below the senior management level. The Human Resources Department is responsible for the implementation of the remuneration policies, with the Accounting Department tasked with operations related to work performance appraisal.

The Bank has established a remuneration system based on the importance of specific positions, personal competence and qualifications, performance contribution and job responsibilities. The remuneration structure consists of position-based salary, performance-based bonus, additional salary, employee benefits and special rewards (discretionary), among which performance-based bonus is a variable incentive offered when the Bank achieves business targets. This bonus mainly reflects the Bank employees' performance and the contribution to the Bank, and is based on the performance assessment for a specific assessment period. With a view to raising the senior management's awareness of the importance of effective management of staff holding positions with substantial influences on risk exposure, the Bank adopts the payment in-arrears system for the performance-based bonus and the deduction by recourse, and defer payment of more than 40% of performance-based bonus for a period of not less than 3 years. In case of illegal, undisciplined or irregular behavior or excessive exposure to risks within the scope of responsibilities, the Bank shall, according to the seriousness of the situation and accountability, deduct, stop payment and recover the performance-based bonus for the corresponding period.

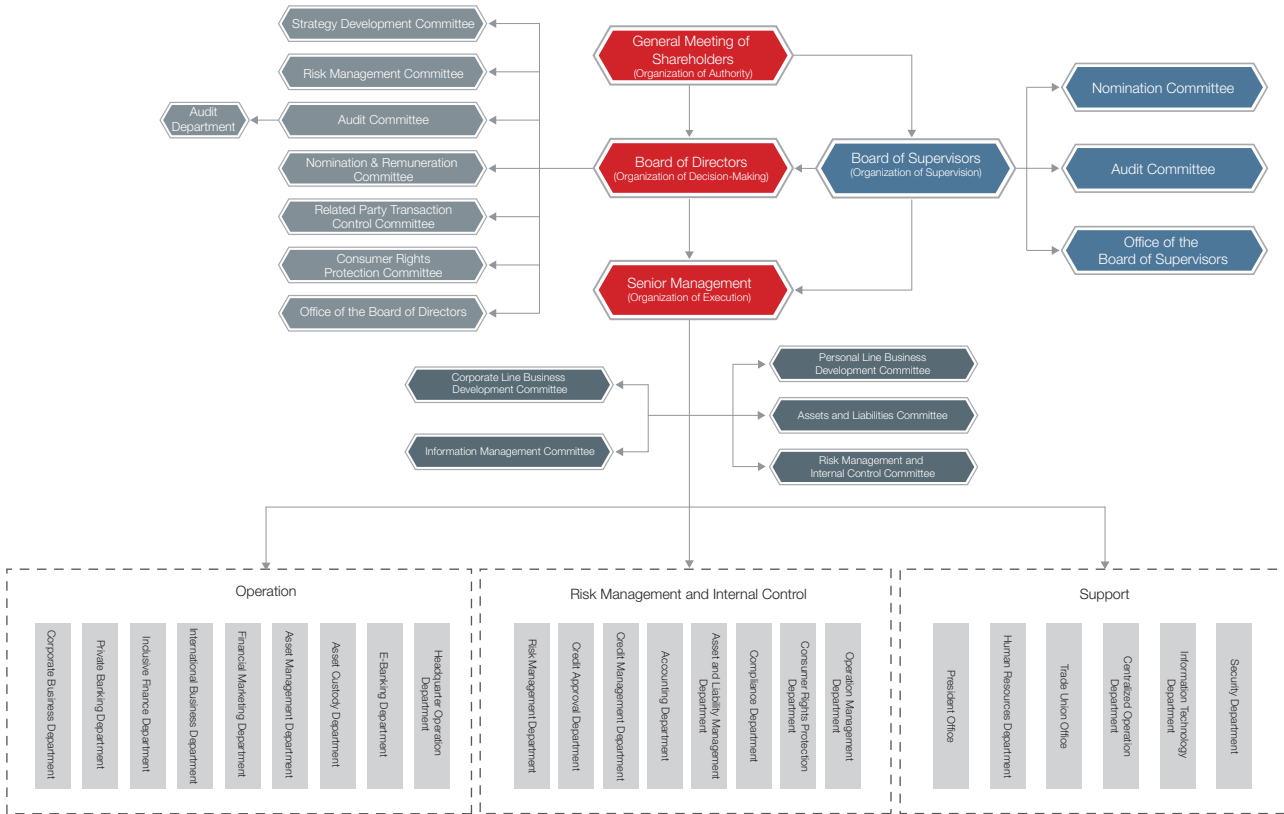
The amount of staff remuneration at the Bank is mainly determined based on the profits and operating income of the Bank. The amount of remuneration paid to employees is linked to the fulfillment of key performance indicators of the respective units and the positions concerned. In order to magnify the restraint effect of the remuneration mechanism, fulfillment of the risk cost control indicators affects the bank-wide performance compensation adjustment.

The Bank has established policies over remuneration allocation and assessment for employees at all levels, which are enforced with the management's approval. In particular, the appraisal of employees holding positions related to risk and compliance management mainly focus on internal management and internal control indicators. The senior management achieved targets across key performance indicators regarding business operations, risk control and social responsibility in 2022.

Corporate Governance

I. BASIC SITUATION OF CORPORATE GOVERNANCE AND DEPARTMENT SETTING

The Bank strictly complies with the *Company Law*, the *Commercial Bank Law*, *Corporate Governance Guidelines for Banking and Insurance Institutions*, the *Interim Administrative Measures of Equity of Commercial Banks* and other laws, regulations, regulatory requirements, and the requirements of the Bank’s Articles of Association, so as to continuously improve the standard of corporate governance. The Bank actively promotes the organic integration of party leadership and corporate governance, improves the building of modern corporate governance system with Chinese characteristics, and strictly complies with the requirements of various initiatives including integrating Party-building into the Articles of Association, Two-way Entry, Cross Appointment and Front Check of Party Committee. The Bank has established an organizational structure for modern corporate governance including the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and senior management. It has also established a complete corporate governance system, clarified the powers and responsibilities of the “Three Boards and One Management”, and promoted the formation of an operating mechanism of corporate governance featuring independent operation, effective checks and balances, mutual cooperation and coordinated operation. The Bank conducted sound corporate governance overall.



During the reporting period, the Bank continued to follow up on the implementation of various regulatory requirements, and further improved the governance system, covering the Articles of Association, the procedure rules consisting of “Three Boards and One Management”, and the performance evaluation methods for directors, supervisors and senior managers, according to the latest regulatory documents, thus consolidating the governance foundation of the company. The Bank improves the administrative system for the Board of Directors to authorize managers to ensure that the senior management performs their duties in accordance with the law.

During the reporting period, the Bank strengthened active capital management and carried out capital supplement projects in an orderly manner. In August 2022, the Bank issued RMB2 billion of undated capital bonds to effectively supplement capital. In the second half of 2022, the Bank started the increase in capital and shares to supplement capital through the targeted capital increase of shareholders. At present, the capital increase has been approved by the Guangdong Office of China Banking and Insurance Regulatory Commission and the China Securities Regulatory Commission. The work is advancing as planned.

During the reporting period, the Bank attached great importance to information disclosure, and disclosed the annual report and quarterly reports, the use of proceeds of green financial bond offerings, the change of senior management personnel and other important matters in a timely, complete, accurate and faithful manner in strict accordance with the requirements of the regulatory authorities, the Articles of Association and the Administrative Measures for Information Disclosure of Bank of Dongguan Co., Ltd. The Bank mainly uses the following channels to disclose information in its annual report: 1. The summary of the 2021 annual report was disclosed in the Financial News; 2. The 2021 annual report was disclosed on the Bank's website (disclosure URL: www.dongguanbank.cn); 3. The 2021 annual report was disclosed on Chinabond.com and Chinamoney.com (disclosure URL: www.chinabond.com.cn/www.chinamoney.com.cn); 4. The printed annual reports were distributed to shareholders at the annual general meeting; 5. The printed annual reports were made available for inquiries in the office of the Board of Directors of the Bank and all the Bank's branches.

During the reporting period, the Bank focused on communication with investors and continuously improved the investor communication mechanism. Two-way communications with investors were strengthened through letters, telephone calls, dedicated e-mail addresses and the Bank's website. Furthermore, the disclosure of the latest developments in the Bank's business management operations and relevant important information were enhanced, so that investors can understand the Bank's business management in a timely manner, enhancing investors' understanding and identification with the Bank, and drumming up their support for the Bank.

II. WORK OF THE GENERAL MEETING OF SHAREHOLDERS

(I) Responsibilities of the General Meeting of Shareholders

The General Meeting of Shareholders is the supreme authority body of the Bank. The General Meeting of Shareholders exercised its duties and authorities, including amending the Articles of Association of the Bank, reviewing and approving the Bank's profit distribution plan, electing and replacing Directors and Supervisors, and deciding on the Bank's business policies and investment plans, reviewing and approving the reports of the Board of Directors and the Board of Supervisors, etc. in accordance with the Articles of Association and the Rules of Procedures for the General Meeting of Shareholders of Bank of Dongguan Co., Ltd..

(II) General Meetings of Shareholders

The Bank convenes annual or extraordinary general meetings in accordance with the Articles of Association and the Rules of Procedures for the General Meeting of Shareholders of Bank of Dongguan Co., Ltd.. In 2022, the General Meeting of Shareholders of the Bank held 1 annual meeting and 2 extraordinary meetings. The notification, summoning and convening of the General Meetings of Shareholders, voting procedures and resolutions are carried out in compliance with the regulations, ensuring that all shareholders fully and equally enjoy the right to know and participate.

On 31 March 2021, the Bank held the 2021 Annual General Meeting of Shareholders. The meeting was held at the head office of the Bank. The meeting notice was published on Dongguan Daily and the official website of the Bank on 11 March 2022. 57.50% investors attended the meeting. The meeting deliberated on and adopted 28 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on the 2021 Annual Report of Bank of Dongguan Co., Ltd.
2	Proposal on the 2021 Annual Audit Report of Bank of Dongguan Co., Ltd.
3	Proposal on the 2021 Annual Financial Statements and 2022 Annual Financial Budget Plan of Bank of Dongguan Co., Ltd.
4	Proposal on the 2021 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd.
5	Proposal on the 2021 Annual Corporate Social Responsibility Report of Bank of Dongguan Co., Ltd.
6	Proposal on Hiring An Accounting Firm to Audit the 2022 Operating Results of Bank of Dongguan Co., Ltd.
7	Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A Shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2019, 2020 and 2021)
8	Proposal on the Analysis of Diluting the Immediate Returns of the Initial Public Offering of Shares and the Remedial Measures
9	Proposal on Confirming the Related Party Transactions of Bank of Dongguan Co., Ltd. for 2019-2021
10	Specialized Report on Related Party Transactions of Bank of Dongguan Co., Ltd. in 2021
11	Proposal on Adjusting the Annual Allowance Standards for Non-Executive Directors of Bank of Dongguan Co., Ltd.
12	Proposal on Adjusting the Annual Allowance Standards for Non-Employee Supervisors of Bank of Dongguan Co., Ltd.
13	Proposal on Election of Supervisors of Bank of Dongguan Co., Ltd.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
14	Proposal on Revising the Articles of Association of Bank of Dongguan Co., Ltd.
15	Proposal on Revising the Rules of Procedure for the General Meeting of Shareholders of Bank of Dongguan Co., Ltd.
16	Proposal on Revising the Rules of Procedures for the Board of Directors of Bank of Dongguan Co., Ltd.
17	Proposal on Revising the Rules of Procedures for the Board of Supervisors of Bank of Dongguan Co., Ltd.
18	Proposal on Revising the Independent Director System of Bank of Dongguan Co., Ltd.
19	Proposal on Revising the External Supervisor System of Bank of Dongguan Co., Ltd.
20	Proposal on Revising the Measures of the Board of Directors of Bank of Dongguan Co., Ltd. for Evaluating the Performance of Directors and Senior Managers
21	Proposal on Revising the Measures of the Board of Supervisors of Bank of Dongguan Co., Ltd. for Evaluating the Performance of Directors and Senior Managers
22	Proposal on Revising the Measures for Duty Performance Evaluation of Supervisors of Bank of Dongguan Co., Ltd.
23	Report on Work of the Board of Directors of Bank of Dongguan Co., Ltd. in 2021
24	Report on Work of the Board of Supervisors of Bank of Dongguan Co., Ltd. in 2021
25	Report on Duty Performance Evaluation of the Board of Supervisors on the Directors of Bank of Dongguan Co., Ltd. in 2021
26	Report on Debriefing of Independent Directors of Bank of Dongguan Co., Ltd. in 2021
27	Report on Duty Performance Evaluation of the Supervisors of Bank of Dongguan Co., Ltd. in 2021
28	Report on Duty Performance Evaluation of the Board of Supervisors on Senior Management of Bank of Dongguan Co., Ltd. in 2021

The lawyer issued a legal opinion on the summoning and convening procedures of the meetings, the qualifications of attendees and conveners, and the voting procedures and voting results.

On 8 September 2022, the Bank held the first extraordinary general meeting of shareholders in 2022. The meeting was held at the head office of the Bank. The notice was published on Dongguan Daily and the official website of the Bank on 20 August 2022. 67.66% investors attended the meeting. The meeting deliberated on and adopted 5 proposals.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Applying for the Extension of the Validity Period in the Proposal on Application for Initial Public Offering and Listing of RMB Common Stocks (A Shares)
2	Proposal on Applying for the Extension of the Authorization Period in the Proposal on the Bank's Application for the Public Issuance of A Shares and the Authorization in the Process of Listing
3	Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A Shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2019, 2020, 2021 and the First Half of 2022)
4	Proposal on Confirming Related Party Transactions of Bank of Dongguan Co., Ltd. for 2019 – the First Half of 2022
5	Proposal on the Issuance of Financial Bonds by Bank of Dongguan Co., Ltd.

The lawyer issued a legal opinion on the summoning and convening procedures of the meetings, the qualifications of attendees and conveners, and the voting procedures and voting results.

On 13 October 2022, the Bank held the second extraordinary general meeting of shareholders in 2022. The meeting was held at the head office of the Bank. The notice was published on Dongguan Daily and the official website of the Bank on 28 September 2022. 66.79% investors attended the meeting. The meeting deliberated on and adopted 2 proposals.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Capital and Share Increase of Bank of Dongguan Co., Ltd.
2	Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to Capital and Share Increase

The lawyer issued a legal opinion on the summoning and convening procedures of the meetings, the qualifications of attendees and conveners, and the voting procedures and voting results.

III. WORK OF THE BOARD OF DIRECTORS

(I) Responsibilities of the Board of Directors

The Board of Directors is the Bank's decision-making body and is responsible for the General Meeting of Shareholders. The Board of Directors exercises the duties and authorities of reporting to the General Meeting of Shareholders, implementing the resolutions of the General Meeting of Shareholders, deciding on the business plan and investment plan of the Bank, and inspecting and supervising the work of the senior management in accordance with the provisions of the Articles of Association and the Rules of Procedure for the Board of Directors of Bank of Dongguan Co., Ltd. The Board of Directors consists of a strategic development committee, a risk management committee, an audit committee, a nomination and remuneration committee, a related party transaction control committee, and a consumer rights protection committee.

(II) Meetings of the Board of Directors

In 2022, the Board of Directors convened 6 meetings and deliberated on and adopted 108 proposals and reports, covering major issues such as the Company's business objectives, profit distribution, connected transactions, and risk management. The Board of Directors of the Bank strictly complied with laws and regulations, the Bank's Articles of Association and the Rules of Procedures of the Board of Directors for convening and voting procedures at the meeting. All Directors actively and diligently performed their duties, attended meetings as required, duly reviewed major issues of the Bank, and actively issued professional opinions, playing an active role in improving the level of corporate governance and promoting sound operations.

On 10 March 2022, the Bank held the 4th meeting of the 8th Session of the Board of Directors. Out of the 15 directors supposed to attend, 15 participated in the meeting with 15 votes cast. The meeting adopted 31 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on the 2021 Annual Report of Bank of Dongguan Co., Ltd.
2	Proposal on the 2021 Annual Audit Report of Bank of Dongguan Co., Ltd.
3	Proposal on the 2021 Annual Financial Statements and 2022 Annual Financial Budget Plan of Bank of Dongguan Co., Ltd.
4	Proposal on the 2021 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd.
5	Proposal on the 2021 Annual Corporate Social Responsibility Report of Bank of Dongguan Co., Ltd.
6	Proposal on Hiring An Accounting Firm to Audit the 2022 Operating Results of Bank of Dongguan Co., Ltd.
7	Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A Shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2019, 2020 and 2021)
8	Proposal on the Analysis of Diluting the Immediate Returns of the Initial Public Offering of Shares and the Remedial Measures
9	Proposal on Confirming the Related Party Transactions of Bank of Dongguan Co., Ltd. for 2019-2021
10	Proposal on the Estimated Amount of Related Party Transactions of Bank of Dongguan Co., Ltd. in 2022
11	Proposal on the Work Plan for Internal Audit of Bank of Dongguan Co., Ltd. in 2022
12	Proposal on the Work Plan for the Protection of Consumer Rights and Interests of Bank of Dongguan Co., Ltd. in 2022
13	Proposal on Adjusting the Annual Allowance Standards for Non-Executive Directors of Bank of Dongguan Co., Ltd.
14	Proposal on the Development Strategy and Operation Strategy of Bank of Dongguan Co., Ltd. for Village and Township Branches in 2022
15	Report on Work of the Board of Directors of Bank of Dongguan Co., Ltd. in 2021
16	Business Report of Bank of Dongguan Co., Ltd. in 2021
17	Report on Duty Performance Evaluation of the Directors of Bank of Dongguan Co., Ltd. in 2021
18	Report on Debriefing of Independent Directors of Bank of Dongguan Co., Ltd. in 2021
19	Report on Duty Performance Evaluation of Senior Management of Bank of Dongguan Co., Ltd. in 2021
20	Report on Duty Performance Evaluation of the Person in Charge of Internal Audit of Bank of Dongguan Co., Ltd. in 2021
21	Specialized Report on Related Party Transactions of Bank of Dongguan Co., Ltd. in 2021
22	Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. in 2021
23	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. in 2021
24	Report on Special Audit of Derivatives Trading Business of Bank of Dongguan Co., Ltd.
25	Report of Bank of Dongguan Co., Ltd. on Problems Found in Regulatory Inspections and Internal Audits and Their Rectifications in 2021
26	Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. in 2021

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
27	Report on Case Prevention and Control Work & Specialized Work of Preventing Financial Crimes by Employees of Bank of Dongguan Co., Ltd. in 2021
28	Report on Data Governance Work of Bank of Dongguan Co., Ltd. in 2021
29	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. in 2021
30	Report on the 2021 Consolidated Management and Operation and Management of Subsidiary Organizations of Bank of Dongguan Co., Ltd.
31	Proposal on Convening the 2021 Annual General Meeting of Shareholders of Bank of Dongguan Co., Ltd.

On 10 May 2022, the Bank held the 5th meeting of the 8th Session of the Board of Directors. Out of the 15 directors supposed to attend, 15 participated in the meeting with 15 votes cast. The meeting adopted 28 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on the Annual Suggestions on Audit Management of Bank of Dongguan Co., Ltd. in 2021
2	Proposal on Revising the Measures for the Administration of Related Party Transactions of Bank of Dongguan Co., Ltd.
3	Proposal on Authorization of Senior Management by the Board of Directors of Bank of Dongguan Co., Ltd.
4	Report on Implementation of 2021 Strategic Plan of Bank of Dongguan Co., Ltd.
5	Report on the Implementation of the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) by Bank of Dongguan Co., Ltd. in 2021
6	Report on the Implementation of the Capital Management Plan of Bank of Dongguan Co., Ltd. (2019-2021) in 2021
7	Report of Bank of Dongguan Co., Ltd. on Capital Management in 2021 and Capital Adequacy Ratio Planning in 2022
8	Report on Liability Quality Management Assessment of Bank of Dongguan Co., Ltd. in 2021
9	Report on the Investment Analysis of Bank of Xingtai and Rural Banks in 2021
10	Report on Statistical Data Quality Management of Bank of Dongguan Co., Ltd. in 2021
11	Report on the Authorized Management and Implementation of Senior Management of Bank of Dongguan Co., Ltd. in 2021
12	Report on the Implementation of the Resolutions of the General Meeting of Shareholders and the Board of Directors of Bank of Dongguan Co., Ltd. in 2021
13	Report on the Implementation of the Resolutions of the General Meeting of Shareholders and the Board of Directors of Bank of Dongguan Co., Ltd. for the First Quarter of 2022
14	Report on Operations of Bank of Dongguan Co., Ltd. for the First Quarter of 2022
15	Report on Comprehensive Risk Management Analysis of Bank of Dongguan Co., Ltd. for the First Quarter of 2022
16	Report on Internal Audit of Bank of Dongguan Co., Ltd. for the First Quarter of 2022
17	Report on Special Audit of Business Continuity of Bank of Dongguan Co., Ltd.
18	Report on Specialized Audit of Credit Assets Risk Classification of Bank of Dongguan Co., Ltd.
19	Report on Specialized Audit of Wealth Management and Agency Product Business of Bank of Dongguan Co., Ltd.
20	Report on Stress Test of the Capital Adequacy Ratio of Bank of Dongguan Co., Ltd. in 2021
21	Report on the Management of Large Risk Exposures of Bank of Dongguan Co., Ltd. in 2021
22	Report on Comprehensive Risk Management Analysis of Bank of Dongguan Co., Ltd. in 2021
23	Report on Self-evaluation of Green Finance of Bank of Dongguan Co., Ltd. in 2021
24	Report on Environmental Information Disclosure of Bank of Dongguan Co., Ltd. in 2021
25	Report on the Management of Liquidity Risks of Bank of Dongguan Co., Ltd. in 2021
26	Report on the Management of Compliance Risks of Bank of Dongguan Co., Ltd. in 2021
27	Report on Employee Behavior Assessment of Bank of Dongguan Co., Ltd. in 2021
28	Report on the "March 15" Themed Publicity Month of Bank of Dongguan Co., Ltd. in 2022

On 19 August 2022, the Bank held the 6th meeting of the 8th Session of the Board of Directors. Out of the 15 directors supposed to attend, 15 participated in the meeting with 15 votes cast. The meeting adopted 24 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Establishing the Asset Custody Department
2	Proposal on Establishing a Wealth Management Subsidiary
3	Proposal on Applying for the Extension of the Validity Period in the Proposal on Application for Initial Public Offering and Listing of RMB Common Stocks (A Shares)
4	Proposal on Applying for the Extension of the Authorization Period in the Proposal on the Bank's Application for the Public Issuance of A Shares and the Authorization in the Process of Listing
5	Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A Shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2019, 2020, 2021 and the First Half of 2022)
6	Proposal on Confirming Related Party Transactions of Bank of Dongguan Co., Ltd. for 2019 – the First Half of 2022
7	Proposal on the Issuance of Financial Bonds by Bank of Dongguan Co., Ltd.
8	Proposal on Revising the Measures of Bank of Dongguan Co., Ltd. for Capital Management (Trial)
9	Proposal on Formulating the Measures of the Tenure System and Contractual Management of Manager of Bank of Dongguan Co., Ltd. and Content of Contracts
10	Proposal on Updating the Recovery Plan Report (2022) of Bank of Dongguan Co., Ltd.
11	Proposal on Adjusting the Country-specific Risk Limit of Bank of Dongguan Co., Ltd. in 2022
12	Proposal on Convening the First Extraordinary General Meeting of Shareholders of Bank of Dongguan Co., Ltd. in 2022
13	Report on the Implementation of the Resolutions of the General Meeting of Shareholders and the Board of Directors of Bank of Dongguan Co., Ltd. for the First Half of 2022
14	Report on the Operations of Bank of Dongguan Co., Ltd. for the First Half of 2022
15	Report on the Capital Adequacy Ratio of Bank of Dongguan Co., Ltd. for the First Half of 2022
16	Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Half of 2022
17	Report on the Special Stress Test for Market Risks of Bank of Dongguan Co., Ltd. for the Second Quarter of 2022
18	Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. for the First Half of 2022
19	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. for the First Half of 2022
20	Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. for the First Half of 2022
21	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the First Half of 2022
22	Report on Special Audit of Capital Management of Bank of Dongguan Co., Ltd.
23	Report on Special Audit of Related Party Transactions of Bank of Dongguan Co., Ltd.
24	Report on Special Audit of Anti-Money Laundering and Anti-Terrorist Financing of Bank of Dongguan Co., Ltd.

On 27 September 2022, the Bank held the 7th meeting of the 8th Session of the Board of Directors. Out of the 15 directors supposed to attend, 15 participated in the meeting with 15 votes cast. The meeting adopted 6 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Capital and Share Increase of Bank of Dongguan Co., Ltd.
2	Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to Capital and Share Increase
3	Proposal on Formulating the Administrative Measures of Bank of Dongguan Co., Ltd. for Issuing Securities to Raise Funds
4	Proposal on Convening the Second Extraordinary General Meeting of Shareholders of Bank of Dongguan Co., Ltd. in 2022
5	Proposal of Bank of Dongguan Co., Ltd. on the Acquisition of Part of the Shares of Dongyuan Taiye Village Town Bank Co., Ltd.
6	Proposal on Formulating the Plan of Risk Limit for Financial Market Business of Bank of Dongguan Co., Ltd. in 2022

On 10 November 2022, the Bank held the 8th meeting of the 8th Session of the Board of Directors. Out of the 15 directors supposed to attend, 15 participated in the meeting with 15 votes cast. The meeting adopted 9 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on the Appointment of Ms. Hu Ni as the Risk Director of Bank of Dongguan Co., Ltd.
2	Report on the Operations of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022
3	Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022
4	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022
5	Report on Specialized Audit of Consolidated Management of Bank of Dongguan Co., Ltd.
6	Report on the Implementation of the Resolutions of the General Meeting of Shareholders and the Board of Directors of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022
7	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022
8	Report on Recourse and Deduction of Performance-based Remuneration of Bank of Dongguan Co., Ltd. in 2021
9	Report on Strengthening the Implementation of Investment Business Management of Bank of Dongguan Co., Ltd.

On 27 December 2022, the Bank held the 9th meeting of the 8th Session of the Board of Directors. Out of the 15 directors supposed to attend, 15 participated in the meeting with 15 votes cast. The meeting adopted 10 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Formulating the Statement on Comprehensive Risk Appetite of Bank of Dongguan Co., Ltd. for 2023
2	Proposal on Formulating the Plan of Overall Market Risk Limit of Bank of Dongguan Co., Ltd. for 2023
3	Proposal on Formulating the Plan of Overall Country-specific Risk Limit of Bank of Dongguan Co., Ltd. for 2023
4	Proposal on Authorization of Senior Management by the Board of Directors of Bank of Dongguan Co., Ltd.
5	Proposal on the Transfer of Part of the Bank's Shares by Dongguan Power Grid Development Company
6	Report on the Evaluation of Legal Performance of Major Shareholders in 2022
7	Proposal on the 2021 Performance and Annual Salary Settlement Results for the Senior Management of Bank of Dongguan Co., Ltd.
8	Proposal on Formulating the Administrative Measures for Recourse and Deduction of Performance-based Remuneration of Bank of Dongguan Co., Ltd. (Trial)
9	Report on Specialized Audit of Remuneration Management of Bank of Dongguan Co., Ltd.
10	Report on External Audit of Data Centers of Bank of Dongguan Co., Ltd.

(III) Meetings of Special Committees of the Board of Directors

The structure and composition of the special committees of the Board of Directors of the Bank conform to the relevant regulations of the supervisory authorities and the Articles of Association, and the special committees actively carry out their work within the scope of their respective duties. In 2022, the special committees under the Board of Directors convened 33 meetings. Specifically, the Strategic Development Committee convened 6 meetings; the Risk Management Committee convened 6 meetings; the Nomination and Remuneration Committee convened 5 meetings; the Audit Committee convened 5 meetings; the Related Party Transaction Control Committee held 7 meetings; and the Consumer Rights Protection Committee held 4 meetings.

1. Strategic Development Committee

During the reporting period, the Strategic Development Committee of the Board of Directors of the Bank convened 6 meetings:

On 10 March 2022, the Strategic Development Committee convened the first meeting of 2022. At the meeting, the Proposal on the 2021 Annual Report of Bank of Dongguan Co., Ltd. and the Proposal on the 2021 Annual Financial Statements and 2022 Annual Financial Budget Plan of Bank of Dongguan Co., Ltd. were deliberated on and approved.

On 9 May 2022, the Strategic Development Committee convened the second meeting of 2022. At the meeting, the Proposal on Authorization of Senior Management by the Board of Directors of Bank of Dongguan Co., Ltd. and the Report on Implementation of 2021 Strategic Plan of Bank of Dongguan Co., Ltd. were deliberated on and approved.

On 19 August 2022, the Strategic Development Committee convened the third meeting of 2022. At the meeting, the Proposal on Establishing the Asset Custody Department and the Proposal on Establishing a Wealth Management Subsidiary were deliberated on and approved.

On 26 September 2022, the Strategic Development Committee convened the fourth meeting of 2022. At the meeting, the Proposal on Capital and Share Increase of Bank of Dongguan Co., Ltd. and the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to Capital and Share Increase were deliberated on and approved.

On 9 November 2022, the Strategic Development Committee convened the fifth meeting of 2022. At the meeting, the Report on the Operations of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022 and the Report on the Implementation of the Resolutions of the General Meeting of Shareholders and the Board of Directors of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022 were deliberated on and approved.

On 26 December 2022, the Strategic Development Committee convened the sixth meeting of 2022. At the meeting, the Proposal on Authorization of Senior Management by the Board of Directors of Bank of Dongguan Co., Ltd. and the Proposal on the Transfer of Part of the Bank's Shares by Dongguan Power Grid Development Company were deliberated on and approved.

2. Risk Management Committee

During the reporting period, the Risk Management Committee of the Board of Directors of the Bank convened 6 meetings:

On 9 March 2022, the Risk Management Committee convened the first meeting of 2022. At the meeting, the Report on the Implementation of the Resolutions of the Risk Management Committee of the Board of Directors Bank of Dongguan Co., Ltd. in 2021 and the Proposal on Deliberating on the Report of Risk Management for Bank Book Interest Rates of Bank of Dongguan Co., Ltd. in 2021 were deliberated on and approved.

On 9 May 2022, the Risk Management Committee convened the second meeting of 2022. At the meeting, the Report on the Authorized Management and Implementation of Senior Management of Bank of Dongguan Co., Ltd. in 2021 and the Report on Stress Test of the Capital Adequacy Ratio of Bank of Dongguan Co., Ltd. in 2021 were deliberated on and approved.

On 18 August 2022, the Risk Management Committee convened the third meeting of 2022. At the meeting, the Report on the Implementation of the Resolutions of the Risk Management Committee of the Board of Directors Bank of Dongguan Co., Ltd. for the First Half of 2022 and the Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Half of 2022 were deliberated on and approved.

On 26 September 2022, the Risk Management Committee convened the fourth meeting of 2022. At the meeting, the Proposal on Formulating the Plan of Risk Limit for Financial Market Business of Bank of Dongguan Co., Ltd. in 2022 was deliberated on and approved.

On 7 November 2022, the Risk Management Committee convened the fifth meeting of 2022. At the meeting, the Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022 and the Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022 were deliberated on and approved.

On 26 December 2022, the Risk Management Committee convened the sixth meeting of 2022. At the meeting, the Proposal on Formulating the Statement on Comprehensive Risk Appetite of Bank of Dongguan Co., Ltd. for 2023 and the Proposal on Formulating the Plan of Overall Market Risk Limit of Bank of Dongguan Co., Ltd. for 2023 were deliberated on and approved.

3. Nomination and Remuneration Committee

During the reporting period, the Nomination and Remuneration Committee of the Board of Directors of the Bank convened 5 meetings:

On 8 March 2022, the Nomination and Remuneration Committee convened the first meeting of 2022. At the meeting, the Proposal on *Adjusting the Annual Allowance Standards for Non-Executive Directors of Bank of Dongguan Co., Ltd.*, the Proposal on the *Report on Duty Performance Evaluation of the Directors of Bank of Dongguan Co., Ltd. in 2021*, the Proposal on the *Report on Debriefing of Independent Directors of Bank of Dongguan Co., Ltd. in 2021*, the Proposal on the *Report on Duty Performance Evaluation of the Senior Management of Bank of Dongguan Co., Ltd. in 2021*, and the Proposal on the *Report on Duty Performance Evaluation for the Person in Charge of Internal Audit of Bank of Dongguan Co., Ltd. in 2021* were deliberated on and approved.

On 15 April 2022, the Nomination and Remuneration Committee convened the second meeting of 2022. At the meeting, the *Proposal on Revising the Performance Evaluation Indicators for Senior Management of Bank of Dongguan Co., Ltd.* and the *Proposal on Formulating the Remuneration Coefficient for Management Personnel Appointed by the Bank of Dongguan Co., Ltd.* were deliberated on and approved.

On 18 August 2022, the Nominate and Committee convened the third meeting of 2022. At the meeting, the Proposal on Formulating the *Measures of the Tenure System and Contractual Management of Manager of Bank of Dongguan Co., Ltd.* and Content of Contracts was deliberated on and approved.

On 8 November 2022, the Nomination and Remuneration Committee convened the fourth meeting of 2022. At the meeting, the *Proposal on the Appointment of Ms. Hu Ni as the Risk Director of Bank of Dongguan Co., Ltd.* and the *Report on Recourse and Deduction of Performance-based Remuneration of Bank of Dongguan Co., Ltd. in 2021* were deliberated on and approved.

On 26 December 2022, the Nomination and Remuneration Committee convened the fifth meeting of 2022. At the meeting, the *Proposal on the 2021 Performance and Annual Salary Settlement Results for the Senior Management of Bank of Dongguan Co., Ltd.* and the Proposal on Formulating the *Administrative Measures for Recourse and Deduction of Performance-based Remuneration of Bank of Dongguan Co., Ltd. (Trial)* were deliberated on and approved.

4. Audit Committee

During the reporting period, the Audit Committee of the Board of Directors of the Bank convened 5 meetings:

On 9 March 2022, the Audit Committee convened the first meeting of 2022. At the meeting, the Proposal on the *2021 Annual Audit Report of Bank of Dongguan Co., Ltd.* and the *Proposal on Hiring An Accounting Firm to Audit the 2022 Operating Results of Bank of Dongguan Co., Ltd.* were deliberated on and approved.

On 9 May 2022, the Audit Committee convened the second meeting of 2022. At the meeting, the Proposal on the *Annual Suggestions on Audit Management of Bank of Dongguan Co., Ltd. in 2021* and the *Report on Comprehensive Risk Management Analysis of Bank of Dongguan Co., Ltd. for the First Quarter of 2022* were deliberated on and approved.

On 18 August 2022, the Audit Committee convened the third meeting of 2022. At the meeting, the *Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A Shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2019, 2020, 2021 and the First Half of 2022)* and the *Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Half of 2022* were deliberated on and approved.

On 9 November 2022, the Audit Committee convened the fourth meeting of 2022. At the meeting, the *Report on Asset Evaluation for Capital and Share Increase of Bank of Dongguan Co., Ltd.* and the *Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022* were deliberated on and approved.

On 26 December 2022, the Audit Committee convened the fifth meeting of 2022. At the meeting, the *Report on Specialized Audit of Remuneration Management of Bank of Dongguan Co., Ltd.* and the *Report on External Audit of Data Centers of Bank of Dongguan Co., Ltd.* were deliberated on and approved.

5. Related Party Transaction Control Committee

During the reporting period, the Related Party Transaction Control Committee of the Board of Directors of the Bank convened 7 meetings:

On 12 January 2022, the first meeting of the Related Party Transaction Control Committee in 2022 was held. At the meeting, the Status of Related Party Transactions of Bank of Dongguan Co., Ltd. in the Fourth Quarter of 2021 and the Filing Report on Confirming the List of Related Parties of Bank of Dongguan Co., Ltd. were deliberated on and approved.

On 9 March 2022, the second meeting of the Related Party Transaction Control Committee in 2022 was held. At the meeting, the Proposal on Confirming the Related Party Transactions of Bank of Dongguan Co., Ltd. for 2019-2021 and the Proposal on the estimated annual cap for the Related Party Transactions of Bank of Dongguan Co., Ltd. for 2022 were deliberated on and approved.

On 13 April 2022, the third meeting of the Related Party Transaction Control Committee in 2022 was held. At the meeting, the Status of Related Party Transactions of Bank of Dongguan Co., Ltd. in the First Quarter of 2022 and the Filing Report on Confirming the List of Related Parties of Bank of Dongguan Co., Ltd. were deliberated on and approved.

On 9 May 2022, the fourth meeting of the Related Party Transaction Control Committee in 2022 was held. At the meeting, the Proposal on the Amendment of the Management Measures of Related Party Transactions of Bank of Dongguan Co., Ltd., was deliberated on and approved.

On 13 July 2022, the fifth meeting of the Related Party Transaction Control Committee in 2022 was held. At the meeting, the Status of Related Party Transactions of Bank of Dongguan Co., Ltd. in the Second Quarter of 2022 and the Filing Report on Confirming the List of Related Parties of Bank of Dongguan Co., Ltd. were deliberated on and approved.

On 17 August 2022, the sixth meeting of the Related Party Transaction Control Committee in 2022 was held. At the meeting, the Proposal on Confirming Related Party Transactions of Bank of Dongguan Co., Ltd. for 2019 – the First Half of 2022 was deliberated on and approved.

On 17 October 2022, the seventh meeting of the Related Party Transaction Control Committee in 2022 was held. At the meeting, the Status of Related Party Transactions of Bank of Dongguan Co., Ltd. in the Third Quarter of 2022, the Filing Report on Confirming the List of Related Parties of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

6. Consumer Rights Protection Committee

During the reporting period, the Consumer Protection Committee of the Board of Directors of the Bank convened 4 meetings:

On 8 March 2022, the first meeting of the Consumer Rights Protection Committee of the Board of Directors in 2022 was held. At the meeting, the Report of the Bank of Dongguan Co., Ltd. on the 2021 Financial Consumer Rights Protection Work, the Work Plan for the Protection of Consumer Rights and Interests of Bank of Dongguan Co., Ltd. in 2022 and other proposals were deliberated on and adopted.

On 9 May 2022, the second meeting of the Consumer Rights Protection Committee of the Board of Directors in 2022 was held. At the meeting, the Report on Work of “3•15” Promotion Month of Bank of Dongguan Co., Ltd. in 2022 was deliberated on and adopted.

On 18 August 2022, the third meeting of the Consumer Rights Protection Committee of the Board of Directors in 2022 was held. At the meeting, the Report on the Protection of Financial Consumer Rights and Interests of Bank of Dongguan Co., Ltd. in the First Half of 2022 was deliberated on and adopted.

On 9 November 2022, the fourth meeting of the Consumer Rights Protection Committee of the Board of Directors in 2022 was held. At the meeting, the Report on the Protection of Financial Consumer Rights and Interests of Bank of Dongguan Co., Ltd. in the Third Quarter of 2022 was deliberated on and adopted.

(IV) Attendance of Independent Directors at Board Meetings

Name	Independent Directors	Supposed attendance during the reporting period	Attendance in person	Entrusted attendance	Absence	Lack of attendance in person for twice consecutively without entrusted attendance
Wang Yanming	Yes	6	6	0	0	No
Sun Hui	Yes	6	6	0	0	No
Hua Xiuping	Yes	6	6	0	0	No
Qian Wei	Yes	6	6	0	0	No
Chen Tao	Yes	6	6	0	0	No

(V) Independent Directors' Objections to the Company's Related Matters

During the reporting period, the Independent Directors of the Bank did not raise any objections.

(VI) Establishment and Improvement of the Relevant Work Rule for Independent Directors, the Main Content and the Performance of Independent Directors

The Board of Directors currently has five Independent Directors. Independent Directors have strong professional capabilities, covering a broad range of specialties such as economics, accounting, finance, and laws. The Independent Directors serve as the chairman of the Risk Management Committee, Nomination and Remuneration Committee, Audit Committee, and Related Party Transaction Control Committee of the Board of Directors. During the reporting period, the Bank improved the Independent Director System of Bank of Dongguan Co., Ltd in accordance with the Code of Corporate Governance of Banking and Insurance Institutions and other latest supervisory rules. The Independent Directors duly attended meetings of the Board of Directors and its special committees, issued opinions independently, and diligently performed their duties in accordance with relevant laws and regulations, the Articles of Association, the Independent Director System of Bank of Dongguan Co., Ltd., and the working rules of the special committees, safeguarded the overall interests of the Bank and the legitimate rights and interests of small and medium shareholders, and played a positive role in objective and systematic decision-making of the Board of Directors.

IV. WORK OF THE BOARD OF SUPERVISORS**(I) Duties of the Board of Supervisors**

The Board of Supervisors is the supervisory body of the Bank and is responsible to the General Meeting of Shareholders. The Board of Supervisors exercises the functions and powers of inspecting and supervising the financial activities, operational decision making, risk management and internal control of the Bank, supervising the performance of duties by the Directors and the senior management in accordance with the Articles of Association and the Rules of Procedures for the Board of Supervisors of Bank of Dongguan Co., Ltd. The Nomination Committee and Audit Committee are set up under the Board of Supervisors. In 2022, the Board of Supervisors focused on major business decisions and the execution thereof. Its operations mainly include supervision of the performance of official duties, financial activities, risk management and internal control, which effectively protected the legitimate rights and interests of the Bank, all stakeholders and the related parties, providing effective safeguards for the sustained and steady development of the Bank.

(II) Meetings of the Board of Supervisors

During the reporting period, the Board of Supervisors held eight meetings and deliberated on and adopted 43 proposals. In addition, in accordance with the Articles of Association and the work responsibilities of the Board of Supervisors, the Company's Supervisors monitored the Bank's operating conditions, financial activities, internal control and risk management operations, and the legal and regulatory compliance of Directors and senior managers in performing their duties by attending the general meetings of shareholders and meetings of the Board of Directors and the senior management, on-site investigations, audits, and reviewing reports.

On 10 March 2022, the Bank held the 5th meeting of the 8th Session of the Board of Supervisors. Out of the eight Supervisors supposed to attend, eight participated in the meeting with eight votes cast. 16 proposals (reports) were deliberated on and adopted at the meeting.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Election of Supervisors of Bank of Dongguan Co., Ltd.
2	Proposal on Adjusting the Annual Allowance Standards for Non-Employee Supervisors of Bank of Dongguan Co., Ltd.
3	Report on Work of the Board of Supervisors of Bank of Dongguan Co., Ltd. in 2021
4	Report on Duty Performance Evaluation of the Supervisors of Bank of Dongguan Co., Ltd. in 2021
5	Report on Duty Performance Evaluation of the Directors of Bank of Dongguan Co., Ltd. in 2021
6	Report on Duty Performance Evaluation of the Senior Management of Bank of Dongguan Co., Ltd. in 2021
7	Proposal on the Special Investigation Report on the Management of Money Laundering Risks
8	Proposal on the 2021 Annual Report of Bank of Dongguan Co., Ltd.
9	Proposal on the 2021 Annual Audit Report of Bank of Dongguan Co., Ltd.
10	Proposal on the 2021 Annual Financial Statements and 2022 Annual Financial Budget Plan of Bank of Dongguan Co., Ltd.
11	Proposal on the 2021 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd.
12	Business Report of Bank of Dongguan Co., Ltd. in 2021
13	Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. in 2021
14	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. in 2021
15	Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. in 2021
16	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. in 2021

On 21 April 2022, the Bank held the 6th meeting of the 8th Session of the Board of Supervisors. Out of the 9 supervisors supposed to attend, 9 participated in the meeting with 9 votes cast. The meeting deliberated on and adopted 1 proposal.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Formulating the Remuneration Coefficient for Management Personnel Appointed by the Bank of Dongguan Co., Ltd.

On 10 May 2022, the Bank held the 7th meeting of the 8th Session of the Board of Supervisors. Out of the 9 supervisors supposed to attend, 9 participated in the meeting with 9 votes cast. The meeting deliberated on and adopted 5 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Report on Operations of Bank of Dongguan Co., Ltd. for the First Quarter of 2022
2	Report on Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Quarter of 2022
3	Report on Internal Audit of Bank of Dongguan Co., Ltd. for the First Quarter of 2022
4	Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. in 2021
5	Evaluation Report on the Implementation of Strategic Planning of Bank of Dongguan Co., Ltd. in 2021

On 19 August 2022, the Bank held the 8th meeting of the 8th Session of the Board of Supervisors. Out of the 9 supervisors supposed to attend, 7 participated in the meeting with 9 votes cast (including 2 votes by proxy). The meeting deliberated on and adopted 9 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Report on the Operations of Bank of Dongguan Co., Ltd. for the First Half of 2022
2	Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Half of 2022
3	Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. for the First Half of 2022
4	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. for the First Half of 2022
5	Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. for the First Half of 2022
6	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the First Half of 2022
7	Report on Special Audit of Related Party Transactions of Bank of Dongguan Co., Ltd.
8	Report of Bank of Dongguan Co., Ltd. on Problems Found in Regulatory Inspections and Internal Audits and Their Rectifications in 2021
9	Proposal on the Plan of Hiring an Accounting Firm to Perform Audit on the Resignation of the Former Chairman of the Board of Supervisors

On 27 September 2022, the Bank held the 9th meeting of the 8th Session of the Board of Supervisors. Out of the 9 supervisors supposed to attend, 8 participated in the meeting with 9 votes cast (including 1 vote by proxy). The meeting deliberated on and adopted 1 proposal (report).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Capital and Share Increase of Bank of Dongguan Co., Ltd.

On 10 November 2022, the Bank held the 10th meeting of the 8th Session of the Board of Supervisors. Out of the 9 supervisors supposed to attend, 9 participated in the meeting with 9 votes cast. The meeting deliberated on and adopted 7 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Report on the Operations of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022
2	Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022
3	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022
4	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022
5	Proposal on the Audit Report on Resignation of Mr. Ye Haopeng During His Tenure as the Chairman of the Board of Supervisors of Bank of Dongguan Co., Ltd.
6	Proposal on the Plan of Hiring an Accounting Firm to Perform Audit on the Resignation of Former Vice President Zhang Tao and Former Risk Director Ma Yaping
7	Proposal on the Special Investigation Report on the Protection of Consumer Rights and Interests of Bank of Dongguan Co., Ltd.

On 25 November 2022, the Bank held the 11th meeting of the 8th Session of the Board of Supervisors. Out of the 9 supervisors supposed to attend, 9 participated in the meeting with 9 votes cast. The meeting deliberated on and adopted 3 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Exemption from the Time Limit for Notices of Meetings of Board of Supervisors
2	Proposal on Stock Issuance Documents of Bank of Dongguan Co., Ltd.
3	Proposal on the Audit Report on Resignation of Mr. Zhang Tao During His Tenure as the Vice President of Bank of Dongguan Co., Ltd.

On 27 December 2022, the Bank held the 12th meeting of the 8th Session of the Board of Supervisors. Out of the nine Supervisors supposed to attend, nine participated in the meeting with nine votes cast. One proposal (reports) was deliberated on and adopted at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	The proposal on the departure audit of Ms. Ma Yaping as the risk director of Bank of Dongguan Co., Ltd.

(III) Meetings of the Special Committees of the Board of Supervisors

The structure and composition of the special committees of the Board of Supervisors of the Bank conform to the relevant regulations of the regulatory authorities and the Articles of Association of the Bank. The special committees duly carried out their work within the scope of their duties and held 7 meetings throughout the year. Among them, the Nomination Committee held two meetings. The Audit Committee convened six meetings.

1. Nomination Committee

During the reporting period, the Nomination Committee of the Board of Supervisors convened 2 meetings:

On 10 March 2022, the first meeting of 2022 was held. At the meeting, the Proposal on Election of Supervisors of Bank of Dongguan Co., Ltd. and the Proposal on Adjusting the Annual Allowance Standards for Non-Employee Supervisors of Bank of Dongguan Co., Ltd. were deliberated on and approved.

On 21 April 2022, the second meeting of 2022 was held. At the meeting, the Proposal on Formulating the Remuneration Coefficient for Management Personnel Appointed by the Bank of Dongguan Co., Ltd. was deliberated on and approved.

2. Audit Committee

During the reporting period, the Audit Committee of the Board of Supervisors convened 6 meetings:

On 10 March 2022, the first meeting of 2022 was held. At the meeting, the Proposal on the 2021 Annual Report of Bank of Dongguan Co., Ltd. and the Proposal on the 2021 Annual Audit Report of Bank of Dongguan Co., Ltd. were deliberated on and approved.

On 10 May 2022, the second meeting of 2022 was held. At the meeting, the Report on Operations of Bank of Dongguan Co., Ltd. for the First Quarter of 2022 and the Report on Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Quarter of 2022 were deliberated on and approved.

On 19 August 2022, the third meeting of 2022 was held. At the meeting, the Report on the Operations of Bank of Dongguan Co., Ltd. for the First Half of 2022 and the Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Half of 2022 were deliberated on and approved.

On 10 November 2022, the fourth meeting of 2022 was held. At the meeting, the Report on the Operations of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022 and the Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the Third Quarter of 2022 were deliberated on and approved.

On 25 November 2022, the fifth meeting of 2022 was held. At the meeting, the Proposal on the Audit Report on Resignation of Mr. Zhang Tao during His Tenure as the Vice President of Bank of Dongguan Co., Ltd. was deliberated on and approved.

On 27 December 2022, the sixth meeting of 2022 was held. At the meeting, the Proposal on the Audit Report on Resignation of Ms. Ma Yaping during Her Tenure as the Risk Director of Bank of Dongguan Co., Ltd. was deliberated on and approved.

(IV) Work of External Supervisors

The three External Supervisors fulfilled their duties of loyalty and diligence in accordance with laws, regulations and the Bank's Articles of Association, attended meetings of the Board of Supervisors and special committees, duly reviewed various proposals, and independently and objectively issued professional opinions; and the Supervisors' working hours for the Bank conform to relevant regulations. They diligently and independently performed supervisory duties, playing an active role in improving the Bank's corporate governance and enhancing the standard of its management operations.

(V) Opinions of the Board of Supervisors on Relevant Matters

1. The Bank's operation and management according to law

During the reporting period, the Bank conducted business activities in compliance with laws, regulations and the Bank's Articles of Association; Directors and senior management staff worked diligently, and no Directors or senior management personnel were found in violation of any laws, regulations, or harmed the interests of the Bank or its shareholders when performing their duties.

2. Audit report

KPMG Huazhen LLP issued a standard unqualified audit report on the financial status and operating results of the Bank in 2022. The Board of Supervisors has no objection to the report and believes that the contents of the report are the true, accurate and complete reflection of the status and operating results of the Bank.

3. Related party transactions

During the reporting period, the Bank implemented related-party transaction decision-making procedures in compliance with laws, regulations and the Bank's Articles of Association, and followed the principles of openness, fairness and impartiality. No related-party transactions that harm the interests of the Company and shareholders were found.

4. Information disclosure

During the reporting period, the Bank actively accepted social supervision and found no false records, misleading statements or major omissions in information disclosure.

5. Implementation of resolutions of the General Meeting of Shareholders.

The Board of Supervisors had no objection to the reports and proposals submitted by the Board of Directors to the General Meeting of Shareholders for deliberation during the reporting period. It supervised the implementation of the resolutions of the General Meeting of Shareholders, and believed that the Board of Directors had duly implemented the relevant resolutions of the General Meeting of Shareholders.

6. Internal control

The Bank continued to strengthen and improve internal control, and the Board of Supervisors had no objection to the 2022 Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. During the reporting period, no major defects were found with regards to the integrity, rationality and effectiveness of the Bank's internal control mechanisms and policies.

V. EVALUATION AND INCENTIVIZATION OF SENIOR MANAGEMENT

The Nomination and Remuneration Committee of the Board of Directors is responsible for the evaluation and incentivization of senior executives. According to the Evaluation Measures of the Performance of Directors and Senior Executives by the Board of Directors of Bank of Dongguan Co., Ltd., the Committee assesses the performance of senior managers during their term of office and reports the evaluation results to the Board of Directors and the General Meeting of Shareholders for deliberation. The Board of Supervisors conducts overall evaluation of the performance of senior management for the year, and formulates the final assessment results, which serve as an effective basis for the Board of Directors to carry out appointments and remuneration review for senior executives.

The remuneration of senior executives is determined and paid in accordance with the relevant regulations of the Bank's administrative measures concerning senior manager remuneration, and the remuneration has been publicly disclosed in accordance with relevant regulations. During the reporting period, the Bank evaluated the annual performance of senior management in accordance with the performance appraisal measures for senior management and the requirements of relevant regulatory authorities.

VI. THE COMPANY'S INDEPENDENT OPERATION

The Bank has no controlling shareholders or ultimate controllers. In accordance with the Company Law and Commercial Bank Law, the Bank has always maintained complete independence, from shareholders holding 5% or more of the shares, in terms of business operations, staffing, assets, organization and finance. As an independent legal person operating independently and responsible for its own profits and losses, the Bank has independent and complete business and independent operating capabilities. The Board of Directors, Board of Supervisors, senior management and units are capable of operate independently.

VII. HORIZONTAL COMPETITION

The Bank has no controlling shareholders, and there is no horizontal competition with any controlling shareholders, ultimate controllers and other enterprises under its control.

VIII. CONSTRUCTION OF INTERNAL CONTROL

(I) Major deficiencies in internal control

During the reporting period, no major deficiencies in the internal control of the Bank were found

(II) Internal control work

During the reporting period, the Bank continued to improve the internal control system in accordance with the basic principles for internal control: 100% coverage, checks and balances, prudence, and alignment: **First**, the Bank promoted the organic combination of party leadership and corporate governance, further integrated party construction into the Articles of Association of the Bank, completed the "Preliminary Control" and "Three Important and One Large" decision-making mechanism of the Party Committee, and optimized major economic decision-making and the management of operation authorization. **Second**, the Bank improved the governance mechanism, effectively internalize and implement the latest policy requirements of the regulatory authorities for "Three Meetings and One Management", shareholder equity governance, and related party transaction management, and constantly promoted the corporate governance with statutory and transparent powers and responsibilities, coordinated operation, and effective checks and balances. **Third**, the Bank strengthened risk preference and risk limit management, defined the overall orientation and risk bottom line of credit business, optimized business processes and operating standards, improved management efficiency, continuously strengthened risk monitoring, and beefed up inspection and investigation efforts, so as to continuously improve the effectiveness of early warning management and promote risk prevention and resolution. **Fourth**, the Bank further improved the internal control system and effectiveness, and consolidated the awareness of compliance by strengthening compliance case prevention training and case-based education for employees, conducting internal self-inspection and case-based random inspection for compliance, and promoting the rectification of defects proposed by the regulatory organization. **Fifth**, the Bank kept strengthening audit supervision, put its focus on key business, major issues, high-risk areas, and key position holders to advance the implementation of audit programs in an integrated manner, carried out in-depth and special audit investigations to reveal defects and vulnerabilities in internal control, supervised and implemented systematic rectification, and facilitated bank-wide internal control improvement. **Sixth**, the Bank continued to improve the long-term mechanism for the management of employees' behavior, guided them to observe rules and regulations, strengthened warning education and violation liability investigation for employees, and took practical measures.

(III) Internal control audit report or assurance report

KPMG Huazhen LLP engaged by the Bank performed the verification work on internal control operations related to the financial reports of the Bank, and issued the Internal Control Assurance Report for Bank of Dongguan Co., Ltd. (KPMG Huazhen Zhuangzi No. 2300080). The report concludes that as of 31 December 2022, the Bank maintained effective internal control in all material aspects related to financial statements established in accordance with the standards of the Guidelines for Internal Control of Commercial Banks promulgated by the former China Banking Regulatory Commission.

Financial Report

I. Auditor's Report (Attached below)

II. Financial Statements (Attached below)

III. Notes to the Financial Statements (Attached below)

List of Documents Available for Inspection

- I. Financial statements affixed with seal of the legal representative, president, chief accountant, and head of accounting department of the Bank.
- II. Original audit report affixed with seal of the accounting firm as well as seal and signatures of certified public accountants.
- III. Original annual report deliberated on and approved by the Board of Directors of the Company.
- IV. Articles of Association of the Bank of Dongguan Co., Ltd.

Comments on the 2022 Annual Report by the Directors and Senior Executives of Bank of Dongguan Co., Ltd.

In accordance with relevant regulations and requirement noted in the Administrative Measures on Information Disclosure of Commercial Banks, as Directors and senior executives of Bank of Dongguan Co., Ltd., we offer the following opinions upon a thorough understanding and examination of the 2022 Annual Report and its abstracts:

1. The Company operated in strict compliance with the Accounting Standards for Business Enterprises and relevant regulations, and the 2022 Annual Report and its abstracts fairly reflect the financial standing and operation results of the Company this year.
2. The 2022 Annual Financial Report had been audited by KPMG Huazhen LLP and an unqualified audit report had been issued.
3. We held the view that the 2022 Annual Report and its abstracts contained no false record, misleading statement or material omission, and assumed individual and joint responsibility to the authenticity, accuracy and completeness of the information in this report.

SIGNATURES OF DIRECTORS AND SENIOR OFFICERS

Name	Position	Signature	Name	Position	Signature
Lu Guofeng	Chairman		Wang Yanming	Independent Director	
Cheng Jinsong	Deputy Chairman and President		Sun Hui	Independent Director	
Wu Jianwen	Director, Vice President		Hua Xiuping	Independent Director	
Xie Yongwei	Director, Vice President		Qian Wei	Independent Director	
Zhang Qingwen	Non-Executive Director		Chen Tao	Independent Director	
Lu Yuyan	Non-Executive Director		Li Qiqong	Vice President and Secretary of the Board of Directors	
Wang Yiren	Non-Executive Director		Zhong Zhandong	Chief Information Officer	
Chen Chaohui	Non-Executive Director		Sun Weiling	Chief Accountant	
Liu Mingchao	Non-Executive Director		Hu Ni	Risk Director	
Zhang Foen	Non-Executive Director				

Auditor's Report and Financial Statements

Bank of Dongguan Co., Ltd.

Auditors' report and financial statements for the year from 1 January 2022 to 31 December 2022

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II. Financial Statements	
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Auditor's Report

KPMG Huazhen Shen Zi No. 2300947

To the Board of Directors of Bank of Dongguan Co., Ltd.:

I. OPINION

We have audited the accompanying financial statements of Bank of Dongguan Co., Ltd., ("Bank of Dongguan") on pages 79 to 198, which comprise the consolidated balance sheet and the parent company's balance sheet as at 31 December 2022, the consolidated income statement and the parent company's income statement, the consolidated cash flow statement and the parent company's cash flow statement, the consolidated statement of changes in shareholders' equity and the parent company's statement of changes in shareholders' equity for the year then ended 2022, and notes to the financial statements.

In our opinion, the accompanying financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises ("Accounting Standards for Business Enterprises") issued by the MOF of the People's Republic of China and present fairly, in all material respects, the consolidated financial standing of Bank of Dongguan and the parent company's financial standing as at 31 December 2022, as well as the Bank's consolidated financial performance and cash flow and the parent company's financial performance and cash flow for the year then ended 2022.

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). 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 Bank of Dongguan in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. OTHER INFORMATION

The management of Bank of Dongguan is responsible for the other information. The other information comprises the information included in Bank of Dongguan's 2022 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 we conclude that there is a material misstatement of such other information based on the work we have performed, we are required to report that fact. We have nothing to report in this regard.

IV. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the financial reporting process at Bank of Dongguan.

V. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect any 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 conducted in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. At the same time, we perform the following tasks:

- (1) Identify and assess the risk of material misstatements contained in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to such risk, 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- (2) 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 Bank of Dongguan's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's 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 Bank of Dongguan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw the readers' attention in our auditor's report to the related disclosures in the financial statements; and if such disclosures are inadequate, we are required to express a non-unqualified 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 Bank of Dongguan to cease to continue as a going concern.
- (5) 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.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Bank of Dongguan to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.



KPMG Huazhen

Beijing, China

Chinese Certified Public Accountants

Wu Zhongming



Ye Yunhui



Date:

2023年 3月 31日

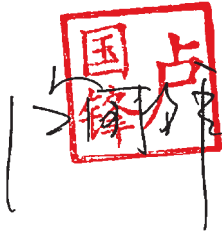
Consolidated Balance Sheet


31 December 2022
(Expressed in Renminbi unless otherwise indicated)


	Note	2022	2021
Assets			
Cash and deposits in the central bank	7	39,617,874,931.58	33,559,339,047.39
Deposits with banks and other financial institutions	8	1,111,929,333.41	1,431,470,014.39
Loans to banks and other financial institutions	9	5,844,829,245.42	3,274,851,388.49
Derivative financial assets	10	663,928,004.66	562,219,591.40
Financial assets purchased under resale agreements	11	10,945,507,225.66	13,161,246,095.20
Loans and advances to customers	12	284,325,438,100.54	264,062,688,372.73
Financial investment			
Financial assets held for trading	13	39,371,472,290.06	37,765,538,249.25
Debt investments	14	129,147,922,454.84	93,204,370,428.03
Other debt investments	15	18,319,466,216.87	28,002,739,818.30
Investments in other equity instruments	16	25,126,345.61	23,092,583.94
Long-term equity investments	17	954,207,405.95	913,079,894.99
Fixed assets	18	1,755,365,393.67	1,015,456,770.12
Construction-in-progress	19	390,053,013.31	739,998,421.48
Right-of-use assets	20	619,277,991.07	599,168,035.68
Intangible assets	21	653,608,232.04	644,284,545.80
Deferred tax assets	22	2,280,945,811.11	2,104,044,774.62
Other assets	23	2,392,052,289.85	1,719,995,463.69
Total assets		538,419,004,285.65	482,783,583,495.50
Liabilities and shareholders' equity			
Liabilities			
Borrowings from central bank	25	12,551,456,207.97	10,857,912,923.74
Deposits from banks and other financial institutions	26	6,538,670,505.47	4,094,438,128.09
Derivative financial liabilities	10	789,511,407.19	629,169,933.37
Loans from banks and other financial institutions	27	8,179,421,948.57	5,319,360,334.80
Financial assets sold under repurchase agreements	28	10,694,782,795.74	20,685,917,896.04
Customer deposits	29	369,588,228,175.77	322,651,132,471.42
Employee benefits payable	30	1,313,695,463.34	1,141,308,032.80
Taxes and surcharges payable	5(3)	239,348,519.09	202,674,848.27
Provisions	31	297,010,160.29	248,308,405.41
Bonds payable	32	91,465,543,530.78	85,534,540,020.45
Lease liabilities	33	652,864,437.27	617,793,775.72
Other liabilities	34	1,254,250,562.18	943,520,819.51
Total liabilities		503,564,783,713.66	452,926,077,589.62


	Note	2022	2021
Shareholders' equity			
Share capital	35	2,180,000,000.00	2,180,000,000.00
Capital reserve	36	2,089,535,131.41	2,089,535,131.41
Other equity instruments	37	4,196,320,754.72	2,197,358,490.57
Other comprehensive income	38	(4,979,750.73)	190,080,309.80
Surplus reserve	39	3,284,742,136.13	2,900,713,599.82
General risk reserve	40	5,675,989,165.07	5,175,989,165.07
Undistributed profit	41	17,333,586,636.72	15,021,676,217.78
Total equity attributable to shareholders of the parent company		34,755,194,073.32	29,755,352,914.45
Minority interests		99,026,498.67	102,152,991.43
Total shareholders' equity		34,854,220,571.99	29,857,505,905.88
Total liabilities and shareholders' equity		538,419,004,285.65	482,783,583,495.50


The financial statements were approved by the Board of Directors of the Bank on 31 March 2023.


 Lu Guofeng
 Legal Representative


 Cheng Jinsong
 President


 Sun Weiling
 Accounting Principal


 Wei Sanfang
 Head of the Finance Department


 Bank of Dongguan Co., Ltd.

The notes on pages 95 to 198 form an integral part of these financial statements.

Parent Company's Balance Sheet

31 December 2022
(Expressed in Renminbi unless otherwise indicated)

	Note	2022	2021
Assets			
Cash and deposits in the central bank	7	39,509,989,429.01	33,365,386,945.77
Deposits with banks and other financial institutions	8	996,951,701.82	1,298,214,804.24
Loans to banks and other financial institutions	9	5,844,829,245.42	3,274,851,388.49
Derivative financial assets	10	663,928,004.66	562,219,591.40
Financial assets purchased under resale agreements	11	10,945,507,225.66	13,161,246,095.20
Loans and advances to customers	12	283,430,574,492.47	263,152,516,761.27
Financial investment			
Financial assets held for trading	13	39,371,472,290.06	37,765,538,249.25
Debt investments	14	129,147,922,454.84	93,204,370,428.03
Other debt investments	15	18,319,466,216.87	28,002,739,818.30
Investments in other equity instruments	16	25,126,345.61	23,092,583.94
Long-term equity investments	17	1,117,777,588.20	1,076,650,077.24
Fixed assets	18	1,735,289,875.15	992,823,628.05
Construction-in-progress	19	390,053,013.31	739,998,421.48
Right-of-use asset	20	617,002,242.34	596,112,462.80
Intangible assets	21	653,608,232.04	644,284,545.80
Deferred tax assets	22	2,264,061,419.04	2,086,855,349.94
Other assets	23	2,384,256,095.43	1,711,496,001.50
Total assets		537,417,815,871.93	481,658,397,152.70
Liabilities and shareholders' equity			
Liabilities			
Borrowings from central bank	25	12,507,011,441.68	10,831,890,955.09
Deposits from banks and other financial institutions	26	6,981,901,859.64	4,355,141,171.20
Derivative financial liabilities	10	789,511,407.19	629,169,933.37
Loans from banks and other financial institutions	27	8,179,421,948.57	5,319,360,334.80
Financial assets sold under repurchase agreements	28	10,694,782,795.74	20,685,917,896.04
Customer deposits	29	368,295,770,106.38	321,409,535,923.25
Employee benefits payable	30	1,302,456,183.36	1,130,907,294.34

	Note	2022	2021
Taxes and surcharges payable	5(3)	239,046,032.06	202,391,692.76
Provisions	31	297,010,160.29	248,308,405.41
Bonds payable	32	91,465,543,530.78	85,534,540,020.45
Lease liabilities	33	651,307,212.33	615,598,170.75
Other liabilities	34	1,253,281,353.04	940,551,081.05
Total liabilities		502,657,044,031.06	451,903,312,878.51
Shareholders' equity			
Share capital	35	2,180,000,000.00	2,180,000,000.00
Capital reserve	36	2,088,785,229.52	2,088,785,229.52
Other equity instruments	37	4,196,320,754.72	2,197,358,490.57
Other comprehensive income	38	(4,979,750.73)	190,080,309.80
Surplus reserve	39	3,284,742,136.13	2,900,713,599.82
General risk reserve	40	5,663,268,266.88	5,163,268,266.88
Undistributed profit	41	17,352,635,204.35	15,034,878,377.60
Total shareholders' equity		34,760,771,840.87	29,755,084,274.19
Total liabilities and shareholders' equity		537,417,815,871.93	481,658,397,152.70

The financial statements were approved by the Board of Directors of the Bank on 31 March 2023.

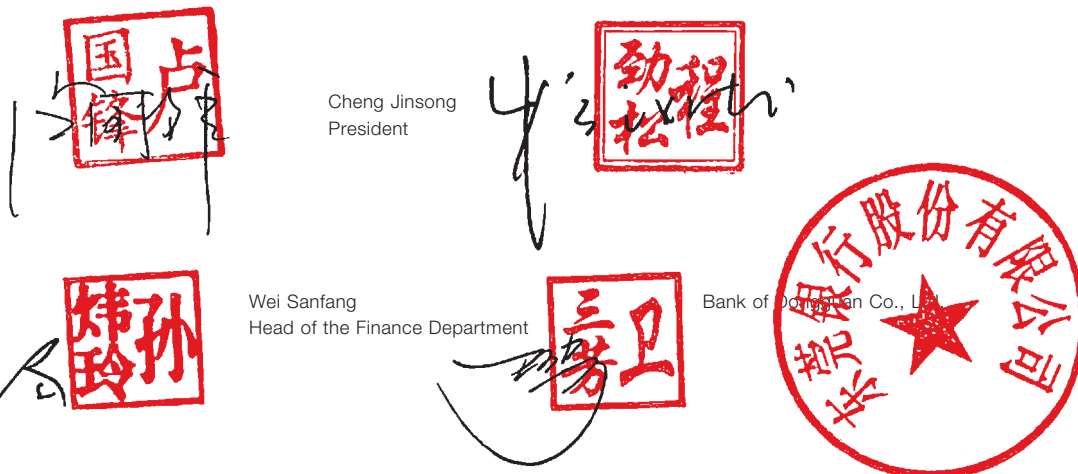
Lu Guofeng
Legal Representative

Cheng Jinsong
President

Sun Weiling
Accounting Principal

Wei Sanfang
Head of the Finance Department

Bank of Dongguan Co., Ltd.



The notes on pages 95 to 198 form an integral part of these financial statements.

Consolidated Income Statement

Year 2022

(Expressed in Renminbi unless otherwise indicated)

	Note	2022	2021
Operating income			
Interest income		18,589,903,773.77	16,991,501,155.04
Interest expense		(10,814,860,618.36)	(9,705,920,099.34)
Net interest income	42	7,775,043,155.41	7,285,581,055.70
Fee and commission income		1,033,339,981.01	984,937,634.02
Fee and commission expenses		(143,513,634.01)	(103,829,239.52)
Net fee and commission income	43	889,826,347.00	881,108,394.50
Investment income	44	1,344,048,586.62	1,156,835,446.22
(Including: Income from investment in associates		44,131,431.43	33,498,533.94
Income arising from derecognition of financial assets measured at amortized cost)		18,919,844.79	4,853,238.46
Net (losses)/gains from changes in fair value	45	(107,979,975.13)	133,662,014.00
Foreign exchange gains and losses		239,724,085.66	38,087,022.57
Income from other business		2,068,790.02	1,167,015.41
Net losses from disposal of assets	46	(1,227,689.29)	(10,295,172.46)
Other income	47	137,565,255.77	24,609,645.50
Operating income		10,279,068,556.06	9,510,755,421.44
Operating expenses			
Taxes and surcharges	48	(121,129,310.21)	(110,370,633.69)
Operating and administrative expenses	49	(3,620,586,475.60)	(3,286,315,145.38)
Credit impairment losses	50	(2,595,649,031.94)	(2,828,170,908.97)
Impairment loss of other assets		(1,044,141.80)	(1,836,201.40)
Total operating expenses		(6,338,408,959.55)	(6,226,692,889.44)
Operating profit		3,940,659,596.51	3,284,062,532.00
Non-operating income	51(1)	2,250,503.03	3,663,396.79
Non-operating expenses	51(2)	(13,320,003.06)	(7,977,394.99)
Total profit		3,929,590,096.48	3,279,748,533.80
Income tax expenses	52	(96,317,633.99)	40,403,090.78
Net profit		3,833,272,462.49	3,320,151,624.58
(I) Net profit classified by continuity of operations			
1. Net profit from continuing operations		3,833,272,462.49	3,320,151,624.58
2. Net profit from discontinued operations		—	—

	Note	2022	2021
(II) Net profit classified by ownership			
1. Net profit attributable to shareholders of the parent company		3,834,438,955.25	3,316,333,266.89
2. Minority interests profit or loss		(1,166,492.76)	3,818,357.69
Net profit		3,833,272,462.49	3,320,151,624.58
Other comprehensive income, net of tax	38		
(I) Other comprehensive income, net of tax, to shareholders of the parent company			
1. Items that will not be reclassified into profit or loss			
(1) Changes in fair value of investments in other equity instruments		(11,978,347.98)	(21,707,332.35)
2. Items that may be reclassified into profit or loss			
(1) Changes in fair value of debt instruments measured at FVOCI		(39,930,255.30)	(71,768,330.20)
(2) Losses of debt instruments measured at FVOCI		(137,372,211.07)	189,527,083.64
(3) Other comprehensive income that can be reclassified into profit or loss under equity method		596,079.23	787,732.96
(4) Conversion of foreign currency financial statements		(6,375,325.41)	–
(II) Other comprehensive income, net of tax, to minority interests		–	–
Total comprehensive income		3,638,212,401.96	3,416,990,778.63
Total comprehensive income attributable to shareholders of the parent company		3,639,378,894.72	3,413,172,420.94
Total comprehensive income attributable to minority interests		(1,166,492.76)	3,818,357.69
Basic and diluted earnings per share (RMB)		1.72	1.48

The notes on pages 95 to 198 form an integral part of these financial statements.

Parent Company's Income Statement

Year 2022

(Expressed in Renminbi unless otherwise indicated)

	Note	2022	2021
Operating income			
Interest income		18,530,217,592.13	16,921,048,879.07
Interest expense		(10,793,156,753.23)	(9,681,123,597.49)
Net interest income	42	7,737,060,838.90	7,239,925,281.58
Fee and commission income		1,035,965,366.07	986,178,532.16
Fee and commission expenses		(143,466,858.30)	(103,763,437.38)
Net fee and commission income	43	892,498,507.77	882,415,094.78
Investment income	44	1,346,088,586.62	1,158,875,446.22
(Including: Income from investment in associates		44,131,431.43	33,498,533.94
Income arising from derecognition of financial assets measured at amortized cost)		18,919,844.79	4,853,238.46
Net (losses)/gains from changes in fair value	45	(107,979,975.13)	133,662,014.00
Foreign exchange gains and losses		239,724,085.66	38,087,022.57
Income from other business		1,896,456.68	1,032,491.60
Net losses from disposal of assets	46	(1,286,850.87)	(10,306,269.40)
Other income	47	136,683,275.24	23,984,409.16
Operating income		10,244,684,924.87	9,467,675,490.51
Operating expenses			
Taxes and surcharges	48	(120,749,971.35)	(110,013,359.76)
Operating and administrative expenses	49	(3,583,500,503.44)	(3,246,695,785.72)
Credit impairment losses	50	(2,593,719,234.97)	(2,835,470,486.28)
Impairment loss of other assets		(436,000.00)	-
Total operating expenses		(6,298,405,709.76)	(6,192,179,631.76)
Operating profit		3,946,279,215.11	3,275,495,858.75
Non-operating income	51(1)	2,247,282.43	3,653,930.53
Non-operating expenses	51(2)	(13,247,328.81)	(7,580,312.15)
Total profit		3,935,279,168.73	3,271,569,477.13

	Note	2022	2021
Income tax expenses	52	(94,993,805.67)	42,412,740.23
Net profit		3,840,285,363.06	3,313,982,217.36
Net profit		3,840,285,363.06	3,313,982,217.36
Net profit from continuing operations		3,840,285,363.06	3,313,982,217.36
Net profit from discontinued operations		–	–
Other comprehensive income, net of tax	38		
(I) Items that will not be reclassified into profit or loss			
1. Changes in fair value of investments in other equity instruments		(11,978,347.98)	(21,707,332.35)
(II) Items that may be reclassified into profit or loss			
1. Changes in fair value of debt instruments measured at FVOCI		(39,930,255.30)	(71,768,330.20)
2. Losses of debt instruments measured at FVOCI		(137,372,211.07)	189,527,083.64
3. Other comprehensive income that can be reclassified into profit or loss under equity method		596,079.23	787,732.96
4. Conversion of foreign currency financial statements		(6,375,325.41)	–
Total comprehensive income		3,645,225,302.53	3,410,821,371.41

The notes on pages 95 to 198 form an integral part of these financial statements.

Consolidated Cash Flow Statement

Year 2022

(Expressed in Renminbi unless otherwise indicated)

	Note	2022	2021
Cash flow from operating activities			
Net increase in customer deposits and placement from banks and other financial institutions		47,207,443,401.67	27,018,447,923.72
Net increase in borrowings from central bank		1,705,354,933.61	–
Net increase in loans from banks and other financial institutions and financial assets sold under repurchase agreements		–	12,507,280,644.38
Net decrease in deposits with central banks and interbanks and other financial institutions		–	359,524,641.71
Proceeds from interests, fee and commission income		16,192,838,562.40	14,811,862,914.43
Proceeds from other operating activities		175,330,932.09	126,373,623.42
Sub-total of cash inflow of operating activities		65,280,967,829.77	54,823,489,747.66
Net increase in loans and advances to customers		(21,336,085,786.92)	(41,769,478,117.52)
Net increase in deposits with central bank and with banks and other financial institutions		(821,074,807.29)	–
Net increase in loans to banks and other financial institutions		(4,150,000,000.00)	(1,192,897,804.36)
Net decrease in borrowings from central bank		–	(16,681,808,397.08)
Net decrease in loans from banks and other financial institutions and financial assets sold under repurchase agreements		(7,147,055,003.99)	–
Payment for interests, fee and commissions		(6,147,307,712.13)	(8,313,108,582.19)
Payments to and for employees		(2,081,457,187.62)	(1,994,909,201.73)
Payment of various taxes		(943,365,119.45)	(876,459,796.98)
Payment for other operating activities		(1,262,725,072.35)	(1,849,944,626.84)
Sub-total of cash outflow of operating activities		(43,889,070,689.75)	(72,678,606,526.70)
Net cash flow generated from/(used in) operating activities	53(1)	21,391,897,140.02	(17,855,116,779.04)
Cash flow from investing activities			
Proceeds from disposal of investments		1,464,803,578,811.35	336,195,947,683.63
Investment returns received		4,740,392,336.57	4,797,200,280.71
Proceeds from disposal of fixed assets, intangible assets and other assets		448,649.77	1,187,738.76
Sub-total of cash inflow of investing activities		1,469,544,419,797.69	340,994,335,703.10
Payment for investments		(1,492,988,157,883.87)	(352,046,424,998.92)
Payment for acquisition of fixed assets, intangible assets and other assets		(1,440,507,187.62)	(668,255,771.17)
Sub-total of cash outflow of investing activities		(1,494,428,665,071.49)	(352,714,680,770.09)
Net cash flow used in investing activities		(24,884,245,273.80)	(11,720,345,066.99)

	Note	2022	2021
Cash flow from financing activities			
Proceeds from issuance of bonds		113,849,700,500.19	127,596,453,575.47
Proceeds from issuance of other equity instruments		1,998,962,264.15	–
Sub-total of cash inflow of financing activities		115,848,662,764.34	127,596,453,575.47
Payment for distribution of dividends and profits		(546,097,381.97)	(553,367,004.11)
Including: profits paid to minority interests of subsidiaries		(1,960,000.00)	(1,960,000.00)
Cash paid for allocating perpetual bond interest payments		(93,500,000.00)	(93,500,000.00)
Cash paid to repay bond principal		(108,463,372,910.00)	(87,785,513,930.00)
Cash paid to repay bond interest		(2,072,927,090.00)	(1,188,886,070.00)
Cash paid to repay lease liability		(165,758,330.10)	(159,181,344.44)
Sub-total of cash outflow of financing activities		(111,341,655,712.07)	(89,780,448,348.55)
Net cash flow generated from financing activities		4,507,007,052.27	37,816,005,226.92
Effect of changes in foreign exchange rate on cash and cash equivalents		64,686,491.46	(50,471,271.14)
Net increase in cash and cash equivalents	53(2)	1,079,345,409.95	8,190,072,109.75
Add: Cash and cash equivalents at the beginning of the year		24,181,387,903.95	15,991,315,794.20
Cash and cash equivalents at the end of the year	53(3)	25,260,733,313.90	24,181,387,903.95

The notes on pages 95 to 198 form an integral part of these financial statements.

Parent Company's Cash Flow Statement

Year 2022

(Expressed in Renminbi unless otherwise indicated)

	Note	2022	2021
Cash flow from operating activities			
Net increase in customer deposits and placement from banks and other financial institutions		47,342,702,933.92	27,106,463,758.64
Net increase in borrowings from central bank		1,686,941,933.61	–
Net increase in loans from banks and other financial institutions and financial assets sold under repurchase agreements		–	12,507,280,644.38
Net decrease in deposits with central banks and interbanks and other financial institutions		–	321,628,076.83
Proceeds from interests, fee and commission income		16,134,520,266.41	14,740,825,452.82
Proceeds from other operating activities		174,216,882.27	124,470,516.16
Sub-total of cash inflow of operating activities		65,338,382,016.21	54,800,668,448.83
Net increase in loans and advances to customers		(21,349,401,388.94)	(41,779,219,722.33)
Net increase in deposits with central bank and with banks and other financial institutions		(915,671,940.15)	–
Net increase in loans to banks and other financial institutions and financial assets purchased under resale agreements		(4,150,000,000.00)	(1,192,897,804.36)
Net decrease in borrowings from central bank		–	(16,670,718,397.08)
Net decrease in loans from banks and other financial institutions and financial assets sold under repurchase agreements		(7,147,055,003.99)	–
Payment for interests, fee and commissions		(6,129,224,219.80)	(8,288,932,132.99)
Payments to and for employees		(2,059,081,548.99)	(1,972,284,321.88)
Payment of various taxes		(941,080,407.21)	(870,901,115.70)
Payment for other operating activities		(1,251,565,183.55)	(1,835,379,345.05)
Sub-total of cash outflow of operating activities		(43,943,079,692.63)	(72,610,332,839.39)
Net cash flow generated from/(used in) operating activities	53(1)	21,395,302,323.58	(17,809,664,390.56)
Cash flow from investing activities			
Proceeds from disposal of investments		1,464,803,578,811.35	336,195,947,683.63
Investment returns received		4,740,392,336.57	4,797,200,280.71
Dividend from subsidiaries		2,040,000.00	2,040,000.00
Proceeds from disposal of fixed assets, intangible assets and other assets		379,444.91	1,121,613.61
Sub-total of cash inflow of investing activities		1,469,546,390,592.83	340,996,309,577.95
Payment for investments		(1,492,988,157,883.87)	(352,046,424,998.92)
Payment for acquisition of fixed assets, intangible assets and other assets		(1,439,153,407.07)	(664,014,534.44)
Sub-total of cash outflow of investing activities		(1,494,427,311,290.94)	(352,710,439,533.36)
Net cash flow used in investing activities		(24,880,920,698.11)	(11,714,129,955.41)

	Note	2022	2021
Cash flow from financing activities			
Proceeds from issuance of bonds		113,849,700,500.19	127,596,453,575.47
Proceeds from issuance of other equity instruments		1,998,962,264.15	–
Sub-total of cash inflow of financing activities		115,848,662,764.34	127,596,453,575.47
Payment for distribution of dividends and profits		(544,137,381.97)	(551,407,004.11)
Cash paid for allocating perpetual bond interest payments		(93,500,000.00)	(93,500,000.00)
Cash paid to repay bond principal		(108,463,372,910.00)	(87,785,513,930.00)
Cash paid to repay bond interest		(2,072,927,090.00)	(1,188,886,070.00)
Cash paid to repay lease liability		(165,051,759.90)	(157,865,444.25)
Sub-total of cash outflow of financing activities		(111,338,989,141.87)	(89,777,172,448.36)
Net cash flow generated from financing activities		4,509,673,622.47	37,819,281,127.11
Effect of changes in foreign exchange rate on cash and cash equivalents		64,686,491.46	(50,471,271.14)
Net increase in cash and cash equivalents	53(2)	1,088,741,739.40	8,245,015,510.00
Add: Cash and cash equivalents at the beginning of the year		24,038,280,126.76	15,793,264,616.76
Cash and cash equivalents at the end of the year	53(3)	25,127,021,866.16	24,038,280,126.76

The notes on pages 95 to 198 form an integral part of these financial statements.

Consolidated Statement of Changes in Shareholders' Equity

Year 2022
(Expressed in Renminbi unless otherwise indicated)

Note	Share capital	Other equity instruments	Capital reserve	Equity attributable to shareholders of the Bank				Sub-total	Minority interests	Total shareholders' equity
				Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit			
Balance as of 1 January 2022	2,180,000,000.00	2,197,358,490.57	2,089,535,131.41	190,080,309.80	2,900,713,599.92	5,175,989,165.07	15,021,676,217.78	29,755,352,914.45	102,152,991.43	29,857,505,905.88
Changes in equity during the year:										
1. Total comprehensive income	-	-	-	(195,060,060.53)	-	-	3,834,438,955.25	3,639,378,894.72	(1,166,492.76)	3,638,212,401.96
2. Capital contributed by shareholders	-	-	-	-	-	-	-	-	-	-
- Capital contributed by the holders of other equity instruments	-	1,998,962,264.15	-	-	-	-	-	1,998,962,264.15	-	1,998,962,264.15
3. Profit distribution	41	-	-	-	-	-	-	-	-	-
- Appropriation of surplus reserves	-	-	-	-	384,028,536.31	-	(384,028,536.31)	-	-	-
- Appropriation of general risk reserve	-	-	-	-	-	500,000,000.00	(500,000,000.00)	-	-	-
- Dividend distribution	-	-	-	-	-	-	(545,000,000.00)	(545,000,000.00)	(1,960,000.00)	(546,960,000.00)
- Appropriation of perpetual bond interest	-	-	-	-	-	-	(93,500,000.00)	(93,500,000.00)	-	(93,500,000.00)
Sub-total of 1 to 3	-	1,998,962,264.15	-	(195,060,060.53)	384,028,536.31	500,000,000.00	2,311,910,418.94	4,999,841,158.87	(3,126,492.76)	4,996,714,666.11
Balance as of 31 December 2022	2,180,000,000.00	4,196,320,754.72	2,089,535,131.41	(4,979,750.73)	3,284,742,136.13	5,675,989,165.07	17,333,586,636.72	34,755,194,073.32	99,026,498.67	34,854,220,571.99

The notes on pages 95 to 198 form an integral part of these financial statements.

Note	Equity attributable to shareholders of the Bank										Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit	Sub-total	Minority interests		
Balance as of 1 January 2021	2,180,000,000.00	2,197,358,490.57	2,089,535,131.41	93,241,155.75	2,569,315,378.08	4,675,715,190.43	13,175,515,147.27	26,980,680,493.51	100,294,633.74	27,080,975,127.25	
Changes in equity during the year:											
1. Total comprehensive income	-	-	-	96,839,154.05	-	-	3,316,333,266.89	3,413,172,420.94	3,618,357.69	3,416,990,778.63	
2. Profit distribution											
- Appropriation of surplus reserves	-	-	-	-	331,398,221.74	-	(331,398,221.74)	-	-	-	
- Appropriation of general risk reserve	-	-	-	-	-	500,273,974.64	(500,273,974.64)	-	-	-	
- Dividend distribution	-	-	-	-	-	-	(545,000,000.00)	(545,000,000.00)	(1,960,000.00)	(546,960,000.00)	
- Appropriation of perpetual bond interest	-	-	-	-	-	-	(93,500,000.00)	(93,500,000.00)	-	(93,500,000.00)	
Sub-total of 1 to 2	-	-	-	96,839,154.05	331,398,221.74	500,273,974.64	1,846,161,070.51	2,774,672,420.94	1,858,357.69	2,776,630,778.63	
Balance as of 31 December 2021	2,180,000,000.00	2,197,358,490.57	2,089,535,131.41	190,080,309.80	2,900,713,599.82	5,175,989,165.07	15,021,676,217.78	29,755,352,914.45	102,152,991.43	29,857,505,905.88	

The notes on pages 95 to 198 form an integral part of these financial statements.

Parent Company's Statement of Changes in Shareholders' Equity

Year 2022
(Expressed in Renminbi unless otherwise indicated)

	Note	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit	Total
Balance as of 1 January 2022		2,180,000,000.00	2,197,358,490.57	2,088,785,229.52	190,080,309.80	2,900,713,599.82	5,163,268,266.88	15,034,878,377.60	29,755,084,274.19
Changes in equity during the year:									
1. Total comprehensive income		-	-	-	(195,060,060.53)	-	-	3,840,285,363.06	3,645,225,302.53
2. Capital contributed by shareholders									
- Capital contributed by the holders of other equity instruments		-	1,998,962,264.15	-	-	-	-	-	1,998,962,264.15
3. Profit distribution	41								
- Appropriation of surplus reserves		-	-	-	-	384,028,536.31	-	(384,028,536.31)	-
- Appropriation of general risk reserve		-	-	-	-	-	500,000,000.00	(500,000,000.00)	-
- Dividend distribution		-	-	-	-	-	-	(545,000,000.00)	(545,000,000.00)
- Appropriation of perpetual bond interest		-	-	-	-	-	-	(93,500,000.00)	(93,500,000.00)
Sub-total of 1 to 3		-	1,998,962,264.15	-	(195,060,060.53)	384,028,536.31	500,000,000.00	2,317,756,826.75	5,005,687,566.68
Balance as of 31 December 2022		2,180,000,000.00	4,196,320,754.72	2,088,785,229.52	(4,979,750.73)	3,284,742,136.13	5,663,268,266.88	17,352,635,204.35	34,760,771,840.87

The notes on pages 95 to 198 form an integral part of these financial statements.

Note	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit	Total
Balance as of 1 January 2021	2,180,000,000.00	2,197,358,490.57	2,088,785,229.52	93,241,155.75	2,569,315,378.08	4,663,268,266.88	13,190,794,381.98	26,982,762,902.78
Changes in equity during the year:								
1. Total comprehensive income	-	-	-	96,839,154.05	-	-	3,313,982,217.36	3,410,821,371.41
2. Profit distribution	-	-	-	-	331,398,221.74	-	(331,398,221.74)	-
- Appropriation of surplus reserves	-	-	-	-	-	500,000,000.00	(500,000,000.00)	-
- Appropriation of general risk reserve	-	-	-	-	-	-	(545,000,000.00)	(545,000,000.00)
- Dividend distribution	-	-	-	-	-	-	-	-
- Appropriation of perpetual bond interest	-	-	-	-	-	-	(93,500,000.00)	(93,500,000.00)
Sub-total of 1 to 2	-	-	-	96,839,154.05	331,398,221.74	500,000,000.00	1,844,083,995.62	2,772,321,371.41
Balance as of 31 December 2021	2,180,000,000.00	2,197,358,490.57	2,088,785,229.52	190,080,309.80	2,900,713,599.82	5,163,268,266.88	15,034,878,377.60	29,755,084,274.19

The notes on pages 95 to 198 form an integral part of these financial statements.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 BASIC INFORMATION

The Bank of Dongguan Co., Ltd. (hereinafter referred to as the "Bank"), formerly known as Dongguan Commercial Bank Co., Ltd., is a joint-stock commercial bank incorporated and established on 8 September 1999 in accordance with the "Notice on Incorporation of Urban Cooperative Bank" (GF [1995] No. 25), the "Reply on Preparation of Commercial Banks in Dongguan" (DRYF (1999) No.51) issued by Dongguan Central Branch of the People's Bank of China, the "Reply on Preparation of Commercial Banks in Dongguan" (GZYF (1999) No. 156) issued by Guangzhou Branch of the People's Bank of China and the "Reply on Opening of Dongguan Commercial Bank Co., Ltd." (GZYF (1999) No.383) issued by Guangzhou Branch of the People's Bank of China based on assets and capital verification as well as restructuring of 14 former urban credit cooperatives and 19 independent accounting business departments. On 14 February 2008, upon approval under Reply of the China Banking Regulatory Commission on Rename of Dongguan Commercial Bank (YJF (2008) No.74) issued by the former China Banking Regulatory Commission (hereinafter referred to as the "former CBRC"), the Bank was renamed Bank of Dongguan Co., Ltd. As at 31 December 2022, the Bank's registered capital is RMB2,180,000,000.

As at 31 December 2022, the unified social credit code/registration number of the Bank is 914419007076883717, and the number of the Financial Institution Permit is B0201H244190001. The Legal Representative is Lu Guofeng, and the registered address is at No. 21, Tiyu Road, Guancheng District, Dongguan.

As at 31 December 2022, the Bank had one head office and 13 branches (Dongguan Branch, Guangzhou Branch, Shenzhen Branch, Huizhou Branch, Changsha Branch, Foshan Branch, Hefei Branch, Qingyuan Branch, Zhuhai Branch, Shaoguan Branch, Zhongshan Branch and Nansha Branch of Guangdong Pilot Free Trade Zone, Hong Kong Branch).

The scope of business of the Bank and its subsidiaries (the "Group") includes: attracting deposits from enterprises and individuals; lending loans; payment and settlement; treasury business and other commercial bank business approved by the former CBRC. See Note 17 for the relevant information on the Bank's subsidiaries.

2 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on the going concern basis.

The Group has implemented the new lease standards "Accounting Standards for Business Enterprises No.21 – Leases" revised by MOF in 2018 since 1 January 2021 (See Note 3(19)).

(1) Statement of compliance with the Accounting Standards for Business Enterprises

These financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance ("MOF") of the People's Republic of China and present truly and completely the consolidated financial standing and financial standing of the Bank as at 31 December 2022, and the consolidated financial performance and financial performance of the Bank and the consolidated cash flow and cash flow of the Bank for the year then ended.

(2) Accounting year

The accounting year is from 1 January to 31 December.

(3) Functional currency and presentation currency

The functional currencies of the Bank and its subsidiaries are Renminbi (RMB) and these financial statements are presented in Renminbi. The functional currency is determined by the Bank and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Business combinations and consolidated financial statements

(a) Business combinations not involving entities under common control

A business combination that does not involve any entities under common control is a business combination in which all of the combining entities or businesses are not ultimately controlled by the same party or parties before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the equity interest previously held by the Group (the acquirer) in the acquiree), liabilities incurred or borne, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill. If (1) is less than (2), the difference is recognized in profit or loss for the current period. Other acquisition-related costs are expensed when incurred. The acquiree's identifiable assets, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

In case of a business combination that does not involve entities under common control made through multiple transactions, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognizes any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. In addition, any amount recognized in other comprehensive income and other changes in the owners' equity under equity accounting in prior reporting periods relating to the previously-held equity interest that may be reclassified into profit or loss are transferred to investment income at the date of acquisition; any previously-held equity interest that is designated as equity investment at fair value through other comprehensive income, the other comprehensive income recognized in prior reporting periods is transferred to retained earnings and surplus reserve at the date of acquisition.

(b) Consolidated financial statements

(i) General principles

The scope of the consolidated financial statements is determined on the basis of control, and the consolidated financial statements cover the Bank and its controlled subsidiaries. "Control" exists when the investor has power over the invested entities, and is entitled to receive variable returns through participation in activities related to the invested entities, and has the ability to use its powers over the invested entities and affect the amount of returns on investment. When determining whether the Group has powers over an invested entity, the Group shall only consider the substantive rights associated with the entity, including its own substantive rights and the substantive rights of other parties. The financial standing, operating results and cash flow of its subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

A structured entity is the entity that has not been designed with voting rights or similar rights as a determining factor when determining its controlling party. The basis for dominating the relevant activities of the entity is usually a contractual arrangement or other types of arrangements.

Minority interests of the subsidiary are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders of the subsidiary is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders of the subsidiary is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to minority shareholders of a subsidiary exceeds the minority shareholders' share of the opening owners' equity of the subsidiary, the excess is still offset against the minority interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Bank, the Bank makes necessary adjustments to the financial statements of the subsidiary based on the Bank's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealized profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, unless they represent impairment losses that are recognized in the financial statements.

(ii) Merger and acquisition of subsidiaries

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination not involving entities under common control, the identifiable assets and liabilities of the acquired subsidiary are included in the scope of consolidation from the date that the acquisition commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

(iii) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognized as investment income for the current period. For the remaining equity investment, the Group re-measures it according to its fair value on the date of loss of control, and any gains or losses arising therefrom are also recognized in the investment income for the period in which control is lost.

(iv) Changes in minority interests

Where the Bank acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed of and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

(2) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, short-term deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(3) Foreign currency business and conversion of foreign currency statements

When the Group receives the capital in foreign currencies from investors, the capital is converted to Renminbi at the spot exchange rate at the date of receipt. Other foreign currency transactions are, on initial recognition, converted to Renminbi at the spot exchange rates.

Monetary items denominated in foreign currencies are converted to Renminbi at the spot exchange rate at the balance sheet date. For monetary items denominated in foreign currencies, classified as financial assets at fair value through other comprehensive income, the resulting exchange differences are decomposed into exchange differences arising from changes in amortized costs and changes in other carrying amounts of such items. The exchange differences arising from changes in amortized costs are recognized in current profit and loss, and exchange differences arising from changes in other carrying amounts are recognized in other comprehensive income. The exchange differences of other monetary items denominated in foreign currencies are recognized in current profit and loss.

Non-monetary items that are measured at historical cost in foreign currencies are converted to Renminbi using the spot exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are converted using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognized in profit or loss, except for the differences arising from the re-conversion of equity investments at fair value through other comprehensive income, which are recognized in other comprehensive income. Other differences are recognized in current profit and loss.

When converting the financial statements of overseas operations, the assets and liabilities items in the balance sheet are converted at the spot exchange rate on the balance sheet date. The shareholders' equity items are converted at the spot exchange rate at the time of occurrence, except for items of exchange differences recorded in foreign currency financial statements in undistributed profits and other comprehensive income. The income and expense items in the income statement are converted at the spot exchange rate on the transaction date. The exchange differences recorded in foreign currency financial statements arising from the above conversion are presented in other comprehensive income. When disposing of overseas operations, the relevant exchange differences recorded in foreign currency financial statements are transferred from other comprehensive income to the current profit and loss of disposal.

(4) Financial instruments

Financial instruments refer to contracts that form financial assets for a given party and financial liabilities or equity instruments for other parties.

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

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

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

(b) Classification and subsequent measurement of financial assets**(i) Classification of financial assets**

The Group typically classifies financial assets into different categories at initial recognition based on the business model for managing the financial assets and the contractual cash flow characteristics of financial assets: Financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (FVOCI), and financial assets at fair value through profit or loss (FVTPL).

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

As for financial assets that meet both of the following conditions and are not designated at fair value through profit or loss, the Group classifies them as financial assets measured at amortized cost:

- The Group's objective of business model for managing the financial assets is to collect contractual cash flow;
- The contractual terms for the financial assets provide that, the cash flow generated on a specified date are solely the payments for the principal as well as the interests based on its outstanding principal amount.

As for financial assets that meet both of the following conditions and are not designated at fair value through profit or loss, the Group classifies them as financial assets measured at fair value through other comprehensive income:

- The Group's objective of business model for managing the financial assets is to both collect contractual cash flow and sell such financial assets;
- The contractual terms for the financial assets provide that, the cash flow generated on a specified date are solely the payments for the principal as well as the interests based on its outstanding principal amount.

As for non-trading equity instrument investments, the Group can irrevocably designate them as financial assets at fair value through other comprehensive income at initial recognition. The designation is made on an individual investment basis, and the relevant investment meets the definition of an equity instrument from the issuer's perspective.

Except for the above-mentioned financial assets measured at amortized cost and at fair value through other comprehensive income, the Group classifies all other financial assets as those measured at fair value through profit or loss. At initial recognition, if accounting mismatches can be eliminated or significantly reduced, the Group can irrevocably designate the financial investments that should be measured at amortized cost or at fair value through other comprehensive income as financial assets that are measured at fair value through current profit or loss.

The business model for managing financial assets defines how the Group manages financial assets for the purpose of generating cash flow. The business model determines as to whether the source of cash flow from financial assets managed by the Group is contractual cash flow collected or the sale of financial assets, or both. The Group determines the business model for managing financial assets on the basis of objective facts and the specific business objectives of managing financial assets determined by the Group's key management personnel.

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

(ii) Subsequent measurement of financial assets

Financial assets at FVTPL

After initial recognition, such financial assets are subsequently measured at fair value. The resulting gains and losses (including any interest or dividend income) are recognized in current profit and loss unless the financial assets are part of a hedging relationship.

Financial assets at amortized cost

After initial recognition, such assets are subsequently measured at amortized cost using the effective interest method. The gain or loss on financial assets that are measured at amortized cost and are not part of a hedging relationship shall be included in current profit and loss when the financial assets are derecognized, reclassified, amortized in accordance with the effective interest method or recognized as impairment.

Debt investments at FVOCI

After initial recognition, such assets are subsequently measured at fair value. Interest, impairment losses or gains and foreign exchange gains and losses calculated using the effective interest method are recognized in profit or loss, and other gains/losses are recognized in other comprehensive income. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in retained earnings.

Investments in equity instruments designated as FVOCI

After initial recognition, such assets are subsequently measured at fair value. The dividend income is recognized in profit or loss, and other gains/losses are recognized in other comprehensive income. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in retained earnings.

(c) Classification and subsequent measurement of financial liabilities

Financial liabilities at FVTPL

Such financial liabilities include financial liabilities held for trading (including derivatives that belong to financial liabilities) and financial liabilities designated at FVTPL.

After initial recognition, financial liabilities at FVTPL are subsequently measured at fair value, and the resulting gains or losses, including any interest expense, are recognized in current profit or loss, unless:

- The financial liability is part of a hedging relationship;
- The financial liability is designated as a financial liability at fair value through profit or loss, and the changes in fair value caused by changes in the Group's own credit risk are recognized in other comprehensive income.

Other financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest method, except for financial liabilities and loan commitments (See Note 3(4)(d)) arising from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets.

(d) Financial guarantee contracts and loan commitments

Financial guarantee contracts

A financial guarantee contract refers to a contract that requires the Group to pay a specific amount to the contract holder who sustains losses when a specific debtor fails to repay the debt in accordance with the original or revised terms of the debt instrument.

Financial guarantee contracts are initially recognized at fair value on the date of guarantee provision. After the initial recognition, the relevant income of the financial guarantee contract is amortized and recognized in current profit and loss according to the provisions of the accounting policies stated in Note 3(14). The financial guarantee liabilities are subsequently measured at the loss provision amount determined in accordance with the impairment principle (See Note 3(4)(g)) of financial instruments or the balance after deducting the accumulated amortization of the income related to the financial guarantee contract from the initial recognized amount, whichever is higher.

Loan commitments

A loan commitment is a definite commitment to provide credit in accordance with pre-specified terms and conditions.

Loan commitments provided by the Group are assessed for impairment based on expected credit losses (ECLs). The Group has undertaken neither to grant loans at any price below market interest rates, nor to pay cash or issue other financial instruments as a net settlement of loan commitments.

The Group presents the provisions for loss for loan commitments and financial guarantee contracts in estimated liabilities. However, where an instrument contains both loans and unused commitments, and the Group cannot distinguish the ECLs arising from the loan and the unused commitment, the provision for loss of both is presented in provisions for loan loss, but the provision for loss is presented in estimated liabilities when the total provision for loss of the two exceeds the book balance of the loan.

(e) Offsetting

Financial assets and financial liabilities are presented separately in the balance sheet without offsetting each other. However, the net amount after offsetting each other is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognized amounts;
- The Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

(f) Derecognition of financial assets and financial liabilities

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

- Termination of the Group's contractual rights to receive the cash flow from the financial assets;
- The financial asset has been transferred and the Group transfers substantially all of the risks and rewards attached to the ownership of the financial asset to the transferee;
- The financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards attached to the ownership of the financial asset, the Group does not retain control over the transferred asset.

Where the financial asset has been transferred, and the Group neither transfers nor retains substantially all of the risks and rewards attached to the ownership of the financial asset, but the Group retains control over the transferred asset, the relevant financial assets and corresponding liabilities are recognized according to the degree of continued involvement in the transferred financial assets.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

- The carrying amount of the financial asset transferred at the date of derecognition;
- The sum of the consideration received for the transfer of the financial asset, and the amount corresponding to the derecognized portion of the cumulative amount of changes in fair value which is originally recognized in other comprehensive income (the financial assets involved in the transfer are debt investments measured at fair value through other comprehensive income).

The Group derecognizes a financial liability (or part of it) when the current obligation (or part of it) of a financial liability has been discharged.

(g) Impairment

The Group performs impairment accounting disposal and recognizes loss allowances based on expected credit loss (ECL):

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI;
- Credit commitments not measured at FVTPL.

The ECL model does not apply to other financial assets at fair value held by the Group, including debt investments or equity instrument investments at FVTPL, which are designated as equity instrument investments at FVOCI and derivative financial assets.

(i) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flow that the Group expects to receive, discounted at the original effective interest rate).

The Group's method of measuring ECLs of financial instruments reflects the following elements: (i) An unbiased probability-weighted average amount determined by evaluating a range of possible outcomes; (ii) Time value of money; (iii) Reasonable and supportable information that is related to past events, current conditions and forecasts of future economic conditions and available at the balance sheet date without undue cost or effort.

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

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

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

The Group divides each business into three risk stages and accrues provisions for ECLs based on whether the credit risk associated with financial instruments has increased significantly since the initial recognition.

The main definitions of the three risk stages of financial instruments are as follows:

The first stage: For financial instruments whose credit risk has not increased significantly since the initial recognition, the provision for loss is measured according to the 12-month ECLs.

The second stage: For financial instruments whose credit risk has increased significantly since the initial recognition but has not yet suffered credit impairment, the provision for loss is measured according to the lifetime ECLs.

The third stage: For financial instruments with credit impairment after initial recognition, the provision for loss is measured according to the lifetime ECLs.

Financial instruments that have low credit risk

The credit risk associated with a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

Significant increases in credit risk

The Group determines the relative change in the risk of default associated with a financial instrument during the expected duration of its existence and whether the credit risk of a financial instrument has increased significantly since initial recognition, by comparing the risk of default associated with the financial instrument on the balance sheet date with the risk of default on the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is available without undue cost or effort, including forward-looking information. The information considered by the Group includes:

- The debtor fails to pay the principal and interest on the due date of the contract;
- Serious deterioration in the external or internal credit rating (if any) of the financial instrument that has occurred or is expected;
- Serious deterioration in the debtor's operating results that has occurred or is expected;
- Existing or expected changes in the technological, market, economic or legal environment that have a material adverse effect on the debtor's ability to repay the Group.

Depending on the nature of the financial instruments, the Group assesses whether there is a significant increase in credit risk based on individual financial instruments or a combination of financial instruments. When the assessment is performed based on a combination of financial instruments, the financial instruments are grouped based on common credit risk characteristics, such as overdue status and credit risk ratings.

The Group determines that the credit risk associated with a financial asset has increased significantly if the overdue period is more than 30 days.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay in full what it owes the Group, the assessment does not take into account the Group's recourse actions such as realization of collateral (if held); or
- The financial asset is more than 90 days past due.

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets measured at amortized cost, loans and advances to customers and debt investments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flow of the financial asset has/have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor or issuer;
- A breach of contract of the debtor, such as a default or overdue payment of interest or principal;
- For economic or contractual reasons relating to the debtor's financial difficulty, the Group has granted to the debtor a concession that would not have made under any other circumstances;
- It is highly likely that the debtor will go into bankruptcy or another form of financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties.

(ii) Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk exposure since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. For financial investments that are measured at amortized cost, the loss allowance is used to offset the carrying amount of the financial assets listed in the balance sheet; for debt investments that are measured at FVOCI, the Group recognizes its loss allowance in other comprehensive income and does not offset the carrying amount of the financial asset. For credit commitments that are not measured at fair value through profit or loss, the Group recognized provisions for loss in estimated liabilities (see Note 31).

(iii) 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 Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flow 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 Group's procedures for recovery of amounts due.

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

(h) Modification of financial asset contracts

Under certain circumstances, such as restructuring loans, the Group will modify or renegotiate financial asset contracts. The Group will assess whether there is a substantial change in the revised or renegotiated contract terms.

Where there is a substantial change in the terms of the revised contract, the Group will derecognize the original financial asset and at the same time recognize a new financial asset in accordance with the revised terms.

Where there is no substantial change in the revised contract terms, but the contractual cash flow changes, the Group recalculates the book balance of the financial asset and recognizes the relevant gain or loss in current profit and loss. The recalculated book balance of the financial asset shall be determined in accordance with the present value of the revised or renegotiated contractual cash flow discounted at the original effective interest rate of the financial assets (or at the credit-adjusted effective interest rate of purchased or originated credit-impaired financial assets). For all costs or expenses incurred in modifying or renegotiating contracts, the Group adjusts the book value of the modified financial assets and amortizes them over the remaining term of the modified financial assets. When assessing whether the credit risk associated with relevant financial instruments has increased significantly, the Group compares the risk of default at the balance sheet date based on the changed contract terms with the risk of default on initial recognition based on the original contract terms.

(i) Equity instruments

The consideration received from the issuance of equity instruments net of transaction costs is recognized in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

(j) Perpetual Bonds

Based on the contractual terms of Perpetual Bonds issued and the economic substance they reflect, the Group classifies these financial instruments or their components as financial liabilities or equity instruments at the time of initial recognition, taking into account the definitions of financial liabilities and equity instruments.

The Perpetual Bonds issued by the Group that should be classified as equity instruments are included in equity based on the amount actually received. If dividends or interest are distributed during the existence period, it shall be treated as a profit distribution. When the Group redeems Perpetual Bonds, the equity is written off at the redemption price.

(k) Asset-backed securitization

During asset-backed securitization, credit assets are sold to special-purpose entities which then issue asset-backed securities to investors. Interests in securitized financial assets are presented in the form of interests in prime asset-backed securities or subprime asset-backed securities or in other residual interests ("retained interests"). Retained interests are recognized at fair value in the Group's balance sheet. Gain or loss from securitization depends on the carrying amount of the financial asset transferred, and is allocated at fair value at the date of transfer between the derecognized financial asset and retained interests.

When applying asset-based securitization policies, the Group considers the degree at which the risk and rewards associated with the asset are transferred to another entity, as well as the extent to which the Group exercises control over the entity.

(I) Financial assets purchased under resale agreements and financial assets sold under repurchase agreements

Financial assets purchased under resale agreements represents the funds raised by the Group according to the resale agreement to buy and then resell financial assets at fixed prices. Financial assets sold under repurchase agreements represent the funds raised by the Group according to the repurchase agreement to sell and then repurchase financial assets at fixed prices.

The cash advanced or received is recognized as amounts purchased under resale or sold under repurchase agreements in the balance sheet. Underlying assets purchased under resale agreements are reported not as purchase of the assets but recorded off-balance sheet. Underlying assets sold under repurchase agreement are retained in the balance sheet.

Interest earned on resale agreements and interest incurred on repurchase agreements are recognized as interest income and interest expenses respectively, over the life of each agreement using the effective interest method.

(5) Derivative financial instruments

Derivative financial instruments are initially recognized at the fair value of the day when the derivative transaction contract is signed, and measured at their fair value thereafter. Derivative financial instruments with a positive fair value are recognized as an asset, and those with a negative fair value are recognized as liabilities.

Where the main contract contained in a hybrid contract is an asset within the scope of financial instrument standards, the embedded derivative is no longer separated from the main contract of the financial asset, but the hybrid financial instrument, as a whole, is subject to the relevant provisions on the classification of financial assets. Where the main contract contained in the hybrid contract is not an asset within the scope of financial instrument standards, and some embedded derivative financial instruments are not closely related to the economic characteristics and risks of the main contract, a separate instrument with the same terms and conditions as the embedded derivative matches the definition of derivative financial instruments, if the hybrid instrument is not measured at fair value and its changes are recognized in current profit and loss, the embedded derivative financial instrument shall be separated from the hybrid contract and treated as an independent derivative financial instrument. These embedded derivative financial instruments are measured at fair value and changes in fair value are recognized in current profit and loss.

Profits and losses derived from changes in the fair value of derivative financial instruments should be directly included in profit or loss if they do not meet the requirements of hedge accounting.

The fair value of derivative financial instruments is typically calculated based on valuation models commonly used in the market. The data of the valuation model uses observable market information as much as possible, including the forward foreign exchange rate and market yield curve.

(6) Long-term equity investments

(a) Investments in subsidiaries

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles set out in Note 3(1)(b).

In the Bank's separate financial statements, costs of long-term equity investments in subsidiaries are initially measured as follows:

- The initial cost of a long-term equity investment acquired through a business combination not involving entities under common control comprises the aggregate of the fair value of assets transferred, liabilities incurred or borne, and equity securities issued by the Bank, in exchange for control of the acquirees.
- A long-term equity investment in a subsidiary acquired through means other than a business combination is initially recognized in accordance with the principles set out in Note 3(6)(b). A long-term equity investment in an associate is initially recognized at the amount of cash paid if the Group acquires the investment by cash.

In the Bank's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method unless the investment is classified as held for sale. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Bank recognizes its share of the cash dividends or profit distributions declared by the subsidiary as investment income in the current period. The investments in subsidiaries are stated in the balance sheet at cost less allowance for impairment losses (see Note 3(11)). For the impairment test and provisioning of investments in subsidiaries, refer to Note 3(11).

(b) Investment in associates

An associate is an entity over which the Group has significant influence.

A long-term equity investment in an associate is initially recognized at the amount of cash paid if the Group acquires the investment by cash.

A long-term equity investment in an associate is accounted for using the equity method, unless the investment is classified as held for sale.

The accounting treatments under the equity method adopted by the Group are as follows:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognized in profit or loss.
- After the acquisition of the investment in associates, the Group recognizes its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the long-term equity investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the long-term equity investment is reduced by the amount attributable to the Bank. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution ("other changes in owners' equity"), are recognized directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognizes investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealized profits and losses resulting from transactions between the Group and its associates are eliminated upon accounting under the equity method to the extent of the Group's interest in the associates. Unrealized losses resulting from transactions between the Group and its associates are eliminated in the same way as unrealized gains but only to the extent that there is no impairment.
- The Group discontinues recognizing its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the associate achieves net profit thereafter, the Group resumes recognizing the revenue share after using its revenue share to make up the share of the unrecognized loss.

The Bank accrues impairment allowance of long-term equity investments in associates in accordance with the principles set out in Note 3(11).

(c) Criteria for determining joint control and significant influence over the investee

Joint control refers to the common control over an arrangement in accordance with relevant agreements, and the relevant activities of the arrangement (namely, activities that have a significant influence on the return on investment concerning the arrangement) must be decided with the unanimous consent of the participants sharing the control right.

When determining whether there is joint control over the investee, the Group usually considers the following matters:

- Whether any of the participant cannot independently control the relevant activities of the investee;
- Whether the decisions involving the relevant activities of the investee require the unanimous consent of the parties sharing control right.

Significant influence means that the Group has the power to participate in the decision-making of the financial and operating policies of the investee, but cannot control or jointly control the formulation of these policies with other parties.

(7) Fixed assets and construction in progress

Fixed assets represent tangible assets held by the Group for administrative purposes with useful lives over one accounting year.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and allowance for impairment losses (see Note 3(11)). Construction in progress is stated in the balance sheet at cost less allowance for impairment losses (see Note 3(11)).

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed assets, etc. when it is ready for its intended use. No depreciation is provided against construction in progress.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in different patterns, thus necessitating the use of different depreciation rates or methods, each part is recognized as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognized as assets when it is highly likely that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognized. The costs of day-to-day maintenance of fixed assets are recognized in profit or loss as incurred.

The carrying amount of a fixed asset is derecognized:

- When the fixed asset is held for disposal;
- When no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale. The useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Category of assets	Useful life	Residual value rate	Annual depreciation rate
Buildings and constructions			
Including: property	20 years	4%	4.80%
Including: decoration of fixed assets	5 years	0%	20.00%
Electronic equipment and machinery	5 years	4%	19.20%
Motor vehicles and others	5 years	4%	19.20%

The useful lives, residual values and depreciation methods are reviewed at least once at the end of every year.

(8) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortization (where the useful life is finite) and impairment allowance (see Note 3(11)). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale. The respective amortization periods for such intangible assets are as follows:

	Amortization period
Software	5 years
Land use right	20 – 50 years

The Group reviews the useful life and amortization method of intangible assets with limited useful lives at least once at the end of each year.

An intangible asset is regarded as having an indefinite useful life and is not amortized when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. As of the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

(9) Debt-expiated assets

Debt-expiated assets refer to physical assets and property rights provided to the Bank by debtors, guarantors or third parties in compensation for the Bank's creditor's rights or security interests exercised.

For financial debt-expiated assets that are transferred to the Group, the Group conducts initial measurement at their fair value, and conducts classification and subsequent measurement according to the accounting policies set out in Note 3(11).

For the non-financial debt-expiated assets that are transferred to the Group, the Group conducts initial measurement based on the fair value of the relinquished creditor's rights and other costs such as taxes directly attributable to the asset, and performs subsequent measurement based on the carrying amount of the debt-expiated assets or the recoverable amount, whichever is lower. For the impairment test and provision for impairment allowance of the debt-expiated assets of the Group, please refer to Note 3(11).

(10) Long-term deferred expenses

Long-term deferred expense refers to all expenses which have been paid with a benefit period of over one year. Long-term deferred expenses are stated in the balance sheet at cost less accumulated amortization and provision for impairment. Expenditures of improvement of fixed assets rented through operating lease shall be evenly amortized over the remaining lease period or the useful years of rented assets, whichever is the shorter. And other long-term deferred expenses are equally amortized over the benefit period.

Long-term deferred expenses are equally amortized over the benefit period. The respective amortization periods for long-term deferred expenses are as follows:

Item	Amortization period
Expenditures of improvement of fixed assets rented	3 – 5 years
Others	3 – 5 years

(11) Provision for impairment of non-financial assets

The following non-financial assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- Fixed assets
- Construction in progress
- Right-of-use assets
- Intangible assets
- Long-term equity investments
- Long-term deferred expenses
- Non-financial debt-expiated assets, etc.

If such indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least once at the end of every year, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset (or asset group or set of asset groups) shall be its fair value (see Note 3(12)) less costs to sell or its present value of expected future cash flow, whichever is higher.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflow that are largely independent of the cash inflow from other assets or asset groups.

The present value of expected future cash flow of an asset is determined by discounting the future cash flow, estimated to be derived from the continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognized in profit or loss if the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, the carrying amount thus reduced shall not be less than the fair value of the asset less costs to sell (if measurable), its present value of expected future cash flow (if determinable) or zero, whichever is higher.

Once an impairment loss of the Group's non-financial assets is recognized, it cannot be reversed in a subsequent period.

(12) Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

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.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(13) Provisions and contingent liabilities

Contingent liabilities refer to potential obligations arising from past transactions or events, the existence of which must be confirmed by the occurrence or non-occurrence of uncertain future events; or current obligations arising from past transactions or events, and the performance of such obligations is not likely to result in an outflow of economic benefits from the Group or the amount of such obligations cannot be reliably measured, the Group will disclose the potential or current obligations as contingent liabilities.

A provision is recognized for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is highly likely that settling the obligations will entail an outflow of economic benefits.

A provision shall be initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flow. All the factors pertaining to a contingency such as the risks, uncertainties and time value of money shall be taken into account in reaching the best estimate. Where there is a continuous range of the expenditure required, and all the possible outcomes are equally likely, the best estimate shall be the mid-point of that range. In other cases, the best estimate is determined as follows:

- Where the contingency involves a single item, the best estimate shall be the most likely outcome.
- Where the contingency involves multiple items, the best estimate shall be determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

(14) Revenue

(a) Interest income

For all financial assets measured at amortized cost and financial assets measured at FVOCI, interest income is measured at the effective interest rate. The effective interest rate refers to the interest rate that discounts the expected future cash inflow or outflow of the financial instrument to the book balance of the financial asset or the amortized cost of the financial liability during the expected duration of the financial instrument. The calculation of the effective interest rate takes into account contractual terms of the financial instrument (for example, prepayment options) and includes all fees attributable to the effective interest rate component and all transaction costs, but not expected credit losses.

The Group determines interest income and presents it as interest income based on the book balance of financial assets multiplied by the effective interest rate, except for:

- For purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit adjusted effective interest rate to their amortized cost;
- Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost (i.e. the net amount of the book balance after deducting the expected credit loss provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to the book balance of financial assets.

(b) Fee and commission income

The Group collects handling fees and commissions on the various services provided for customers. The handling fees and commissions recognized by the Group reflect the amount of consideration that it is expected to be entitled to receive for providing services to customers, and the revenue is recognized when the performance obligations in the contract are fulfilled.

When one of the following conditions is met, the Group recognizes revenue according to the performance progress within the period:

- A customer obtains and consumes the economic benefits brought by the Group's performance of the contract during the performance period;
- The customer is able to control the services performed by the Group during the performance of the contract;

- The services provided by the Group during the performance of the contract have irreplaceable purposes, and the Group has the right to collect payment for the cumulative performance part that has been completed so far during the entire contract period.

(15) Expenses

(a) Interest expense

The interest expense of financial liabilities is calculated by the effective interest rate method and based on the amortized cost of financial liabilities and the time when funds are tied up, and is recognized in the corresponding period.

(b) Other expenses

Other expenses are recognized on an accrual basis.

(16) Employee benefits

(a) Short-term benefits

The Group recognizes employee wages or salaries, bonuses, social security contributions (such as medical insurance, work injury insurance, maternity insurance) and housing provident fund contributions that are actually accrued, during the period when employees provide services or according to the prescribed benchmarks and proportions as liabilities, and recognizes them in current profit and loss or related asset costs.

(b) Post-employment benefits – defined contribution plans

The defined contribution plans that the Group participates in include:

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participates in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organizations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognized as a liability during the period when employees provide services, and are presented in profit or loss or cost of assets where appropriate.

In addition to the participation in the social basic endowment insurance, the Group's employees participate in the annuity plan established by the Group in accordance with the relevant policies of the national enterprise annuity system. The Group pays a certain proportion of the total salary of the employees as contributions to the annuity plan, and the corresponding expenditures are included in current profits and losses.

(c) Post-employment benefits – defined benefit plan

The Group, in accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumption to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, recognize a defined benefit plan liability by the present value of the defined benefit plan.

The Group attributes obligations under a defined benefit plan to periods of service provided by employees, with a corresponding charge to 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 defined benefit plan liability are recognized in other comprehensive income.

(d) Other long-term employee benefits

Deferred benefits payable to senior management and employees holding positions with substantial influences on risk exposure are recognized as a liability during the period when employees provide services, and are presented in profit or loss or cost of assets where appropriate.

(17) Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognized when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to the grant.

If a government grant is in the form of a transfer of monetary asset, it is measured at the amount received or receivable. If a government grant is offered in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are the grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognized as deferred income and amortized over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognized as deferred income, and included in other income or non-operating income or offset against related expenses in the periods in which the expenses or losses are recognized; or included in other income or non-operating income or offset against related expenses directly.

(18) Income tax

Current income tax and deferred income tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in shareholders' equity (including other comprehensive income).

Current income tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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, which include the deductible tax losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss).

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilized. Such reduction is reversed to the extent that it is highly likely that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and liabilities are offset if all of the following conditions are met:

- The taxable entity has a legally enforceable right to offset current tax liabilities and assets;
- They relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle the current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(19) Leases

A lease is a contract whereby the lessor transfers the right to use the asset to the lessee for consideration within a certain period of time.

On the commencement date of the contract, the Group assesses whether the contract is a lease or contains a lease. Where a party to a contract transfers its right to control the use of one or more identified assets for a certain period in exchange for consideration, the contract is or contains a lease.

To determine whether a contract transfers the right to control the use of an identified asset for a certain period, the Group conducts the following assessments:

- Whether the contract involves the use of an identified asset. An identified asset may be specified explicitly in the contract or implicitly when the asset is made available to the customer and the asset is physically distinguishable, or when some part of the capacity or other part of the asset is physically indistinguishable but substantially represents the full capacity of the asset, so that the customer obtains almost all the economic benefits arising from the use of the asset. An asset is not an identified asset when the supplier of the asset has a substantial right to substitute the asset throughout the period of use;
- Whether the lessee is entitled to substantially all of the economic benefits arising from the use of the identified asset during the period of use;
- Whether the lessee has the right to control the use of the identified asset during the period of use.

Where the contract simultaneously contains multiple separate leases, the lessee and the lessor shall separate the contract and conduct accounting treatment for each separate lease. Where the contract contains both lease and non-lease parts, the lessee and the lessor shall separate the lease and non-lease parts. When the lease and non-lease parts included in the contract are separated, the lessee shall allocate the contract consideration according to the relative proportion of the sum of the stand-alone prices of the lease parts and the stand-alone prices of the non-lease parts.

(a) The Group as the lessee

On the commencement date of the lease term, the Group recognizes a right-of-use asset and a lease liability for the lease. The right-of-use asset is initially measured at cost, including the initial measurement amount of the lease liability, initial direct costs arising from lease payments (after deducting the amount(s) related to the lease incentives to which the Group is entitled) made on or before the commencement date of the lease term, and the estimated costs to dismantle and remove the leased asset, restore the site on which the leased asset is located, or restore the leased asset to the condition agreed upon in the terms of the lease.

The Group uses the straight-line method to depreciate right-of-use assets. If the acquisition of the ownership of a right-of-use asset can be reasonably determined upon the expiration of the lease term, the Group accrues depreciation over the remaining lifetime of the leased asset. Otherwise, the leased asset is depreciated over the shorter of the lease term and the remaining lifetime of the leased asset. Right-of-use assets are provided for impairment in accordance with the accounting policies set out in Note 3(11).

The lease liability is initially measured at the present value of the unpaid lease payments at the commencement date of the lease term and discounted at the interest rate implicit in the lease. When the interest rate implicit in the lease cannot be determined, the incremental borrowing rate of the Group is used as the discount rate.

The Group calculates the interest expense of the lease liability in each period of the lease term at a fixed periodic interest rate, and recognizes it in current profit and loss or the cost of related assets. Variable lease payments that are not included in the measurement of lease liabilities are recognized in current profit and loss or the cost of related assets when they are actually incurred.

After the commencement date of the lease term, the Group re-measures the lease liability at the present value of the changed lease payments in the event of any:

- Changes in the estimated payable amount based on the residual value of the guarantee;
- Changes in the index or rate used to determine lease payments;
- Changes in the Group's assessment results of the purchase option, lease renewal option or lease termination option, or discrepancy between the actual exercise and original assessment result of lease renewal option or lease termination option.

When the lease liability is remeasured, the Group adjusts the carrying amount of the right-of-use asset accordingly. Where the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group will recognize the excessive amount in current profit and loss.

The Group has chosen not to recognize right-of-use assets and lease liabilities for short-term leases (leases with a lease term not exceeding 12 months) and low-value asset leases, and has recognized the relevant lease payments in current profit and loss or the cost of relevant assets on a straight-line basis over each period of the lease term.

(b) The Group as the lessor

On the lease commencement date, the Group classifies leases into finance leases and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

Lease receipts from operating leases are recognized as rental income on a straight-line basis over the lease term. The Group capitalizes the initial direct costs incurred in relation to operating leases, amortizes them on the same basis as rental income recognition during the lease term, and recognizes them in current profit and loss in installments. Variable lease payments not included in lease receipts are recognized in profit or loss for the period when they are actually incurred.

(20) Fiduciary activities

The Group acts as manager, trustee or agent of the client in the course of fiduciary activities. The Group's balance sheet does not include any assets held by the Group for fiduciary business and the commitment to return these assets to customers, as the risks and profits of such assets are borne by the customers.

The entrusted loans services refer to services where the Group signs entrusted loans agreements with clients, and the clients provide funds ("entrusted loan funds") to the Group, and the Group grants loans ("entrusted loans") to the third parties according to the instructions of clients. As the Group does not undertake the risks or rewards of entrusted loans and related entrusted funds, the Group's entrusted loans and funds are recognized as off-balance sheet items based on their principal, and no provision for impairment is made for these entrusted loans.

(21) Profit distributions

Distributions of profit proposed in the profit distribution plan to be approved after the balance sheet date are not recognized as a liability at the balance sheet date but are disclosed in the notes separately.

(22) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Bank is under common control only from the State and that have no other related party relationships are not regarded as related parties.

At the same time, the Bank determines the related parties of the Group or the Bank in accordance with the Administrative Measures on Information Disclosure by Listed Companies by the CSRC.

(23) Reporting by segment

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organization, management requirements and internal reporting system after taking materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are same or similar in respect of the nature of products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

The Group measures each segment item for the purpose of allocating resources to the segment and evaluating segment performance. The accounting policies used in the preparation of reports by segment are consistent with the accounting policies used in the preparation of the Group's financial statements.

(24) Significant accounting estimates and judgments

The preparation of financial statements requires the management to make estimates and assumptions, which may differ from the actual results, and affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Except for accounting estimates relating to depreciation and amortization of assets such as fixed assets and intangible assets (see Notes 3(7) and 3(8)) and provision for impairment of various types of assets (see Notes 8, 9, 11, 12, 14, 15 and 23). Other significant accounting estimates are as follows:

- (i) Note 22 – Recognition of deferred tax assets; and

- (ii) Note 56 – Fair value.

The Group made the following important judgments in the application of accounting policies:

- (i) Note 65 – Disclosure of material judgments and assumptions that exercise control over other subjects and have a common control or significant impact.

4 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

In 2022, the Group has adopted the following relevant provisions and guidelines of accounting standards for business enterprises issued by the MOF recently, mainly including:

- Regulations on “the accounting treatment of income tax implications of relevant dividend on financial instruments classified as equity instruments of the issuer” in the “Interpretation No. 16 of Accounting Standards for Business Enterprises” (Caikuai [2022] No. 31) (“Interpretation No. 16”); Regulations on “the accounting treatment of enterprises to change cash-settled share payment to equity-settled share-based payment” in Interpretation No. 16;
- Regulations on the “accounting treatment for external sales of the fixed assets before reaching their intended use or the products or by-products produced during the R&D process” (the “accounting treatment for trial sales”) in the “Interpretation No. 15 of the Accounting Standards for Business Enterprises” (Caikuai [2021] No. 35) (“Interpretation No. 15”); Regulations on the “determination of onerous contracts” in Interpretation No. 15; and
- The Notice on Relevant Issues of the Scope of Application of “COVID-19 Pandemic – Related Rental Concessions” (Caikuai [2022] No. 13).

(1) Interpretation No. 16

(a) Regulations on the accounting treatment of income tax implications of relevant dividend on financial instruments classified as equity instruments of the issuer

According to Interpretation No. 16, for financial instruments classified as equity instruments (including Perpetual Bonds classified as equity instruments) as required by the “Accounting Standards for Business Enterprises No. 37 – Presentation and Reporting of Financial Instrument”, if related dividend expense is deducted before the corporate income tax payment in accordance with the relevant provisions of the tax policy, the Group, as the issuer, recognizes the income tax impact related to dividends when confirming dividends payable. For the distributed profit comes from the transaction or event that generated profit or loss in the past, the income tax effect of the dividend should be included in the current profit and loss; For the profit distributed from the transactions or events previously recognized in the owner’s equity, the income tax effect of the dividend should be included in the owner’s equity item.

The adoption of this interpretation has not had a material impact on the Group’s financial standing and operating results.

(b) Regulations on the accounting treatment for an enterprise changing from a cash-settled share-based payment to an equity-settled share-based payment

According to Interpretation No. 16, the Group modifies the terms and conditions of a cash-settled share-based payment agreement to make it an equity-settled share-based payment, on the date of modification, the Group shall measure the equity-settled share-based payment according to the fair value of the equity instrument granted on the day, include the services obtained in the capital reserve, and at the same time derecognize the liabilities of the cash-settled share-based payment recognized on the date of modification, the difference between the two is included in the current profit and loss. If the waiting period is extended or shortened due to the revision, the enterprise shall perform the above accounting treatment according to the revised waiting period.

The adoption of the regulations has not had a material impact on the Group’s financial standing and operating results.

(2) Interpretation No. 15

(a) Regulations on Interpretation No. 15 relating to the accounting treatment of trial sale

According to Interpretation No. 15, for sale of products or by-products generated before a fixed asset reaches ready-to-use condition or during the R&D process (hereinafter referred to as “Trial Sale”), the relevant income and cost, instead of being offset against fixed asset costs or R&D expenditure after deducting relevant costs, shall be accounted for separately and included in the current profit and loss in accordance with the regulations on the “Accounting Standards for Business Enterprises No. 14 – Revenue” and the “Accounting Standards for Business Enterprises No.1 – Inventories”. Regulations on Interpretation No. 15 Relating to the Accounting Treatment of Trial Sale have come into force since 1 January 2022.

The adoption of this interpretation has not had a material impact on the Group’s financial standing and operating results.

(b) Regulations on Interpretation No. 15 "relating to the determination of onerous contracts"

Under Interpretation No. 15, in determining an onerous contract, the estimated costs to fulfill a contract shall include the incremental costs to fulfill the contract and the allocated amount of other costs relate directly to the fulfillment of the contract. Regulations on Interpretation No. 15 relating to the "determination of onerous contracts" has come into force since 1 January 2022.

The adoption of this interpretation has not had a material impact on the Group's financial standing and operating results.

(c) Regulations on Interpretation No. 15 relating to the "presentation of centralized management of funds"

Interpretation No. 15 clarifies the presentation and disclosure requirements for funds subject to centralized and unified management through internal settlement centers, financial companies, etc. Regulations on Interpretation No. 15 relating to the "Presentation of Centralized Management of Funds" has come into force since 30 December 2021.

The adoption of this interpretation has not had a material impact on the Group's financial standing and operating results.

(3) Caikuai [2022] No.13

The Accounting Treatment of COVID-19 Pandemic –Related Rental Concessions (Caikuai [2020] No.10) provides practical expedient under certain conditions for rental concessions occurring as a direct consequence of the COVID-19 pandemic. Under the provisions of Caikuai [2022] No.13, the practical expedient specified in Caikuai [2020] No.10 can be continued to apply for concessions of lease payment payable after 30 June 2022.

The adoption of the above regulations has not had a material impact on the Group's financial standing and operating results.

5 TAXATION**(1) The types of taxes applicable to the Group's rendering of services include value added tax (VAT), surcharges, etc.**

Tax Name	Tax basis and applicable rate
VAT	<p>Output VAT for financial services is 6% of its income, while output VAT for others is 13% of product sales and taxable services. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable. Other taxable income shall be calculated at the applicable VAT rate to pay value-added tax.</p> <p>According to Provisions on Issues Concerning Value-Added Tax on Asset Management Products (CS [2017] No. 56) issued by MOF and the State Taxation Administration, managers of asset management products shall calculate and pay value-added tax for taxable income at a levying rate of 3% from 1 January 2018.</p> <p>According to the "Notice on Further Clarifying Polices Concerning the Financial Industry during the Comprehensive Promotion of the Pilot Program of Replacing Business Tax with Value-Added Tax" (CS [2016] No. 46) issued by MOF and the State Taxation Administration, the subsidiaries of the Bank, namely Chongqing Kaizhou Taiye Village Bank Co., Ltd., Dongyuan Taiye Village Town Bank Co., Ltd. and Zongyang Taiye Village Bank Co, Ltd. calculated and paid value-added tax at 3% for the income from the financial services provided.</p>
City maintenance and construction tax	Subject to 7% or 5% of the VAT actually paid.
Educational surcharges	Subject to 5% of the VAT actually paid.

(2) Income Tax

The statutory income tax rate of the Bank and its subsidiaries Dongyuan Taiye Village Town Bank Co., Ltd. and Zongyang Taiye Village Bank Co, Ltd. is 25%. The applicable income tax rate for the year is the statutory rate (2021: 25%).

According to the Circular of the Ministry of Finance, General Administration of Customs and State Taxation Administration on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies (CS [2011] No. 58) and the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Corporate Income Tax Policies for the Large-Scale Development of Western China (Announcement No. 23 [2020] of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission), the corporate income tax is levied on qualified enterprises operating in Western China at a rate of 15% from 1 January 2011 to 31 December 2030. The corporate income tax is levied on the Bank's subsidiary Chongqing Kaizhou Taiye Village Bank Co., Ltd. at a rate of 15%. The tax incentives were effective in both 2021 and 2022.

(3) Taxes payable

	The Group		The Bank	
	2022	2021	2022	2021
VAT payable	173,293,898.88	162,307,310.32	173,050,340.33	162,084,804.80
Income tax payable	26,431,728.28	–	26,431,728.28	–
Urban maintenance and construction tax payable	12,090,906.87	11,203,574.08	12,075,854.47	11,189,757.13
Educational surcharges payable	8,648,332.53	8,016,041.81	8,636,162.72	8,004,917.49
Others	18,883,652.53	21,147,922.06	18,851,946.26	21,112,213.34
Total	239,348,519.09	202,674,848.27	239,046,032.06	202,391,692.76

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2022, the consolidated financial statements included the following subsidiaries:

Name of subsidiaries	Principal place of business	Registration place	Business nature	Registered capital (RMB)	Shareholding percentage of the Bank direct/ indirect (or percentage of similar equity)	Voting rights of the Bank direct/ indirect
Chongqing Kaizhou Taiye Village Bank Co., Ltd.	Kaizhou, Chongqing	Kaizhou, Chongqing	Banking industry	50 million	63.10%	63.10%
Dongyuan Taiye Village Town Bank Co., Ltd.	Dongyuan, Guangdong	Heyuan, Guangdong	Banking industry	100 million	51.00%	51.00%
Zongyang Taiye Village Bank Co., Ltd.	Zongyang, Anhui	Tongling, Anhui	Banking industry	110 million	84.55%	84.55%

Note 1: As of 31 December 2022, the Bank has established a subsidiary, i.e. Guanyin International Co., Ltd. in Hong Kong according to the "Reply of Guangdong Office of the China Banking and Insurance Regulatory Commission on Bank of Dongguan's Investment and Establishment of the Hong Kong Subsidiary" (YYBJF [2020] No. 659) and Banking Ordinance of Hong Kong, and obtained the "Business Registration Certificate". The Bank has not yet paid up its capital contribution, and its Hong Kong subsidiary needs to obtain a banking license issued by the Hong Kong Monetary Authority before it can start operations in the name of a bank.

7 CASH AND DEPOSITS IN THE CENTRAL BANK

Note	The Group		The Bank	
	2022	2021	2022	2021
Cash	1,015,833,461.61	997,805,369.71	1,006,963,735.48	991,121,849.39
Deposits in the central bank				
– Statutory reserves (i)	26,335,353,859.31	25,443,868,071.12	26,270,332,144.91	25,376,249,223.69
– Excess reserves (ii)	12,215,721,921.00	7,088,887,813.29	12,181,753,335.75	6,969,268,801.57
– Foreign-exchange risk reserves (iii)	27,618,018.93	–	27,618,018.93	–
– Fiscal deposits (iv)	9,955,000.00	15,984,000.00	9,955,000.00	15,984,000.00
Sub-total	38,588,648,799.24	32,548,739,884.41	38,489,658,499.59	32,361,502,025.26
Accrued interest	13,392,670.73	12,793,793.27	13,367,193.94	12,763,071.12
Total	39,617,874,931.58	33,559,339,047.39	39,509,989,429.01	33,365,386,945.77

(i) The Group places deposit reserve for general deposits with the People's Bank of China (or "PBOC"), including RMB deposit reserve and foreign currency deposit reserve, in accordance with related regulations. Without approval from the PBOC, these statutory deposit reserve must not be used in the regular operation of the Group. The PBOC pays no interest for the placed foreign currency deposit reserve.

As at each balance sheet date, the Bank was subject to the following statutory deposit reserve ratios:

	2022	2021
RMB deposit reserve ratio	7.50%	8.00%
Foreign currency deposit reserve ratio	6.00%	9.00%

The three subsidiaries of the Bank were subject to a statutory RMB reserve ratio set by the PBOC.

- (ii) Excess reserves with the central bank are mainly used in fund settlement and transfers, etc.
- (iii) Foreign-exchange risk reserves with the central bank are reserves deposited with the PBOC in a prescribed proportion for the Group engaging in forward exchange business on behalf of clients.
- (iv) Fiscal deposits in the central bank are fiscal deposits the Group collects under agency services for the central national treasury or the local national treasury, which are placed with the PBOC at a percentage of 100%. No interest is paid on the fiscal deposits, and they cannot be withdrawn without permission. The Bank does not recognize them as cash equivalents.

8 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of institutions

	The Group		The Bank	
	2022	2021	2022	2021
Deposits with domestic				
– Interbanks	439,930,159.83	482,941,503.09	325,057,023.30	350,136,257.94
– Other financial institutions	175,985,184.78	122,456,228.60	175,985,184.78	122,456,228.60
Deposits with overseas				
– Interbanks	498,023,657.65	829,998,989.26	498,023,657.65	829,998,989.26
– Other financial institutions	13,929.20	–	13,929.20	–
Accrued interest	123,628.27	651,744.17	15,488.99	191,209.89
Sub-total	1,114,076,559.73	1,436,048,465.12	999,095,283.92	1,302,782,685.69
Less: Provision for impairment	(2,147,226.32)	(4,578,450.73)	(2,143,582.10)	(4,567,881.45)
Total	1,111,929,333.41	1,431,470,014.39	996,951,701.82	1,298,214,804.24

9 LOANS TO BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of institutions

	The Group and the Bank	
	2022	2021
Banks operating in Mainland China	–	1,121,763,000.00
Other financial institutions operating in Mainland China	5,800,000,000.00	2,150,000,000.00
Accrued interest	72,344,402.77	22,616,624.62
Sub-total	5,872,344,402.77	3,294,379,624.62
Less: Provision for impairment	(27,515,157.35)	(19,528,236.13)
Total	5,844,829,245.42	3,274,851,388.49

10 DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Bank:

	2022		
	Nominal amount	Fair value	
		Assets	Liabilities
Foreign currency derivatives instruments			
– Forward contracts	3,975,708,271.18	37,256,602.44	(37,680,692.88)
– Swap contracts	14,516,008,660.46	172,873,966.28	(217,411,267.26)
– Option contracts	27,416,960,000.00	177,612,803.56	(177,612,803.56)
Interest rate derivatives instruments			
– Interest rate swap	41,423,408,502.00	276,166,392.38	(321,187,593.49)
Credit derivatives instruments	840,000,000.00	18,240.00	(35,619,050.00)
Total	88,172,085,433.64	663,928,004.66	(789,511,407.19)

	2021		
	Nominal amount	Fair value	
		Assets	Liabilities
Foreign currency derivatives instruments			
– Forward contracts	2,179,524,953.48	10,127,835.43	(3,037,388.37)
– Swap contracts	7,780,431,050.51	81,494,575.25	(67,414,777.92)
– Option contracts	31,241,912,000.00	209,812,554.42	(209,814,185.49)
Interest rate derivatives instruments			
– Interest rate swap	31,464,000,000.00	260,784,626.30	(348,903,581.59)
Total	72,665,868,003.99	562,219,591.40	(629,169,933.37)

11 FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS

(1) Analyzed by type and location of counterparties

	The Group and the Bank	
	2022	2021
Other financial institutions operating in Mainland China	10,939,225,000.00	13,153,535,000.00
Accrued interest	6,282,225.66	7,711,095.20
Sub-total	10,945,507,225.66	13,161,246,095.20
Less: Provision for impairment	–	–
Total	10,945,507,225.66	13,161,246,095.20

(2) Analyzed by classification of collateral

	The Group and the Bank	
	2022	2021
Bonds		
– Bonds issued by the Chinese government	332,328,000.00	1,991,558,000.00
– Policy bank bonds	8,290,424,000.00	11,161,977,000.00
– Corporate bonds	1,187,153,000.00	–
– Bonds issued by local government	199,500,000.00	–
Interbank negotiable certificate of deposit	929,820,000.00	–
Accrued interest	6,282,225.66	7,711,095.20
Sub-total	10,945,507,225.66	13,161,246,095.20
Less: Provision for impairment	–	–
Total	10,945,507,225.66	13,161,246,095.20

12 LOANS AND ADVANCES TO CUSTOMERS**(1) Analyzed by nature**

	The Group		The Bank	
	2022	2021	2022	2021
Loans and advances at amortized cost:				
Loans and advances to corporate customers	164,376,491,748.10	146,604,199,257.84	164,241,407,636.59	146,459,589,790.56
Residential mortgage loans	47,301,210,880.63	51,992,291,944.87	46,975,440,917.67	51,635,952,987.73
Personal business loan	27,910,424,226.27	23,155,488,052.06	27,541,737,778.25	22,799,308,308.41
Personal consumption loan	21,769,241,999.99	16,084,029,726.01	21,662,395,000.75	15,989,239,858.83
Credit card loan	4,572,083,404.45	4,352,432,327.81	4,572,083,404.45	4,352,432,327.81
Other personal loans	584,487.43	904,710.62	584,487.45	904,710.62
Loans and advances to retail customers	101,553,544,998.77	95,585,146,761.37	100,752,241,588.57	94,777,838,193.40
Principal of loans and advances at amortized cost:	265,930,036,746.87	242,189,346,019.21	264,993,649,225.16	241,237,427,983.96
Accrued interest	656,324,079.18	586,687,697.74	653,963,657.04	584,323,254.31
Total loans and advances at amortized cost:	266,586,360,826.05	242,776,033,716.95	265,647,612,882.20	241,821,751,238.27
Less: Provision for losses on loans and advances at amortized cost				
– 12-month expected credit loss	(4,267,423,880.27)	(4,127,583,542.82)	(4,253,599,661.10)	(4,108,663,130.18)
– Lifetime expected credit loss				
– Not credit-impaired loans and advances	(642,729,366.93)	(501,345,376.44)	(638,350,596.87)	(496,230,431.45)
– Credit-impaired loans and advances	(1,851,262,711.05)	(1,983,096,588.92)	(1,825,581,364.50)	(1,963,021,079.33)
Provision for losses on loans and advances at amortized cost	(6,761,415,958.25)	(6,612,025,508.18)	(6,717,531,622.47)	(6,567,914,640.96)
Net loans and advances issued at amortized cost	259,824,944,867.80	236,164,008,208.77	258,930,081,259.73	235,253,836,597.31
Loans and advances at fair value through other comprehensive income:				
Discounted bills	18,738,086,851.34	22,594,978,860.81	18,738,086,851.34	22,594,978,860.81
Loans and advances to corporate customers – Forfeiting	5,762,406,381.40	5,303,701,303.15	5,762,406,381.40	5,303,701,303.15
Principal of loans and advances at fair value through other comprehensive income	24,500,493,232.74	27,898,680,163.96	24,500,493,232.74	27,898,680,163.96
Net loans and advances issued	284,325,438,100.54	264,062,688,372.73	283,430,574,492.47	263,152,516,761.27

(2) Analyzed by collateral

	The Group		The Bank	
	2022	2021	2022	2021
Loans secured by mortgages	156,711,567,740.21	144,271,418,945.40	155,947,431,731.54	143,472,918,077.18
Guaranteed loans	53,891,892,861.13	55,193,925,742.11	53,767,838,523.79	55,077,912,330.74
Pledged loans	24,520,466,907.68	25,333,804,120.31	24,504,354,907.68	25,318,451,585.54
Credit loans	55,306,602,470.59	45,288,877,375.35	55,274,517,294.89	45,266,826,154.46
Carrying amount of loans and advances issued	290,430,529,979.61	270,088,026,183.17	289,494,142,457.90	269,136,108,147.92

(3) Analyzed by industry distribution**The Group**

	2022		2021	
	Total loans	Percentage %	Total loans	Percentage %
Loans and advances to corporate customers				
– Leasing and commercial services	48,773,499,869.52	16.79	41,640,595,744.20	15.42
– Manufacturing	40,276,678,704.33	13.87	33,220,127,423.03	12.30
– Wholesale and retail	21,863,837,153.89	7.53	21,841,496,208.16	8.09
– Real estate	16,475,205,162.98	5.67	17,249,899,889.12	6.39
– Construction	13,534,883,428.53	4.66	11,257,212,542.45	4.17
– Education	4,527,234,763.87	1.56	4,558,854,118.87	1.69
– Transportation, storage and postal services	4,323,781,895.69	1.49	4,212,088,451.43	1.56
– Production and supply of electricity, heating, gas and water	3,851,318,078.14	1.33	3,248,769,714.89	1.20
– Water, environment and public utility management	2,325,839,843.06	0.80	2,092,770,181.09	0.77
– Others	14,186,619,229.49	4.88	12,586,086,287.75	4.65
Total loans and advances to corporate customers	170,138,898,129.50	58.58	151,907,900,560.99	56.24
Total loans and advances to retail customers	101,553,544,998.77	34.97	95,585,146,761.37	35.39
Discounted bills	18,738,086,851.34	6.45	22,594,978,860.81	8.37
Carrying amount of loans and advances issued	290,430,529,979.61	100.00	270,088,026,183.17	100.00

The Bank

	2022		2021	
	Total loans	Percentage	Total loans	Percentage
		%		%
Loans and advances to corporate customers				
– Leasing and commercial services	48,767,419,869.52	16.85	41,634,145,744.20	15.47
– Manufacturing	40,256,684,904.33	13.91	33,196,127,423.03	12.33
– Wholesale and retail	21,831,107,153.89	7.54	21,811,052,006.22	8.10
– Real estate	16,475,205,162.98	5.69	17,249,899,889.12	6.41
– Construction	13,527,661,806.75	4.67	11,242,250,920.67	4.18
– Education	4,526,084,763.87	1.56	4,558,854,118.87	1.69
– Transportation, storage and postal services	4,313,338,205.96	1.49	4,206,388,905.54	1.56
– Production and supply of electricity, heating, gas and water	3,849,318,078.14	1.33	3,246,505,617.04	1.21
– Water, environment and public utility management	2,325,839,843.06	0.80	2,092,770,181.09	0.78
– Others	14,131,154,229.49	4.88	12,525,296,287.93	4.65
Total loans and advances to corporate customers	170,003,814,017.99	58.72	151,763,291,093.71	56.38
Total loans and advances to retail customers	100,752,241,588.57	34.80	94,777,838,193.40	35.22
Discounted bills	18,738,086,851.34	6.48	22,594,978,860.81	8.40
Carrying amount of loans and advances issued	289,494,142,457.90	100.00	269,136,108,147.92	100.00

(4) Analyzed by geographic distribution**The Group**

	2022		2021	
	Total loans	Percentage	Total loans	Percentage
		%		%
Dongguan	166,308,752,161.62	57.26	157,706,999,204.50	58.39
Guangdong province (excluding Dongguan)	62,165,667,427.97	21.40	57,061,543,167.95	21.13
Outside Guangdong province	26,296,827,717.51	9.05	22,360,286,020.45	8.28
Head Office	35,659,282,672.51	12.29	32,959,197,790.27	12.20
Carrying amount of loans and advances issued	290,430,529,979.61	100.00	270,088,026,183.17	100.00

The Bank

	2022		2021	
	Total loans	Percentage	Total loans	Percentage
		%		%
Dongguan	166,308,752,161.62	57.45	157,706,999,204.50	58.60
Guangdong province (excluding Dongguan)	61,869,304,557.20	21.37	56,719,535,698.61	21.07
Outside Guangdong province	25,656,803,066.57	8.86	21,750,375,454.54	8.08
Head Office	35,659,282,672.51	12.32	32,959,197,790.27	12.25
Carrying amount of loans and advances issued	289,494,142,457.90	100.00	269,136,108,147.92	100.00

(5) Analysis of overdue loans by collateral and overdue term**The Group**

	2022				
	Overdue for within 3 months (inclusive)	Overdue for 3 months to 1 year (inclusive)	Overdue for 1 year to 3 years (inclusive)	Overdue for more than 3 years	Total
Pledged loans	75,683,599.86	51,196,241.50	276,673,378.10	9,377,902.13	412,931,121.59
Loans secured by mortgages	800,190,558.54	540,981,751.39	243,526,224.96	41,134,200.00	1,625,832,734.89
Guaranteed loans	281,080,578.80	83,342,356.53	443,803,295.97	23,791,389.03	832,017,620.33
Credit loans	367,737,207.03	208,977,546.84	200,057,835.22	78,779,411.80	855,552,000.89
Total	1,524,691,944.23	884,497,896.26	1,164,060,734.25	153,082,902.96	3,726,333,477.70
Percentage of carrying amount of loans and advances issued	0.52%	0.30%	0.40%	0.05%	1.27%

	2021				
	Overdue for within 3 months (inclusive)	Overdue for 3 months to 1 year (inclusive)	Overdue for 1 year to 3 years (inclusive)	Overdue for more than 3 years	Total
Pledged loans	268,270,000.00	47,122,068.50	5,043,664.27	27,168,216.73	347,603,949.50
Loans secured by mortgages	274,231,939.92	597,457,085.98	188,128,860.01	55,850,408.81	1,115,668,294.72
Guaranteed loans	18,888,980.77	862,177,521.75	51,486,446.26	53,754,205.32	986,307,154.10
Credit loans	123,507,567.54	152,315,584.61	210,822,645.36	139,888,194.04	626,533,991.55
Total	684,898,488.23	1,659,072,260.84	455,481,615.90	276,661,024.90	3,076,113,389.87
Percentage of carrying amount of loans and advances issued	0.25%	0.61%	0.17%	0.10%	1.13%

The Bank

	2022				
	Overdue for within 3 months (inclusive)	Overdue for 3 months to 1 year (inclusive)	Overdue for 1 year to 3 years (inclusive)	Overdue for more than 3 years	Total
Pledged loans	75,683,599.86	51,196,241.50	276,673,378.10	9,377,902.13	412,931,121.59
Loans secured by mortgages	790,549,504.46	534,393,364.65	238,368,796.95	40,877,163.70	1,604,188,829.76
Guaranteed loans	278,509,907.58	81,226,285.54	443,623,588.74	23,791,389.03	827,151,170.89
Credit loans	367,269,429.54	208,790,627.08	199,649,551.34	78,666,350.23	854,375,958.19
Total	1,512,012,441.44	875,606,518.77	1,158,315,315.13	152,712,805.09	3,698,647,080.43
Percentage of carrying amount of loans and advances issued	0.52%	0.30%	0.40%	0.05%	1.27%

	2021				
	Overdue for within 3 months (inclusive)	Overdue for 3 months to 1 year (inclusive)	Overdue for 1 year to 3 years (inclusive)	Overdue for more than 3 years	Total
Pledged loans	268,270,000.00	47,122,068.50	5,043,664.27	27,168,216.73	347,603,949.50
Loans secured by mortgages	266,881,585.94	593,895,808.14	181,382,802.42	51,809,274.84	1,093,969,471.34
Guaranteed loans	16,491,724.91	861,951,315.61	49,867,197.22	53,063,010.31	981,373,248.05
Credit loans	123,208,637.56	151,832,795.88	210,096,782.76	139,888,194.04	625,026,410.24
Total	674,851,948.41	1,654,801,988.13	446,390,446.67	271,928,695.92	3,047,973,079.13
Percentage of carrying amount of loans and advances issued	0.25%	0.61%	0.17%	0.10%	1.13%

Overdue loans refer to all loans granted by the Group to customers whose principals or interests are completely or partially overdue for one day or above.

(6) Analysis of loans and advances to customers and provision for losses on loans**The Group**

(a) Loans and advances to customers and provision for losses on loans at amortized cost:

	2022			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Total loans and advances issued at amortized cost	261,284,468,366.92	2,575,362,941.28	2,726,529,517.85	266,586,360,826.05
Less: Provision for losses on loans	(4,267,423,880.27)	(642,729,366.93)	(1,851,262,711.05)	(6,761,415,958.25)
Net loans and advances issued at amortized cost	257,017,044,486.65	1,932,633,574.35	875,266,806.80	259,824,944,867.80

	2021			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Total loans and advances issued at amortized cost	238,271,391,230.83	1,910,396,910.39	2,594,245,575.73	242,776,033,716.95
Less: Provision for losses on loans	(4,127,583,542.82)	(501,345,376.44)	(1,983,096,588.92)	(6,612,025,508.18)
Net loans and advances issued at amortized cost	234,143,807,688.01	1,409,051,533.95	611,148,986.81	236,164,008,208.77

(b) Loans and advances to customers and provision for losses on loans at fair value through other comprehensive income:

	2022			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Carrying amount of loans and advances to customers at fair value through other comprehensive income	24,500,393,433.29	99,799.45	–	24,500,493,232.74
Provision for impairment included in other comprehensive income	(147,471,919.89)	(5.17)	–	(147,471,925.06)

	2021			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Carrying amount of loans and advances to customers at fair value through other comprehensive income	27,898,680,163.96	–	–	27,898,680,163.96
Provision for impairment included in other comprehensive income	(119,567,273.74)	–	–	(119,567,273.74)

Provision for loans and advances that are measured at FVOCI is recognized in other comprehensive income and the impairment gain or loss is recognized in profit or loss without making corresponding adjustment to financial asset's carrying amount presented in the balance sheet.

The Bank

(a) Loans and advances to customers and provision for losses on loans at amortized cost:

	2022			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Total loans and advances issued at amortized cost	260,409,530,107.32	2,543,479,651.40	2,694,603,123.48	265,647,612,882.20
Less: Provision for losses on loans	(4,253,599,661.10)	(638,350,596.87)	(1,825,581,364.50)	(6,717,531,622.47)
Net loans and advances issued at amortized cost	256,155,930,446.22	1,905,129,054.53	869,021,758.98	258,930,081,259.73

	2021			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Total loans and advances issued at amortized cost	237,366,388,920.75	1,881,487,493.26	2,573,874,824.26	241,821,751,238.27
Less: Provision for losses on loans	(4,108,663,130.18)	(496,230,431.45)	(1,963,021,079.33)	(6,567,914,640.96)
Net loans and advances issued at amortized cost	233,257,725,790.57	1,385,257,061.81	610,853,744.93	235,253,836,597.31

(b) Loans and advances to customers and provision for losses on loans at fair value through other comprehensive income:

	2022			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Carrying amount of loans and advances to customers at fair value through other comprehensive income	24,500,393,433.29	99,799.45	–	24,500,493,232.74
Provision for impairment included in other comprehensive income	(147,471,919.89)	(5.17)	–	(147,471,925.06)

	2021			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Carrying amount of loans and advances to customers at fair value through other comprehensive income	27,898,680,163.96	–	–	27,898,680,163.96
Provision for impairment included in other comprehensive income	(119,567,273.74)	–	–	(119,567,273.74)

Provision for loans and advances that are measured at FVOCI is recognized in other comprehensive income and the impairment gain or loss is recognized in profit or loss without making corresponding adjustment to financial asset's carrying amount presented in the balance sheet.

(7) Changes in provision for losses on loans**The Group**

(a) Changes in provision for losses on loans and advances to customers at amortized cost

	2022			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	4,127,583,542.82	501,345,376.44	1,983,096,588.92	6,612,025,508.18
Transfer to:				
– 12-month expected credit loss	12,495,711.26	(12,103,681.39)	(392,029.87)	-
– Lifetime expected credit loss				
– Not credit-impaired loans and advances	(35,375,072.04)	35,637,151.83	(262,079.79)	-
– Credit-impaired loans and advances	(12,968,030.53)	(134,601,989.16)	147,570,019.69	-
Provision for the year	175,198,465.60	252,452,509.21	696,416,276.84	1,124,067,251.65
Written off during the year	-	-	(981,133,897.27)	(981,133,897.27)
Recovery during the year	-	-	25,455,908.59	25,455,908.59
Other	489,263.16	-	(19,488,076.06)	(18,998,812.90)
Balance at the end of the year	4,267,423,880.27	642,729,366.93	1,851,262,711.05	6,761,415,958.25

	2021			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	3,517,933,583.42	559,165,568.65	1,813,213,629.64	5,890,312,781.71
Transfer to:				
– 12-month expected credit loss	150,149,081.36	(148,862,005.10)	(1,287,076.26)	-
– Lifetime expected credit loss				
– Not credit-impaired loans and advances	(12,641,159.68)	79,721,594.13	(67,080,434.45)	-
– Credit-impaired loans and advances	(22,986,660.25)	(65,737,329.22)	88,723,989.47	-
Provision for the year	495,128,697.97	77,057,547.98	889,224,428.17	1,461,410,674.12
Written off during the year	-	-	(744,511,030.85)	(744,511,030.85)
Recovery during the year	-	-	21,642,162.68	21,642,162.68
Other	-	-	(16,829,079.48)	(16,829,079.48)
Balance at the end of the year	4,127,583,542.82	501,345,376.44	1,983,096,588.92	6,612,025,508.18

(b) Changes in provision for losses on loans and advances at fair value through other comprehensive income

	2022			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Balance at the beginning of the year	119,567,273.74	–	–	119,567,273.74
Provision for the year	27,904,646.15	5.17	–	27,904,651.32
Balance at the end of the year	147,471,919.89	5.17	–	147,471,925.06

	2021			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Balance at the beginning of the year	61,802,479.83	–	–	61,802,479.83
Provision for the year	57,764,793.91	–	–	57,764,793.91
Balance at the end of the year	119,567,273.74	–	–	119,567,273.74

The Bank

(a) Changes in provision for losses on loans and advances at amortized cost

	2022			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Balance at the beginning of the year	4,108,663,130.18	496,230,431.45	1,963,021,079.33	6,567,914,640.96
Transfer to:				
– 12-month expected credit loss	12,459,542.79	(12,067,512.92)	(392,029.87)	–
– Lifetime expected credit loss				
– Not credit-impaired loans and advances	(34,883,398.41)	35,145,478.20	(262,079.79)	–
– Credit-impaired loans and advances	(12,872,108.68)	(133,630,588.28)	146,502,696.96	–
Provision for the year	179,743,232.06	252,672,788.42	689,662,851.08	1,122,078,871.56
Written off during the year	–	–	(971,941,251.05)	(971,941,251.05)
Recovery during the year	–	–	18,478,173.90	18,478,173.90
Other	489,263.16	–	(19,488,076.06)	(18,998,812.90)
Balance at the end of the year	4,253,599,661.10	638,350,596.87	1,825,581,364.50	6,717,531,622.47

	2021			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	3,495,752,026.13	548,689,843.16	1,791,473,590.09	5,835,915,459.38
Transfer to:				
– 12-month expected credit loss	149,808,986.29	(148,521,910.03)	(1,287,076.26)	–
– Lifetime expected credit loss				
– Not credit-impaired loans and advances	(11,791,760.77)	78,706,012.91	(66,914,252.14)	–
– Credit-impaired loans and advances	(22,923,627.54)	(62,881,800.49)	85,805,428.03	–
Provision for the year	497,817,506.07	80,238,285.90	890,668,848.47	1,468,724,640.44
Written off during the year	–	–	(737,480,987.55)	(737,480,987.55)
Recovery during the year	–	–	17,584,608.17	17,584,608.17
Other	–	–	(16,829,079.48)	(16,829,079.48)
Balance at the end of the year	4,108,663,130.18	496,230,431.45	1,963,021,079.33	6,567,914,640.96

(b) Changes in provision for losses on loans and advances at fair value through other comprehensive income

	2022			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	119,567,273.74	–	–	119,567,273.74
Provision for the year	27,904,646.15	5.17	–	27,904,651.32
Balance at the end of the year	147,471,919.89	5.17	–	147,471,925.06

	2021			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	61,802,479.83	–	–	61,802,479.83
Provision for the year	57,764,793.91	–	–	57,764,793.91
Balance at the end of the year	119,567,273.74	–	–	119,567,273.74

13 FINANCIAL INVESTMENT – FINANCIAL ASSETS HELD FOR TRADING

	The Group and the Bank	
	2022	2021
Bond investment		
– Bonds issued by the Chinese government	19,895,291.96	–
– Bonds issued by local government	30,262,048.85	10,136,281.52
– Policy bank bonds	2,065,387,842.12	–
– Bonds issued by commercial banks and other financial institutions	2,228,730,972.55	3,191,583,983.38
– Corporate bonds	3,408,783,111.99	2,679,975,904.52
Sub-total	7,753,059,267.47	5,881,696,169.42
Interbank certificates of deposit	245,011,506.98	684,393,960.55
Trust schemes	292,690,441.83	304,420,459.97
Asset management plans	7,420,221,647.38	5,901,595,622.33
Funds	23,660,489,426.40	24,993,432,036.98
Total	39,371,472,290.06	37,765,538,249.25

14 FINANCIAL INVESTMENTS – DEBT INVESTMENTS

	Note	The Group and The Bank	
		2022	2021
Bond investment			
– Bonds issued by the Chinese government		16,641,779,841.50	18,659,413,251.29
– Bonds issued by local government		43,259,300,251.94	50,678,968,940.07
– Policy bank bonds		39,270,396,925.41	5,696,211,857.41
– Government-backed agency bonds		1,917,814,763.69	842,590,248.02
– Bonds issued by commercial banks and other financial institutions		7,571,094,705.34	1,226,564,676.89
– Corporate bonds		4,543,657,082.98	2,292,738,170.11
Sub-total of bond investment		113,204,043,570.86	79,396,487,143.79
Interbank certificates of deposit		3,364,457,379.12	–
Income certificate		1,955,602,191.78	600,000,000.00
Trust schemes		761,465,876.78	762,465,876.78
Asset management plans		10,745,880,025.78	14,488,654,379.26
Accrued interest		1,876,318,127.87	1,185,237,217.43
Less: Provision for impairment	(1)	(2,759,844,717.35)	(3,228,474,189.23)
Total		129,147,922,454.84	93,204,370,428.03

(1) Movements of provisions for impairment of debt investment are as follows:

	2022			
	12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – credit-impaired	Total
Balance at the beginning of the year	153,540,585.08	405,960,499.17	2,668,973,104.98	3,228,474,189.23
Transfer to:				
– Lifetime ECL				
– Not credit-impaired	(192,547.83)	192,547.83	–	–
– Credit-impaired	(1,584,963.26)	(342,179,643.46)	343,764,606.72	–
(Reversal)/provision for the year	(16,224,934.58)	67,608,281.41	1,197,237,566.66	1,248,620,913.49
Written off during the year	–	–	(1,572,449,296.52)	(1,572,449,296.52)
Recovery during the year			4,283,627.53	4,283,627.53
Other	23,754.00		(149,108,470.38)	(149,084,716.38)
Balance at the end of the year	135,561,893.41	131,581,684.95	2,492,701,138.99	2,759,844,717.35

	2021			
	12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – credit-impaired	Total
Balance at the beginning of the year	189,947,626.54	282,764,692.68	3,117,858,171.71	3,590,570,490.93
Transfer to:				
– Lifetime ECL				
– Not credit-impaired	(4,624,298.68)	4,624,298.68	–	–
– Credit-impaired	(200,269.04)	(181,739,695.76)	181,939,964.80	–
(Reversal)/provision for the year	(31,582,473.74)	300,311,203.57	492,944,968.47	761,673,698.30
Written off during the year	–	–	(1,123,770,000.00)	(1,123,770,000.00)
Balance at the end of the year	153,540,585.08	405,960,499.17	2,668,973,104.98	3,228,474,189.23

15 FINANCIAL INVESTMENTS – OTHER DEBT INVESTMENTS

	The Group and The Bank	
	2022	2021
Bond investment		
– Bonds issued by the Chinese government	897,142,065.91	6,597,019,259.06
– Bonds issued by local government	1,013,124,360.00	324,813,240.00
– Policy bank bonds	8,745,164,748.08	12,473,372,895.11
– Government-backed agency bonds	62,851,403.24	132,234,730.00
– Bonds issued by commercial banks and other financial institutions	1,940,951,188.95	2,354,733,013.36
– Corporate bonds	2,669,536,064.23	835,754,323.23
– Bonds issued by foreign government	30,988,959.08	29,330,054.03
Sub-total	15,359,758,789.49	22,747,257,514.79
Interbank certificates of deposit	2,219,463,133.28	4,067,376,516.38
Trust schemes	465,733,562.40	746,381,222.33
Asset management plans	9,696,047.23	39,479,597.23
Accrued interest	264,814,684.47	402,244,967.57
Total	18,319,466,216.87	28,002,739,818.30
Provision for impairment recognized in other comprehensive income	214,703,091.81	425,770,691.22

(1) Movements of provisions for impairment of other debt investment are as follows:

	2022			
	Estimated 12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – credit-impaired	Total
Balance at the beginning of the year	14,288,116.02	–	411,482,575.20	425,770,691.22
Provision/(reversal) for the year	3,861,944.87	–	(1,886,012.87)	1,975,932.00
Written off during the year	–	–	(213,059,645.13)	(213,059,645.13)
Other	16,113.72	–	–	16,113.72
Balance at the end of the year	18,166,174.61	–	196,536,917.20	214,703,091.81

	2021			
	Estimated 12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – credit-impaired	Total
Balance at the beginning of the year	6,208,452.23	15,235,844.72	209,388,410.00	230,832,706.95
Transfer to:				
– Lifetime ECL				
– Credit-impaired	–	(15,235,844.72)	15,235,844.72	–
Provision for the year	8,079,663.79	–	186,858,320.48	194,937,984.27
Balance at the end of the year	14,288,116.02	–	411,482,575.20	425,770,691.22

(i) Provisions for impairment of other debt investments are recognized in other comprehensive income, and impairment gains or losses are recognized in profit or loss, without decreasing the carrying amount of the financial assets presented in the balance sheet.

16 FINANCIAL INVESTMENTS – INVESTMENTS IN OTHER EQUITY INSTRUMENTS

	The Group and the Bank	
	2022	2021
Unlisted equity	19,149,084.21	14,697,248.61
Listed equity	5,977,261.40	8,395,335.33
Total	25,126,345.61	23,092,583.94

17 LONG-TERM EQUITY INVESTMENTS

	Note	The Group		The Bank	
		2022	2021	2022	2021
Investment in subsidiaries	(1)	–	–	163,570,182.25	163,570,182.25
Investment in associates	(2)	954,207,405.95	913,079,894.99	954,207,405.95	913,079,894.99
Total		954,207,405.95	913,079,894.99	1,117,777,588.20	1,076,650,077.24

(1) The Bank's investments in its subsidiaries are analyzed as follows:

	The Bank	
	2022	2021
Chongqing Kaizhou Taiye Village Bank Co., Ltd.	31,550,000.00	31,550,000.00
Dongyuan Taiye Village Town Bank Co., Ltd.	51,000,000.00	51,000,000.00
Zongyang Taiye Village Bank Co., Ltd.	81,020,182.25	81,020,182.25
Total	163,570,182.25	163,570,182.25

Please refer to Note 6 for information about our subsidiaries.

(2) The Group and the Bank's investments in its associates are analyzed as follows:

	The Group and the Bank	
	2022	2021
Bank of Xingtai Co., Ltd.	783,343,633.09	738,798,972.23
Dongguan Chang'an Village Bank Co., Ltd.	115,405,818.74	112,677,932.33
Lingshan Taiye Village Bank Co., Ltd.	19,310,598.72	26,797,193.08
Dongguan Houjie Huaye Village Bank Co., Ltd.	36,147,355.40	34,805,797.35
Total	954,207,405.95	913,079,894.99

(3) Details of immaterial associates accounted for using the equity method are summarized as follows:

	The Group and the Bank	
	2022	2021
Aggregate carrying amount of investments	954,207,405.95	913,079,894.99
Aggregate amount of the following items by shareholding ratio		
– Net profits	44,131,431.43	33,498,533.94
– Other comprehensive income	596,079.23	787,732.96
Total comprehensive income	44,727,510.66	34,286,266.90

18 FIXED ASSETS**The Group**

	Buildings	Transportation and others	Electronic equipment and machinery	Total
Cost				
Balance as at 1 January 2021	1,180,083,440.28	143,479,632.24	646,243,501.96	1,969,806,574.48
Additions during the year	1,690,082.57	13,025,473.26	143,907,226.00	158,622,781.83
Transfers from construction in progress	143,217,114.81	4,391,632.42	2,931,494.13	150,540,241.36
Reductions during the year	(24,550,000.00)	(9,909,652.84)	(53,941,886.72)	(88,401,539.56)
Balance as at 31 December 2021	1,300,440,637.66	150,987,085.08	739,140,335.37	2,190,568,058.11
Additions during the year	3,722,300.30	13,804,407.38	113,788,005.12	131,314,712.80
Transfers from construction in progress	798,203,929.26	592,267.13	–	798,796,196.39
Reductions during the year	(846,037.85)	(9,801,813.04)	(24,045,286.88)	(34,693,137.77)
Balance as at 31 December 2022	2,101,520,829.37	155,581,946.55	828,883,053.61	3,085,985,829.53
Accumulated depreciation				
Balance as at 1 January 2021	(624,418,749.87)	(110,411,429.78)	(382,482,065.77)	(1,117,312,245.42)
Provision for depreciation during the year	(47,587,628.82)	(10,077,018.66)	(76,642,056.88)	(134,306,704.36)
Depreciation write-off	16,104,800.00	9,449,807.63	50,953,054.16	76,507,661.79
Balance as at 31 December 2021	(655,901,578.69)	(111,038,640.81)	(408,171,068.49)	(1,175,111,287.99)
Provision for depreciation during the year	(81,844,459.46)	(11,585,095.04)	(93,952,732.31)	(187,382,286.81)
Depreciation write-off	–	9,353,113.33	22,520,025.61	31,873,138.94
Balance as at 31 December 2022	(737,746,038.15)	(113,270,622.52)	(479,603,775.19)	(1,330,620,435.86)
Carrying amounts				
As at 31 December 2022	1,363,774,791.22	42,311,324.03	349,279,278.42	1,755,365,393.67
As at 31 December 2021	644,539,058.97	39,948,444.27	330,969,266.88	1,015,456,770.12

The Bank

	Buildings	Transportation and others	Electronic equipment and machinery	Total
Cost				
Balance as at 1 January 2021	1,158,656,705.83	138,651,786.82	642,879,049.40	1,940,187,542.05
Additions during the year	1,690,082.57	12,638,711.97	143,108,346.00	157,437,140.54
Transfers from construction in progress	134,213,488.87	4,391,632.42	2,392,117.13	140,997,238.42
Reductions during the year	(24,550,000.00)	(9,200,597.34)	(53,474,215.52)	(87,224,812.86)
Balance as at 31 December 2021	1,270,010,277.27	146,481,533.87	734,905,297.01	2,151,397,108.15
Additions during the year	2,961,638.49	13,511,292.34	113,488,001.42	129,960,932.25
Transfers from construction in progress	798,203,929.26	592,267.13	–	798,796,196.39
Reductions during the year	–	(9,562,333.04)	(23,494,307.88)	(33,056,640.92)
Balance as at 31 December 2022	2,071,175,845.02	151,022,760.30	824,898,990.55	3,047,097,595.87
Accumulated depreciation				
Balance as at 1 January 2021	(615,548,211.96)	(105,992,782.74)	(379,931,275.01)	(1,101,472,269.71)
Provision for depreciation during the year	(46,259,035.23)	(9,927,574.24)	(76,316,159.48)	(132,502,768.95)
Depreciation write-off	16,104,800.00	8,791,693.55	50,505,065.01	75,401,558.56
Balance as at 31 December 2021	(645,702,447.19)	(107,128,663.43)	(405,742,369.48)	(1,158,573,480.10)
Provision for depreciation during the year	(79,903,191.18)	(11,438,983.42)	(93,524,166.24)	(184,866,340.84)
Depreciation write-off	–	9,123,212.53	22,508,887.69	31,632,100.22
Balance as at 31 December 2022	(725,605,638.37)	(109,444,434.32)	(476,757,648.03)	(1,311,807,720.72)
Carrying amounts				
As at 31 December 2022	1,345,570,206.65	41,578,325.98	348,141,342.52	1,735,289,875.15
As at 31 December 2021	624,307,830.08	39,352,870.44	329,162,927.53	992,823,628.05

Note:

- (i) As at 31 December 2022, the Bank had buildings with defects of title, with a carrying amount of RMB11,145,400 (31 December 2021: RMB13,529,400). In the opinion of the Bank's management, the Bank has the right to legally and effectively occupy or use these buildings.
- (ii) As at 31 December 2022, the carrying amount of the buildings leased out by the Group for operating leases was RMB124 million (31 December 2021: RMB2,560,000).
- (iii) As at 31 December 2022, the Group had no temporarily idle assets of significant amount (31 December 2021: None).

19 CONSTRUCTION IN PROGRESS

The Group

	Total
Cost	
Balance as at 1 January 2021	811,729,390.10
Additions during the year	282,514,811.21
Transfers to fixed assets for the year	(150,540,241.36)
Transfers to intangible assets, long-term deferred expenses and others for the year	(203,705,538.47)
Balance as at 31 December 2021	739,998,421.48
Additions during the year	543,139,454.30
Transfers to fixed assets for the year	(798,796,196.39)
Transfers to intangible assets, long-term deferred expenses and others for the year	(94,288,666.08)
Balance as at 31 December 2022	390,053,013.31
Carrying amounts	
As at 31 December 2022	390,053,013.31
As at 31 December 2021	739,998,421.48

The Bank

	Total
Cost	
Balance as at 1 January 2021	806,649,397.45
Additions during the year	278,051,800.92
Transfers to fixed assets for the year	(140,997,238.42)
Transfers to intangible assets, long-term deferred expenses and others for the year	(203,705,538.47)
Balance as at 31 December 2021	739,998,421.48
Additions during the year	543,139,454.30
Transfers to fixed assets for the year	(798,796,196.39)
Transfers to intangible assets, long-term deferred expenses and others for the year	(94,288,666.08)
Balance as at 31 December 2022	390,053,013.31
Carrying amounts	
As at 31 December 2022	390,053,013.31
As at 31 December 2021	739,998,421.48

20 RIGHT-OF-USE ASSETS**The Group**

	Buildings	Office equipment and other equipment	Others	Total
Cost				
Balance as at 1 January 2021	499,028,454.69	217,449.55	1,424,797.21	500,670,701.45
Additions during the year	267,130,082.33	11,824.18	366,196.86	267,508,103.37
Reductions during the year	(10,566,973.22)	(87,357.64)	(41,500.01)	(10,695,830.87)
Balance as at 31 December 2021	755,591,563.80	141,916.09	1,749,494.06	757,482,973.95
Additions during the year	233,363,519.47	–	70,552.23	233,434,071.70
Reductions during the year	(69,842,214.36)	(35,466.30)	(315,681.76)	(70,193,362.42)
Balance as at 31 December 2022	919,112,868.91	106,449.79	1,504,364.53	920,723,683.23
Accumulated depreciation				
Balance as at 1 January 2021	–	–	–	–
Provision for the year	(159,154,814.93)	(72,128.43)	(659,070.78)	(159,886,014.14)
Reductions during the year	1,542,905.33	18,578.75	9,591.79	1,571,075.87
Balance as at 31 December 2021	(157,611,909.60)	(53,549.68)	(649,478.99)	(158,314,938.27)
Provision for the year	(174,151,645.60)	(32,169.40)	(620,419.94)	(174,804,234.94)
Reductions during the year	31,551,946.15	35,466.30	86,068.60	31,673,481.05
Balance as at 31 December 2022	(300,211,609.05)	(50,252.78)	(1,183,830.33)	(301,445,692.16)
Carrying amounts				
Balance as at 31 December 2021	597,979,654.20	88,366.41	1,100,015.07	599,168,035.68
Balance as at 31 December 2022	618,901,259.86	56,197.01	320,534.20	619,277,991.07

The Bank

	Buildings	Office equipment and other equipment	Others	Total
Cost				
Balance as at 1 January 2021	496,245,550.51	217,449.55	1,424,797.21	497,887,797.27
Additions during the year	266,053,763.14	11,824.18	366,196.86	266,431,784.18
Reductions during the year	(10,391,525.80)	(87,357.64)	(41,500.01)	(10,520,383.45)
Balance as at 31 December 2021	751,907,787.85	141,916.09	1,749,494.06	753,799,198.00
Additions during the year	233,363,519.47	–	70,552.23	233,434,071.70
Reductions during the year	(69,742,126.99)	(35,466.30)	(315,681.76)	(70,093,275.05)
Balance as at 31 December 2022	915,529,180.33	106,449.79	1,504,364.53	917,139,994.65
Accumulated depreciation				
Balance as at 1 January 2021	–	–	–	–
Provision for the year	(158,517,377.78)	(72,128.43)	(659,070.78)	(159,248,576.99)
Reductions during the year	1,533,671.25	18,578.75	9,591.79	1,561,841.79
Balance as at 31 December 2021	(156,983,706.53)	(53,549.68)	(649,478.99)	(157,686,735.20)
Provision for the year	(173,371,821.45)	(32,169.40)	(620,419.94)	(174,024,410.79)
Reductions during the year	31,451,858.78	35,466.30	86,068.60	31,573,393.68
Balance as at 31 December 2022	(298,903,669.20)	(50,252.78)	(1,183,830.33)	(300,137,752.31)
Carrying amounts				
Balance as at 31 December 2021	594,924,081.32	88,366.41	1,100,015.07	596,112,462.80
Balance as at 31 December 2022	616,625,511.13	56,197.01	320,534.20	617,002,242.34

21 INTANGIBLE ASSETS

	The Group and the Bank		
	Software	Land use right	Total
Cost			
As of 1 January 2021	515,855,568.81	166,671,121.00	682,526,689.81
Additions during the year	202,931,286.71	131,264,867.42	334,196,154.13
Reductions during the year	–	–	–
As at 31 December 2021	718,786,855.52	297,935,988.42	1,016,722,843.94
Additions during the year	174,248,897.79	–	174,248,897.79
Reductions during the year	(80,727,207.91)	–	(80,727,207.91)
As at 31 December 2022	812,308,545.40	297,935,988.42	1,110,244,533.82
Accumulated amortization			
As of 1 January 2021	(206,310,062.28)	(53,876,757.74)	(260,186,820.02)
Additions during the year	(106,158,570.82)	(6,092,907.30)	(112,251,478.12)
Reductions during the year	–	–	–
As at 31 December 2021	(312,468,633.10)	(59,969,665.04)	(372,438,298.14)
Additions during the year	(154,122,230.44)	(9,426,618.23)	(163,548,848.67)
Reductions during the year	79,350,845.03	–	79,350,845.03
As at 31 December 2022	(387,240,018.51)	(69,396,283.27)	(456,636,301.78)
Carrying amounts			
As at 31 December 2022	425,068,526.89	228,539,705.15	653,608,232.04
As at 31 December 2021	406,318,222.42	237,966,323.38	644,284,545.80

22 DEFERRED INCOME TAX ASSETS

(1) Analyzed by nature

Item	The Group			
	2022		2021	
	Deductible/(taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/(taxable) temporary differences	Deferred tax assets/ (liabilities)
Provisions for impairment of loans and advances to customers and other assets	8,036,141,025.07	2,007,805,162.36	7,862,941,651.49	1,964,978,456.98
Employee benefits payable	728,808,183.96	181,921,260.95	591,871,144.05	147,751,888.08
Provisions	293,726,571.80	73,431,642.95	245,401,109.48	61,350,277.37
Lease-related deductible and taxable temporary differences	37,102,711.91	9,274,630.51	21,533,035.94	5,406,526.71
Changes in fair value of financial instruments	2,389,221.12	597,305.28	(162,122,662.44)	(40,530,665.61)
Others	34,945,435.53	7,915,809.06	(137,933,389.08)	(34,911,708.91)
Total	9,133,113,149.39	2,280,945,811.11	8,421,690,889.44	2,104,044,774.62

Item	The Bank			
	2022		2021	
	Deductible/(taxable) temporary differences	Deferred tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred tax assets/(liabilities)
Provisions for impairment of loans and advances to customers and other assets	7,974,878,590.12	1,993,719,647.53	7,799,162,644.60	1,949,790,661.15
Employee benefits payable	720,922,797.24	180,230,699.31	584,804,309.72	146,201,077.43
Provisions	293,726,571.80	73,431,642.95	245,401,109.48	61,350,277.37
Lease-related deductible and taxable temporary differences	37,588,558.48	9,397,139.62	22,393,003.88	5,598,250.97
Changes in fair value of financial instruments	2,389,221.12	597,305.28	(162,122,662.44)	(40,530,665.61)
Others	26,739,937.40	6,684,984.35	(142,217,005.48)	(35,554,251.37)
Total	9,056,245,676.16	2,264,061,419.04	8,347,421,399.76	2,086,855,349.94

The deferred income tax assets mentioned above are the tax implications of the difference between the related pre-tax accounting profits estimated by the management of the Group to be able to bring tax profits for the Group and the taxable income. The management's estimate was based on the principle of prudence with consideration of the related requirements and realities of prevailing tax regulations.

(2) Analyzed by change

Item	The Group			
	2022			
	Balance at the beginning of the year	Current year increase/decrease recognized in profit or loss	Current year increase/decrease recognized in equity	Balance at the end of the year
Provisions for impairment of loans and advances to customers and other assets	1,964,978,456.98	(2,964,031.64)	45,790,737.02	2,007,805,162.36
Employee benefits payable	147,751,888.08	34,169,372.87	–	181,921,260.95
Provisions	61,350,277.37	12,081,365.58	–	73,431,642.95
Lease-related deductible and taxable temporary differences	5,406,526.71	3,868,103.80	–	9,274,630.51
Changes in fair value of financial instruments	(40,530,665.61)	27,817,885.79	13,310,085.10	597,305.28
Others	(34,911,708.91)	42,827,517.97	–	7,915,809.06
Total	2,104,044,774.62	117,800,214.37	59,100,822.12	2,280,945,811.11

Item	The Group			
	2021			
	Balance at the beginning of the year	Current year increase/decrease recognized in profit or loss	Current year increase/decrease recognized in equity	Balance at the end of the year
Provisions for impairment of loans and advances to customers and other assets	1,917,376,628.44	110,777,523.08	(63,175,694.54)	1,964,978,456.98
Employee benefits payable	123,859,366.86	23,892,521.22	–	147,751,888.08
Provisions	53,167,553.95	8,182,723.42	–	61,350,277.37
Lease-related deductible and taxable temporary differences	–	5,406,526.71	–	5,406,526.71
Changes in fair value of financial instruments	(31,037,911.36)	(33,415,530.98)	23,922,776.73	(40,530,665.61)
Others	(42,433,018.03)	7,521,309.12	–	(34,911,708.91)
Total	2,020,932,619.86	122,365,072.57	(39,252,917.81)	2,104,044,774.62

Item	The Bank			
	2022			
	Balance at the end of the previous year	Current year increase/decrease recognized in profit or loss	Current year increase/decrease recognized in equity	Balance at the end of the year
Provisions for impairment of loans and advances to customers and other assets	1,949,790,661.15	(1,861,750.64)	45,790,737.02	1,993,719,647.53
Employee benefits payable	146,201,077.43	34,029,621.88	–	180,230,699.31
Provisions	61,350,277.37	12,081,365.58	–	73,431,642.95
Lease-related deductible and taxable temporary differences	5,598,250.97	3,798,888.65	–	9,397,139.62
Changes in fair value of financial instruments	(40,530,665.61)	27,817,885.79	13,310,085.10	597,305.28
Others	(35,554,251.37)	42,239,235.72	–	6,684,984.35
Total	2,086,855,349.94	118,105,246.98	59,100,822.12	2,264,061,419.04

Item	The Bank			
	2021			
	Balance at the end of the previous year	Current year increase/decrease recognized in profit or loss	Current year increase/decrease recognized in equity	Balance at the end of the year
Provisions for impairment of loans and advances to customers and other assets	1,901,534,082.38	111,432,273.32	(63,175,694.55)	1,949,790,661.15
Employee benefits payable	122,733,506.59	23,467,570.84	–	146,201,077.43
Provisions	53,167,553.95	8,182,723.42	–	61,350,277.37
Lease-related deductible and taxable temporary differences	–	5,598,250.97	–	5,598,250.97
Changes in fair value of financial instruments	(31,037,911.36)	(33,415,530.98)	23,922,776.73	(40,530,665.61)
Others	(42,614,400.84)	7,060,149.47	–	(35,554,251.37)
Total	2,003,782,830.72	122,325,437.04	(39,252,917.82)	2,086,855,349.94

23 OTHER ASSETS

	Note	The Group		The Bank	
		2022	2021	2022	2021
		Other receivables	780,526,373.55	731,341,282.69	779,290,642.84
Prepayment for purchase of fixed assets	(1)	882,000,000.00	300,000,000.00	882,000,000.00	300,000,000.00
Long-term deferred expenses	(2)	216,428,953.33	167,472,613.73	216,271,644.32	167,176,603.41
Interest receivable	(3)	128,958,823.57	312,872,131.22	128,809,517.40	312,746,835.41
Debt-expiated assets	(4)	14,837,528.00	14,837,528.00	6,165,000.00	6,165,000.00
Continuously involved assets	(5)	557,024,393.82	557,024,393.82	557,024,393.82	557,024,393.82
Others		1,262,798.00	1,220,027.63	1,022,138.00	1,022,138.00
Sub-total		2,581,038,870.27	2,084,767,977.09	2,570,583,336.38	2,074,205,091.84
Provision for impairment losses	24	(188,986,580.42)	(364,772,513.40)	(186,327,240.95)	(362,709,090.34)
Total		2,392,052,289.85	1,719,995,463.69	2,384,256,095.43	1,711,496,001.50

(1) On 31 December 2022, the amount represented the prepayment of RMB882 million (31 December 2021: RMB300 million) for the acquisition of the new headquarters building of the Group.

(2) Long-term deferred expenses**The Group**

	1 January 2022	Additions during the year	Amortization during the year	31 December 2022
Expenditures of improvement of fixed assets rented	72,214,914.79	54,233,203.99	(25,398,896.45)	101,049,222.33
Others	95,257,698.94	49,859,584.81	(29,737,552.75)	115,379,731.00
Total	167,472,613.73	104,092,788.80	(55,136,449.20)	216,428,953.33

	1 January 2021	Additions during the year	Amortization during the year	31 December 2021
Expenditures of improvement of fixed assets rented	40,439,111.22	47,252,089.04	(15,476,285.47)	72,214,914.79
Others	71,850,122.62	50,282,326.63	(26,874,750.31)	95,257,698.94
Total	112,289,233.84	97,534,415.67	(42,351,035.78)	167,472,613.73

The Bank

	1 January 2022	Additions during the year	Amortization during the year	31 December 2022
Expenditures of improvement of fixed assets rented	72,210,957.95	54,233,203.99	(25,394,939.61)	101,049,222.33
Others	94,965,645.46	49,859,584.81	(29,602,808.28)	115,222,421.99
Total	167,176,603.41	104,092,788.80	(54,997,747.89)	216,271,644.32

	1 January 2021	Additions during the year	Amortization during the year	31 December 2021
Expenditures of improvement of fixed assets rented	40,333,717.79	47,252,089.04	(15,374,848.88)	72,210,957.95
Others	71,423,324.67	50,282,326.63	(26,740,005.84)	94,965,645.46
Total	111,757,042.46	97,534,415.67	(42,114,854.72)	167,176,603.41

(3) The interest receivable presented in others assets includes interest that is due but not yet received as at the balance sheet date.

(4) Debt-expiated assets**Analyzed by category of debt-expiated assets**

	The Group		The Bank	
	2022	2021	2022	2021
Land and buildings	14,837,528.00	14,837,528.00	6,165,000.00	6,165,000.00
Provision for impairment losses	(6,579,343.20)	(5,535,201.40)	(4,135,000.00)	(3,699,000.00)
Total	8,258,184.80	9,302,326.60	2,030,000.00	2,466,000.00

The Group did not dispose of any debt-expiated assets in 2022 (2021: None).

The Group plans to dispose of the debt-expiated assets as of 31 December 2022 through auctions, bids and transfers in the future.

(5) Continuously involved assets

Regarding the first-phase property rights trust project between Guangdong Finance Trust Co., Ltd. and Bank Dongguan for 2020 and Guanxin's first-phase personal housing mortgage securitization project for 2020 issued by the Bank in 2020, the Bank neither transferred nor retained the ownership of the underlying credit assets. For all risks and rewards, the Bank still retains control over the transferred underlying credit assets together with the consolidated asset securitization trust, and shall continue to recognize the relevant financial assets according to the degree of continued involvement in the transferred underlying credit assets, and recognize relevant debts accordingly. Changes in the value of financial assets have caused the Bank to face risks mainly due to the inability to recover the funds invested in the secondary asset-backed securities and trust beneficiary rights. Therefore, the Bank recognized its continuously involved assets and continuously involved liabilities of RMB557,024,400.00 on 31 December 2022 (2021: RMB557,024,400.00).

24 PROVISION FOR IMPAIRMENT OF ASSETS**The Group**

	Note	1 January 2022	(Reversal)/provision for the year	Written off during the year	Others	31 December 2022
Items of impaired assets						
Deposits with banks and other financial institutions	8	4,578,450.73	(2,434,296.05)	-	3,071.64	2,147,226.32
Loans to banks and other financial institutions	9	19,528,236.13	7,986,414.41	-	506.81	27,515,157.35
Loans and advances to customers	12	6,612,025,508.18	1,124,067,251.65	(981,133,897.27)	6,457,095.69	6,761,415,958.25
Debt investment	14	3,228,474,189.23	1,248,620,913.49	(1,572,449,296.52)	(144,801,088.85)	2,759,844,717.35
Other assets	23	364,772,513.40	140,246,844.62	(316,421,547.19)	388,769.59	188,986,580.42
Total		10,229,378,897.67	2,518,487,128.12	(2,870,004,740.98)	(137,951,645.12)	9,739,909,639.69

	Note	1 January 2021	(Reversal)/provision for the year	Written off during the year	Others	31 December 2021
Items of impaired assets						
Deposits with banks and other financial institutions	8	2,229,402.29	2,349,048.44	-	-	4,578,450.73
Loans to banks and other financial institutions	9	20,137,453.49	18,971,250.06	(19,580,467.42)	-	19,528,236.13
Financial assets purchased under resale agreements	11	112,495.57	(112,495.57)	-	-	-
Loans and advances to customers	12	5,890,312,781.71	1,461,410,674.12	(744,511,030.85)	4,813,083.20	6,612,025,508.18
Debt investment	14	3,590,570,490.93	761,673,698.30	(1,123,770,000.00)	-	3,228,474,189.23
Other assets	23	105,492,462.81	300,281,263.16	(41,424,837.27)	423,624.70	364,772,513.40
Total		9,608,855,086.80	2,544,573,438.51	(1,929,286,335.54)	5,236,707.90	10,229,378,897.67

The Bank

	Note	1 January 2022	(Reversal)/provision for the year	Written off during the year	Others	31 December 2022
Items of impaired assets						
Deposits with banks and other financial institutions	8	4,567,881.45	(2,427,370.99)	-	3,071.64	2,143,582.10
Loans to banks and other financial institutions	9	19,528,236.13	7,986,414.41	-	506.81	27,515,157.35
Loans and advances to customers	12	6,567,914,640.96	1,122,078,871.56	(971,941,251.05)	(520,639.00)	6,717,531,622.47
Debt investment	14	3,228,474,189.23	1,248,620,913.49	(1,572,449,296.52)	(144,801,088.85)	2,759,844,717.35
Other assets	23	362,709,090.34	139,690,360.88	(316,316,308.87)	244,098.60	186,327,240.95
Total		10,183,194,038.11	2,515,949,189.35	(2,860,706,856.44)	(145,074,050.80)	9,693,362,320.22

	Note	1 January 2021	(Reversal)/provision for the year	Written off during the year	Others	31 December 2021
Items of impaired assets						
Deposits with banks and other financial institutions	8	2,227,543.10	2,340,338.35	-	-	4,567,881.45
Loans to banks and other financial institutions	9	20,137,453.49	18,971,250.06	(19,580,467.42)	-	19,528,236.13
Financial assets purchased under resale agreements	11	112,495.57	(112,495.57)	-	-	
Loans and advances to customers	12	5,835,915,459.38	1,468,724,640.44	(737,480,987.55)	755,528.69	6,567,914,640.96
Debt investment	14	3,590,570,490.93	761,673,698.30	(1,123,770,000.00)	-	3,228,474,189.23
Other assets	23	105,271,193.92	298,439,382.84	(41,338,988.77)	337,502.35	362,709,090.34
Total		9,554,234,636.39	2,550,036,814.42	(1,922,170,443.74)	1,093,031.04	10,183,194,038.11

25 BORROWINGS FROM CENTRAL BANK

	The Group		The Bank	
	2022	2021	2022	2021
Borrowings from central bank	12,168,652,100.00	9,691,033,900.00	12,124,234,100.00	9,665,028,900.00
Re-discounted bills	375,019,264.44	1,147,282,530.83	375,019,264.44	1,147,282,530.83
Accrued interest	7,784,843.53	19,596,492.91	7,758,077.24	19,579,524.26
Total	12,551,456,207.97	10,857,912,923.74	12,507,011,441.68	10,831,890,955.09

26 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of institutions

	The Group		The Bank	
	2022	2021	2022	2021
Banks operating in Mainland China	526,352,742.71	1,483,019,917.22	969,389,271.24	1,743,607,148.55
Other financial institutions operating in Mainland China	5,999,006,477.97	2,600,327,278.13	5,999,006,477.97	2,600,327,278.13
Accrued interest	13,311,284.79	11,090,932.74	13,506,110.43	11,206,744.52
Total	6,538,670,505.47	4,094,438,128.09	6,981,901,859.64	4,355,141,171.20

27 LOANS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of institutions

	The Group and the Bank	
	2022	2021
Banks operating in Mainland China	7,597,241,390.00	5,237,672,664.54
Banks operating outside Mainland China	558,832,539.40	76,508,400.00
Accrued interest	23,348,019.17	5,179,270.26
Total	8,179,421,948.57	5,319,360,334.80

28 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(1) Analyzed by category of financial assets sold under repurchase agreements

	The Group and the Bank	
	2022	2021
Bills	2,578,659,975.72	2,264,107,844.57
Bonds		
– Bonds issued by the Chinese government	–	12,037,570,000.00
– Policy bank bonds	8,100,000,000.00	6,365,930,000.00
Accrued interest	16,122,820.02	18,310,051.47
Total	10,694,782,795.74	20,685,917,896.04

(2) Analyzed by type of counter-parties

	The Group and the Bank	
	2022	2021
Banks operating in Mainland China	10,678,659,975.72	20,667,607,844.57
Accrued interest	16,122,820.02	18,310,051.47
Total	10,694,782,795.74	20,685,917,896.04

29 CUSTOMER DEPOSITS

	Note	The Group		The Bank	
		2022	2021	2022	2021
Demand deposits					
– Corporate customers		79,070,262,763.81	80,954,343,616.99	78,789,842,606.14	80,587,276,900.77
– Retail customers		54,048,473,161.52	41,105,499,035.02	53,997,036,714.72	41,043,818,617.77
Sub-total		133,118,735,925.33	122,059,842,652.01	132,786,879,320.86	121,631,095,518.54
Time deposits (Note)					
– Corporate customers		137,127,024,221.85	122,735,954,603.04	137,023,819,841.85	122,644,692,616.26
– Retail customers		70,088,532,757.16	60,051,662,235.72	69,288,909,124.59	59,388,244,614.54
Sub-total		207,215,556,979.01	182,787,616,838.76	206,312,728,966.44	182,032,937,230.80
Fiscal deposits		499,282,815.05	524,658,338.18	499,282,815.05	524,658,338.18
Remittances outstanding and outward remittances		1,329,656,666.19	1,056,752,422.87	1,329,651,665.54	1,056,747,439.92
Margin deposits	(1)	21,434,866,835.74	12,403,797,593.16	21,411,962,997.79	12,376,825,626.85
Accrued interest		5,990,128,954.45	3,818,464,626.44	5,955,264,340.70	3,787,271,768.96
Total		369,588,228,175.77	322,651,132,471.42	368,295,770,106.38	321,409,535,923.25

Note: Time deposits of the Group and the Bank include notice deposits and structured deposits.

(1) Customer deposits include deposits for guarantees received as indicated below:

	The Group		The Bank	
	2022	2021	2022	2021
– Deposits for acceptance bills	16,512,861,124.51	7,990,916,630.27	16,512,861,124.51	7,990,916,630.27
– Deposits for secured loans	1,783,472,871.52	1,716,015,231.84	1,761,556,066.63	1,693,561,533.47
– Deposits for letters of guarantee	748,548,044.97	993,241,597.43	748,548,044.97	993,241,597.43
– Deposits for letters of credit	1,981,176,066.92	1,527,524,845.37	1,981,176,066.92	1,527,524,845.37
– Others	408,808,727.82	176,099,288.25	407,821,694.76	171,581,020.31
Total	21,434,866,835.74	12,403,797,593.16	21,411,962,997.79	12,376,825,626.85

30 EMPLOYEE BENEFITS PAYABLE

	Note	The Group		The Bank	
		2022	2021	2022	2021
Short-term employee benefits	(1)	918,624,278.92	795,061,245.66	912,310,525.08	788,825,920.55
Post-employment benefits	(2)	143,235,298.78	128,492,245.06	143,235,298.78	128,489,153.83
Other long-term employee benefits	(3)	251,835,885.64	217,754,542.08	246,910,359.50	213,592,219.96
Total		1,313,695,463.34	1,141,308,032.80	1,302,456,183.36	1,130,907,294.34

(1) Short-term employee benefits

	The Group			
	1 January 2022	Accrued during the year	Decrease during the year	31 December 2022
Salaries, bonuses, allowances and subsidies	784,847,983.16	1,491,822,154.34	(1,383,342,012.95)	893,328,124.55
Staff welfare	49,056.00	94,086,878.69	(93,955,836.74)	180,097.95
Social insurance				
– Medical insurance	–	48,137,497.18	(37,697,755.49)	10,439,741.69
– Work-related injury insurance	–	1,779,333.59	(1,777,707.32)	1,626.27
– Maternity insurance	–	5,089,453.36	(3,824,546.35)	1,264,907.01
Housing fund	–	126,393,557.21	(122,705,197.49)	3,688,359.72
Labor union fee, staff and workers' education fee	10,146,939.84	47,410,272.18	(47,853,347.15)	9,703,864.87
Other short-term employee benefits	17,266.66	18,232,678.37	(18,232,388.17)	17,556.86
Total	795,061,245.66	1,832,951,824.92	(1,709,388,791.66)	918,624,278.92

	The Group			
	1 January 2021	Accrued during the year	Decrease during the year	31 December 2021
Salaries, bonuses, allowances and subsidies	752,095,510.89	1,398,063,607.96	(1,365,311,135.69)	784,847,983.16
Staff welfare	–	83,094,809.62	(83,045,753.62)	49,056.00
Social insurance				
– Medical insurance	–	40,649,042.23	(40,649,042.23)	–
– Work-related injury insurance	–	999,456.09	(999,456.09)	–
– Maternity insurance	–	5,197,765.69	(5,197,765.69)	–
Housing fund	2,944,312.32	111,613,126.46	(114,557,438.78)	–
Labor union fee, staff and workers' education fee	7,851,550.87	43,742,586.98	(41,447,198.01)	10,146,939.84
Other short-term employee benefits	16,238.50	17,276,167.02	(17,275,138.86)	17,266.66
Total	762,907,612.58	1,700,636,562.05	(1,668,482,928.97)	795,061,245.66

	The Bank			
	1 January 2022	Accrued during the year	Decrease during the year	31 December 2022
Salaries, bonuses, allowances and subsidies	778,749,632.99	1,476,325,525.09	(1,367,915,671.56)	887,159,486.52
Staff welfare	49,056.00	93,225,340.70	(93,096,298.75)	178,097.95
Social insurance				
– Medical insurance	–	47,129,114.75	(36,689,373.06)	10,439,741.69
– Work-related injury insurance	–	1,750,357.38	(1,748,731.11)	1,626.27
– Maternity insurance	–	5,089,453.36	(3,824,546.35)	1,264,907.01
Housing fund	–	124,706,114.21	(121,017,754.49)	3,688,359.72
Labor union fee, staff and workers' education fee	10,009,964.90	46,988,462.08	(47,437,677.92)	9,560,749.06
Other short-term employee benefits	17,266.66	18,004,820.05	(18,004,529.85)	17,556.86
Total	788,825,920.55	1,813,219,187.62	(1,689,734,583.09)	912,310,525.08

	The Bank			
	1 January 2021	Accrued during the year	Decrease during the year	31 December 2021
Salaries, bonuses, allowances and subsidies	747,508,098.20	1,381,169,914.72	(1,349,928,379.93)	778,749,632.99
Staff welfare	–	82,136,613.39	(82,087,557.39)	49,056.00
Social insurance				
– Medical insurance	–	39,733,535.69	(39,733,535.69)	–
– Work-related injury insurance	–	971,049.47	(971,049.47)	–
– Maternity insurance	–	5,190,633.57	(5,190,633.57)	–
Housing fund	2,944,312.32	110,056,433.46	(113,000,745.78)	–
Labor union fee, staff and workers' education fee	7,740,628.75	43,287,611.41	(41,018,275.26)	10,009,964.90
Other short-term employee benefits	16,238.50	17,055,044.03	(17,054,015.87)	17,266.66
Total	758,209,277.77	1,679,600,835.74	(1,648,984,192.96)	788,825,920.55

(2) Post-employment benefits

	The Group			
	1 January 2022	Accrued during the year	Decrease during the year	31 December 2022
Basic pension insurance	286,201.13	141,052,782.20	(140,931,115.91)	407,867.42
Unemployment insurance	3,091.23	3,010,120.98	(3,012,448.31)	763.90
Enterprise annuity contributions	–	119,520,077.18	(115,786,423.57)	3,733,653.61
Supplementary retirement benefits	128,202,952.70	19,883,979.21	(8,993,918.06)	139,093,013.85
Total	128,492,245.06	283,466,959.57	(268,723,905.85)	143,235,298.78

	The Group			
	1 January 2021	Accrued during the year	Decrease during the year	31 December 2021
Basic pension insurance	–	124,881,892.53	(124,595,691.40)	286,201.13
Unemployment insurance	17,751.27	2,893,780.00	(2,908,440.04)	3,091.23
Enterprise annuity contributions	2,254,627.11	102,948,331.90	(105,202,959.01)	–
Supplementary retirement benefits	115,964,758.89	26,979,877.49	(14,741,683.68)	128,202,952.70
Total	118,237,137.27	257,703,881.92	(247,448,774.13)	128,492,245.06

	The Bank			
	1 January 2022	Accrued during the year	Decrease during the year	31 December 2022
Basic pension insurance	286,201.13	139,044,499.43	(138,922,833.14)	407,867.42
Unemployment insurance	–	2,961,033.95	(2,960,270.05)	763.90
Enterprise annuity contributions	–	119,520,077.18	(115,786,423.57)	3,733,653.61
Supplementary retirement benefits	128,202,952.70	19,883,979.21	(8,993,918.06)	139,093,013.85
Total	128,489,153.83	281,409,589.77	(266,663,444.82)	143,235,298.78

	The Bank			
	1 January 2021	Accrued during the year	Decrease during the year	31 December 2021
Basic pension insurance	–	123,019,616.11	(122,733,414.98)	286,201.13
Unemployment insurance	–	2,855,310.39	(2,855,310.39)	–
Enterprise annuity contributions	2,254,627.11	102,948,331.90	(105,202,959.01)	–
Supplementary retirement benefits	115,964,758.89	26,979,877.49	(14,741,683.68)	128,202,952.70
Total	118,219,386.00	255,803,135.89	(245,533,368.06)	128,489,153.83

(i) Social insurance

Social insurance includes basic pension insurance, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance. The Group pays contributions to the above-mentioned social insurance for the benefits of its employees in accordance with related laws, regulations and policies of the Chinese authorities in charge of labor and social insurance. The Group pays the above-mentioned social insurance contributions to related authorities in a certain proportion of the contribution base.

(ii) Annuity plan

In addition to basic endowment insurance, the Bank also set up an annuity plan for qualified employees in accordance with the Labor Law of the People's Republic of China, the Measures for Enterprise Annuity (Decree No. 36 of the Ministry of Labor and Social Security), the Administrative Measures on Enterprise Annuity Funds (Decree No. 24 of the Ministry of Human Resources and Social Security), the Notification of Guangdong Province on Establishing Enterprise Annuity System (YFB [2004] No. 81), the Opinions on Implementation of Enterprise Annuity in Guangdong Province (YLS [2005] No. 98), and the Notification on Establishing Enterprise Annuity System in Dongguan (DFB [2007] No. 82). The Bank started to operate the annuity plan in 2006 and paid annuity based on the actual performance of the Bank and individual employees.

(3) Other long-term employee benefits

	The Group		The Bank	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Deferred payment for compensation				
Balance at the beginning of the year	217,754,542.08	181,493,854.44	213,592,219.96	176,986,591.86
Provision for the year	131,869,801.13	121,591,627.16	130,447,126.15	120,499,042.70
Paid during the year	(97,788,457.57)	(85,330,939.52)	(97,128,986.61)	(83,893,414.60)
Balance at the end of the year	251,835,885.64	217,754,542.08	246,910,359.50	213,592,219.96

Note: Other long-term employee benefits are mainly in-arrears payment of remuneration accrued in accordance with the requirements of regulatory authorities and relevant regulations of the Group. The deferred payment period is three years.

31 PROVISIONS**The Group and the Bank**

	Note	31 December 2022	31 December 2021
Expected credit losses of off-balance sheet credit operations	(i)	293,726,571.78	245,401,109.48
Others		3,283,588.51	2,907,295.93
Total		297,010,160.29	248,308,405.41

(i) Expected credit losses of off-balance sheet credit operations

The Group and the Bank

	2022			
	12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – Credit-impaired	Total
Balance at the beginning of the year	244,633,652.48	–	767,457.00	245,401,109.48
Transfer to:				
– 12-month expected credit loss	–	–	–	–
– Lifetime expected credit loss	–	–	–	–
– Not credit-impaired	–	–	–	–
Provision/(reversal) for the year	3,661,298.05	2,009,834.02	42,654,330.23	48,325,462.30
Balance at the end of the year	248,294,950.53	2,009,834.02	43,421,787.23	293,726,571.78

	2021			Total
	12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – Credit-impaired	
Balance at the beginning of the year	192,719,621.83	399,159.46	19,551,434.51	212,670,215.80
Transfer to:				
– 12-month expected credit loss	–	–	–	–
– Lifetime expected credit loss	–	–	–	–
– Not credit-impaired	–	–	–	–
Provision/(reversal) for the year	51,914,030.65	(399,159.46)	(18,783,977.51)	32,730,893.68
Balance at the end of the year	244,633,652.48	–	767,457.00	245,401,109.48

32 BONDS PAYABLE

	Note	The Group and the Bank	
		2022	2021
Tier-2 capital bonds payable	(ii)	8,996,447,985.61	8,996,004,782.02
Financial bonds payable	(iii)	13,996,946,855.33	9,997,331,080.72
Interbank certificates of deposit payable	(iv)	68,100,434,717.24	66,266,068,815.22
Accrued interest		371,713,972.60	275,135,342.49
Total		91,465,543,530.78	85,534,540,020.45

Changes in bonds payable:

	1 January 2022	Issue during this year	Repay during this year	Amortization of discount and premium	31 December 2022
Tier-2 capital bonds payable	8,996,004,782.02	–	–	443,203.59	8,996,447,985.61
Financial bonds payable	9,997,331,080.72	4,000,000,000.00	–	(384,225.39)	13,996,946,855.33
Interbank certificates of deposit payable	66,266,068,815.22	111,440,000,000.00	(109,780,000,000.00)	174,365,902.02	68,100,434,717.24
Total	85,259,404,677.96	115,440,000,000.00	(109,780,000,000.00)	174,424,880.22	91,093,829,558.18

	1 January 2021	Issue during this year	Repay during this year	Amortization of discount and premium	31 December 2021
Tier-2 capital bonds payable	8,997,453,859.55	5,000,000,000.00	(5,000,000,000.00)	(1,449,077.53)	8,996,004,782.02
Financial bonds payable	5,998,991,181.05	6,000,000,000.00	(2,000,000,000.00)	(1,660,100.33)	9,997,331,080.72
Interbank certificates of deposit payable	29,618,484,266.05	118,500,000,000.00	(81,340,000,000.00)	(512,415,450.83)	66,266,068,815.22
Total	44,614,929,306.65	129,500,000,000.00	(88,340,000,000.00)	(515,524,628.69)	85,259,404,677.96

(i) Changes in bonds payable do not include accrued interest.

- (ii) Approved by the "Decision on Administrative Approval from the People's Bank of China" (YXZYJZ [2021] No. 15) issued by the People's Bank of China, the Bank issued tier-2 capital bonds of RMB2 billion in total on 27 April 2021, of which the term is 10 years. The Bank has an option to redeem all or part of the tier-2 capital bonds as per the nominal value at the end of the 5th year. If the Bank exercises such option, the term of the bonds is then reduced to five years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 4.75%, and the value date is 29 April 2021.

Approved by the "Decision on Administrative Approval from the People's Bank of China" (YXZYJZ [2021] No. 15) issued by the People's Bank of China, the Bank issued tier-2 capital bonds of RMB3 billion in total on 25 March 2021, of which the term is 10 years. The Bank has an option to redeem all or part of the tier-2 capital bonds as per the nominal value at the end of the 5th year. If the Bank exercises such option, the term of the bonds is then reduced to five years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 4.80%, and the value date is 29 March 2021.

Approved by the "Decision on Administrative Approval from the People's Bank of China" (YSCXZY [2019] No. 198) issued by the People's Bank of China, the Bank issued tier-2 capital bonds of RMB4 billion in total on 26 November 2019, of which the term is 10 years. The Bank has an option to redeem all or part of the tier-2 capital bonds as per the nominal value at the end of the 5th year. If the Bank exercises such option, the term of the bonds is then reduced to five years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 4.50%, and the value date is 28 November 2019.

Approved by the "Decision on Administrative Approval from the People's Bank of China" (YSCXZY [2016] No. 15) issued by the People's Bank of China, the Bank issued tier-2 capital bonds of RMB5 billion in total on 2 March 2016, of which the term is 10 years. The Bank has an option to redeem all or part of the tier-2 capital bonds as per the nominal value at the end of the 5th year. If the Bank exercises such option, the term of the bonds is then reduced to five years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 4.30%, and the value date is 4 March 2016. The bond was due and paid on 4 March 2021.

- (iii) The Bank issued financial bonds of RMB4 billion in total on 25 February 2022, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 2.88%, and the value date is 1 March 2022.

The Bank issued financial bonds of RMB3 billion in total on 5 November 2021, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 3.10%, and the value date is 9 November 2021.

The Bank issued financial bonds of RMB3 billion in total on 23 September 2021, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 3.09%, and the value date is 27 September 2021.

The Bank issued financial bonds of RMB4 billion in total on 9 September 2020, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 3.79%, and the value date is 11 September 2020.

The Bank issued green financial bonds of RMB2 billion in total on 22 August 2018, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 4.39%, and the value date is 24 August 2018. The bond was due and paid on 24 August 2021.

- (iv) During 2022, the Bank accumulatively issued to the national interbank bond market 303 interbank CDs with a total face value of RMB111.44 billion and a coupon rate ranging from 1.50% to 2.80%.

During 2021, the Bank accumulatively issued to the national interbank bond market 251 interbank CDs with a total face value of RMB118.5 billion and a coupon rate ranging from 2.35% to 3.22%.

33 LEASE LIABILITY

Analysis of lease liabilities by maturity date – Undiscounted analysis:

	The Group		The Bank	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Within a year	172,614,347.66	178,546,763.64	171,908,477.46	177,840,193.44
One to two years	114,034,530.88	150,371,596.57	113,516,660.68	149,665,726.37
Two to three years	99,307,414.54	92,876,387.49	99,177,544.34	92,358,517.29
Three to five years	153,387,899.68	114,937,082.38	153,102,185.28	114,664,354.98
Over five years	197,363,896.00	153,845,084.96	197,351,991.32	153,690,323.08
Total undiscounted lease liabilities	736,708,088.76	690,576,915.04	735,056,859.08	688,219,115.16
Lease liabilities on the balance sheet	652,864,437.27	617,793,775.72	651,307,212.33	615,598,170.75

34 OTHER LIABILITIES

	Note	The Group		The Bank	
		2022	2021	2022	2021
Other payables	(1)	373,528,555.36	269,324,607.85	372,635,815.78	266,577,492.91
Payables for fund settlement		236,822,920.65	73,097,762.62	236,746,451.09	72,875,139.10
Deferred income		74,489,773.96	39,483,513.05	74,489,773.96	39,483,513.05
Dividends payable		5,117,959.50	4,255,341.47	5,117,959.50	4,255,341.47
Continuously involved debt	23(5)	557,024,393.82	557,024,393.82	557,024,393.82	557,024,393.82
Others		7,266,958.89	335,200.70	7,266,958.89	335,200.70
Total		1,254,250,562.18	943,520,819.51	1,253,281,353.04	940,551,081.05

(1) Other payables

	The Group		The Bank	
	2022	2021	2022	2021
Asset-backed securitization payments to be transferred	61,531,727.51	61,832,531.12	61,531,727.51	61,832,531.12
Pending accounts for wealth management product subscription	71,225,396.50	14,027,951.16	71,225,396.50	14,027,951.16
Amounts to be transferred	14,091,603.24	13,122,591.43	14,087,850.91	13,058,035.42
Long-suspended and pending customers' deposits	6,330,125.45	5,756,456.38	6,253,601.28	5,720,234.88
Temporary receipt of risk reserve for wealth management as an agency	23,243,486.77	16,416,897.36	23,243,486.77	16,416,897.36
Others	197,106,215.89	158,168,180.40	196,293,752.81	155,521,842.97
Total	373,528,555.36	269,324,607.85	372,635,815.78	266,577,492.91

35 SHARE CAPITAL

The share capital structures of the Bank as at each balance sheet date are as follows:

	Number of shares	Amount
Registered capital and share capital (ordinary share with a face value of RMB1 per share)		
As at 31 December 2022 and 31 December 2021	2,180,000,000.00	2,180,000,000.00

Historical verification results of the Bank's share capital:

According to the Capital Verification Report (DSSYZ [1999] No. 0355) issued on 26 July 1999 by Dongguan Auditing Firm, the Bank had share capital of RMB1,089,218,723;

According to the Capital Verification Report (SPSYZ [2006] No. 033) issued on 29 April 2006 by Shenzhen Pengcheng Accounting Firm Co., Ltd. (former Shenzhen Pengcheng Accounting Firm Co., Ltd.), the Bank increased its share capital by RMB547,581,277 to RMB1,636,800,000;

According to the Capital Verification Report (XKSBZ [2011] No. 300019) issued on 13 December 2011 by BDO China Shu Lun Pan Certified Public Accountants LLP, the Bank increased its share capital by RMB343,200,000 to RMB1,980,000,000, and increased the capital reserve (share premium) by RMB1,201,200,000;

According to the Capital Verification Report (XKSBZ [2014] No. 130015) issued on 21 January 2014 by BDO China Shu Lun Pan Certified Public Accountants LLP, the Bank increased its share capital by RMB200,000,000 to RMB2,180,000,000, and increased the capital reserve (share premium) by RMB866,000,000.

36 CAPITAL RESERVE

Changes in capital reserve are as follows:

	The Group			
	Balance as at 1 January 2022	Additions during the year	Reductions during the year	Balance as at 31 December 2022
Share premium	2,102,221,024.35	-	-	2,102,221,024.35
Other capital reserve	(12,685,892.94)	-	-	(12,685,892.94)
Total	2,089,535,131.41	-	-	2,089,535,131.41

	The Group			
	Balance as at 1 January 2021	Additions during the year	Reductions during the year	Balance as at 31 December 2021
Share premium	2,102,221,024.35	-	-	2,102,221,024.35
Other capital reserve	(12,685,892.94)	-	-	(12,685,892.94)
Total	2,089,535,131.41	-	-	2,089,535,131.41

	The Bank			
	Balance as at 1 January 2022	Additions during the year	Reductions during the year	Balance as at 31 December 2022
Share premium	2,101,471,122.46	-	-	2,101,471,122.46
Other capital reserve	(12,685,892.94)	-	-	(12,685,892.94)
Total	2,088,785,229.52	-	-	2,088,785,229.52

	The Bank			
	Balance as at 1 January 2021	Additions during the year	Reductions during the year	Balance as at 31 December 2021
Share premium	2,101,471,122.46	–	–	2,101,471,122.46
Other capital reserve	(12,685,892.94)	–	–	(12,685,892.94)
Total	2,088,785,229.52	–	–	2,088,785,229.52

37 OTHER EQUITY INSTRUMENTS

(1) Table of other equity instruments issued at the end of the year

Issuing Perpetual Bonds	Issue date	Accounting classification	Initial interest rate	Offering price	Number (shares)	Amount	Maturity date	Share transfer conditions	Transfer situation
Undated capital bonds	8 August 2022	Equity instrument	3.52%	RMB100/piece	20,000,000.00	2,000,000,000.00	Permanent	None	None
Less: issue expenses						1,037,735.85			
Undated capital bonds	20 May 2020	Equity instrument	4.25%	RMB100/piece	22,000,000.00	2,200,000,000.00	Permanent	None	None
Less: issue expenses						2,641,509.43			
Carrying value						4,196,320,754.72			

(2) Main terms

Approved by "Decision on Administrative Approval from the People's Bank of China"(YXZY [2022] No. 133), the Bank issued a total of RMB2 billion of write-down undated capital bonds ("Perpetual Bonds") in the national interbank bond market on 8 August 2022. The unit face value of the bond is RMB100, and the coupon rate for the first five years is 3.52%, with every five years thereafter set as a coupon rate adjustment period. During a coupon rate adjustment period, interest is paid at the same coupon rate as agreed.

Approved by "Decision on Administrative Approval from the People's Bank of China"(YSCXZY [2020] No. 72), the Bank issued a total of RMB2.2 billion of write-down undated capital bonds ("Perpetual Bonds") in the national interbank bond market on 20 May 2020. The unit face value of the bond is RMB100, and the coupon rate for the first five years is 4.25%, with every five years thereafter set as a coupon rate adjustment period. During a coupon rate adjustment period, interest is paid at the same coupon rate as agreed.

The duration of the bonds is consistent with the duration of the Bank's continuing operations. The bond issuance sets the Bank's conditional redemption clause. The Bank has the right to redeem the bonds in full or in part on the payment date of annual interest (including the interest payment date in the fifth year after the issuance date) five years after the issuance date. The Bank must exercise the redemption rights subject to the approval of the China Banking Regulatory Commission and the following conditions: Replace the redeemed instruments with equivalent or higher quality capital instruments, only if the income capacity is sustainable; or after the exercise of the redemption rights, the capital level is still significantly higher than the regulatory capital requirements stipulated by the China Banking Regulatory Commission.

The Bank has the right to cancel part or all of the bond dividends, which shall not constitute a default event. If the Bank completely or partially cancels the dividend distribution of these bonds, the Bank will not make any income distribution to ordinary shareholders from the day after the resolution of the general meeting of shareholders is passed until it decides to restart the full dividend payment to the bondholders. The bonds adopt the non-cumulative interest payment method, i.e., the difference of the full dividend not paid to the bondholders will not accumulate to the next interest accrual year.

After deducting the issuance costs, the proceeds from the bond offering will be used to supplement other Tier-1 capital of the Bank in accordance with applicable laws and the approval of the competent authorities.

(3) Changes

	Balance as at 1 January 2022		Additions during the year		Reductions during the year		Balance as at 31 December 2022	
	Number (shares)	Carrying value	Number (shares)	Carrying value	Number (shares)	Carrying value	Number (shares)	Carrying value
Issuing Perpetual Bonds								
Undated capital bonds	22,000,000.00	2,197,358,490.57	20,000,000.00	1,998,962,264.15	-	-	42,000,000.00	4,196,320,754.72

	Balance as at 1 January 2021		Additions during the year		Reductions during the year		Balance as at 31 December 2021	
	Number (shares)	Carrying value	Number (shares)	Carrying value	Number (shares)	Carrying value	Number (shares)	Carrying value
Issuing Perpetual Bonds								
Undated capital bonds	22,000,000.00	2,197,358,490.57	-	-	-	-	22,000,000.00	2,197,358,490.57

38 OTHER COMPREHENSIVE INCOME

	The Group and the Bank	
	2022	2021
Balance at the beginning of the year	190,080,309.80	93,241,155.75
Other comprehensive income will not be reclassified into profit or loss		
– Changes in fair value of investments in other equity instruments	(11,978,347.98)	(21,707,332.35)
Other comprehensive income will be reclassified into profit or loss		
– Changes in fair value of debt instruments measured at FVOCI	93,174,356.94	19,045,150.16
– Losses of debt instruments in FVOCI	(183,162,948.09)	252,702,778.18
– Net amount of reclassifications from previous other comprehensive income to current profit or loss	(146,414,697.34)	(114,736,257.09)
– Other comprehensive income that can be reclassified into profit or loss under equity method	596,079.23	787,732.96
– Exchange differences recorded in foreign currency financial statements	(6,375,325.41)	-
Income tax implications	59,100,822.12	(39,252,917.81)
Balance at the end of the year	(4,979,750.73)	190,080,309.80

39 SURPLUS RESERVE

	The Group and the Bank Statutory surplus reserve
Balance as of 1 January 2021	2,569,315,378.08
Provision for the year	331,398,221.74
Balance as at 31 December 2021	2,900,713,599.82
Provision for the year	384,028,536.31
Balance as at 31 December 2022	3,284,742,136.13

In accordance with the Articles of Association, the Bank needs to appropriate 10% of the net profit to the statutory surplus reserve after making up the losses sustained in the previous years. When the accumulated amount of the statutory surplus reserve reaches 50% of the registered capital of the Bank, it can no longer be appropriated. The Bank's statutory surplus reserve has reached 50% of the Bank's registered capital.

The bank has not appropriated discretionary surplus reserve.

40 GENERAL RISK RESERVE

In accordance with the “Administrative Measures on Accrual of Provisions by Financial Enterprises”(CJ [2012] No. 20) issued by MOF, apart from provisions for impairment of assets, the Bank accrued general risk reserves to compensate for potential losses in association with risk assets yet to be identified by the Bank. Such general risk reserves are treated as profit distribution, forms part of owners’ equity, and in principle should not be less than 1.5% of the closing balance of risk assets.

41 PROFIT DISTRIBUTION

(1) Appropriation to surplus reserve and general risk reserves

- (i) In accordance with the Articles of Association, the Bank made an appropriation to its statutory surplus reserve for 2022 and 2021 at 10% of the net profit.
- (ii) The Bank’s profit distribution plan for the year ended 31 December 2021 approved by the Annual General Meeting of Shareholders for the Year 2021 held on 31 March 2022 is as follows:
 - Appropriate 10% of the net profit as statutory surplus reserve
 - Appropriate RMB500 million as general risk reserve

(2) Profit distribution to investors

- (i) As approved by the Annual General Meeting of Shareholders held on 31 March 2022, based on the retained earnings at the end of 2021, the Bank distributed a cash dividend totaling RMB545,000,000.00 to all shareholders of 2,180,000,000 capital shares.
- (ii) As approved by the Annual General Meeting of Shareholders for the Year 2021 held on 7 April 2022, Dongyuan Taiye Village Town Bank Co., Ltd., a subsidiary of the Bank distributed a total cash dividend of RMB4,000,000.00 out of the 2021 profit distribution to its investors, among which the Bank received a cash dividend of RMB2,040,000.00.
- (iii) The Bank paid the interest of RMB93,500,000.00 for the perpetual bond during the interest-bearing period according to the relevant provisions of the 2022 Interest Payment Announcement for 2020 Undated Capital Bonds in May 2022.

(3) Undistributed profit at the end of the year

As at 31 December 2022, the undistributed profit attributable to the parent company included an appropriation of RMB11,268,956.49 (As at 31 December 2021: RMB10,838,504.41) to surplus reserve made by the Bank’s subsidiaries.

42 NET INTEREST INCOME

	The Group		The Bank	
	2022	2021	2022	2021
Interest income				
Loans and advances to customers	13,484,174,452.78	12,437,169,282.80	13,427,477,903.89	12,376,564,462.75
– Corporate loans and advances	8,032,051,483.43	7,218,491,470.85	8,020,890,250.34	7,204,500,824.68
– Individual loans and advances	5,034,129,624.80	4,560,635,470.77	4,988,594,309.00	4,514,021,296.89
– Discounted bills	417,993,344.55	658,042,341.18	417,993,344.55	658,042,341.18
Financial investment	4,298,687,019.28	3,863,030,196.73	4,298,687,019.28	3,863,030,196.73
Deposits in the central bank	426,707,798.46	434,562,017.20	425,529,336.78	433,338,469.33
Financial assets purchased under resale agreements	234,925,569.67	217,988,656.41	234,925,569.67	217,988,656.41
Loans to banks and other financial institutions	136,881,516.36	23,884,648.33	136,881,516.36	23,884,648.33
Deposits with banks and other financial institutions	8,527,417.22	14,866,353.57	6,716,246.15	6,242,445.52
Sub-total of interest revenue	18,589,903,773.77	16,991,501,155.04	18,530,217,592.13	16,921,048,879.07
Interest expense				
Customer deposits	(7,282,941,009.77)	(6,531,362,885.59)	(7,253,158,906.78)	(6,503,519,397.84)
Bonds payable	(2,617,603,010.14)	(2,023,342,891.75)	(2,617,603,010.14)	(2,023,342,891.75)
Deposits from banks and other financial institutions	(95,279,376.32)	(83,153,071.99)	(104,180,622.53)	(87,000,524.86)
Financial assets sold under repurchase agreements	(329,243,456.29)	(327,934,655.77)	(329,243,456.29)	(327,934,655.77)
Loans from banks and other financial institutions	(230,103,233.61)	(102,844,466.81)	(230,103,233.61)	(102,844,466.81)
Interest expense on lease liability	(24,019,120.83)	(22,189,639.02)	(23,950,930.66)	(22,108,381.89)
Borrowings from central bank	(235,671,411.40)	(615,092,488.41)	(234,916,593.22)	(614,373,278.57)
Sub-total of interest expense	(10,814,860,618.36)	(9,705,920,099.34)	(10,793,156,753.23)	(9,681,123,597.49)
Net interest income	7,775,043,155.41	7,285,581,055.70	7,737,060,838.90	7,239,925,281.58

43 NET FEE AND COMMISSION INCOME

	The Group		The Bank	
	2022	2021	2022	2021
Fee and commission income				
Agency service charges	287,310,578.76	307,850,018.11	289,860,618.95	309,004,088.17
Guarantee service charges	158,287,704.80	137,305,519.39	158,287,704.80	137,305,519.39
Settlement charges	79,309,480.91	80,147,729.83	79,305,127.89	80,142,371.32
Bank card charges	70,984,036.53	42,652,705.32	70,980,263.89	42,647,721.02
Entrusted service charges	137,694,381.20	121,022,568.79	137,694,381.20	121,022,568.79
Consulting service charges	45,089,303.69	80,374,008.18	45,083,381.39	80,364,493.69
Account management charges	1,092,961.13	421,299.03	1,092,961.13	421,299.03
Security lending service charges	9,178,185.06	1,536,391.16	9,178,185.06	1,536,391.16
Custody service charges	2,213,154.76	1,066,087.76	2,212,863.50	1,066,087.76
Other charges	242,180,194.17	212,561,306.45	242,269,878.26	212,667,991.83
Sub-total	1,033,339,981.01	984,937,634.02	1,035,965,366.07	986,178,532.16
Fee and commission expenses				
Settlement charges	(77,129,434.99)	(68,334,130.13)	(76,995,082.41)	(68,203,365.47)
Agency service charges	(1,432,717.48)	(9,694,170.20)	(1,432,717.48)	(9,694,170.20)
Security lending service charges	(7,334,520.57)	–	(7,334,520.57)	–
Bank card charges	(9,369,026.83)	(8,856,533.66)	(9,342,758.14)	(8,819,943.72)
Other charges	(48,247,934.14)	(16,944,405.53)	(48,361,779.70)	(17,045,957.99)
Sub-total	(143,513,634.01)	(103,829,239.52)	(143,466,858.30)	(103,763,437.38)
Net fee and commission income	889,826,347.00	881,108,394.50	892,498,507.77	882,415,094.78

44 INVESTMENT INCOME

	The Group		The Bank	
	2022	2021	2022	2021
Realized profits/(losses) from disposal of investment				
– Financial assets held for trading	177,081,428.94	34,826,952.30	177,081,428.94	34,826,952.30
– Debt investments	18,919,844.79	4,853,238.46	18,919,844.79	4,853,238.46
– Other debt investments	101,641,146.63	113,926,895.81	101,641,146.63	113,926,895.81
– Derivative financial instruments	(79,555,689.87)	11,499,455.13	(79,555,689.87)	11,499,455.13
Profits realized during the period				
– Net interest income from financial investments	308,971,116.21	193,581,699.69	308,971,116.21	193,581,699.69
– Fund dividends	766,316,117.40	762,424,227.89	766,316,117.40	762,424,227.89
– Dividend income	6,530,429.92	2,203,531.41	6,530,429.92	2,203,531.41
– Dividend from subsidiaries	–	–	2,040,000.00	2,040,000.00
– Income from investment in associates	44,131,431.43	33,498,533.94	44,131,431.43	33,498,533.94
Others	12,761.17	20,911.59	12,761.17	20,911.59
Total	1,344,048,586.62	1,156,835,446.22	1,346,088,586.62	1,158,875,446.22

45 NET (LOSS)/GAINS FROM CHANGES IN FAIR VALUE

	The Group and the Bank	
	2022	2021
Financial assets held for trading	(72,817,824.81)	266,087,348.99
Derivative financial instruments	(35,162,150.32)	(132,425,334.99)
Total	(107,979,975.13)	133,662,014.00

46 NET LOSSES FROM DISPOSAL OF ASSETS

	The Group		The Bank	
	2022	2021	2022	2021
Net gains and losses from the disposal of fixed assets and other long-term assets	(1,227,689.29)	(10,295,172.46)	(1,286,850.87)	(10,306,269.40)
Total	(1,227,689.29)	(10,295,172.46)	(1,286,850.87)	(10,306,269.40)

47 OTHER INCOME**Government Grants**

	The Group		The Bank	
	2022	2021	2022	2021
Government grants related to income	137,565,255.77	24,609,645.50	136,683,275.24	23,984,409.16

In 2022, government subsidies received by the Group totaled RMB137,565,255.77, of which the Bank received RMB110,177,886.79 for loan support, RMB14,478,207.54 for loan extension support, RMB5,171,356.83 of loan risk compensation, RMB4,040,984.03 in job stabilization subsidies, RMB2,327,970.00 in one-time retention subsidies, RMB250,000.00 in financial innovation achievement award RMB100,000.00 in post-subsidies for inclusive technology credit, RMB58,500.00 in one-time allowance for job expansion, RMB40,000.00 in post-subsidies for major innovation platform construction technology credit service, RMB31,970.05 of doctoral workstation construction grant, RMB4,000.00 in outstanding residential enterprise award, and RMB2,400.00 of job subsidies for disabled people in enterprises; the subsidiary Dongyuan Taiye Village Town Bank Co., Ltd. received RMB136,677.67 for loan support, RMB16,424.61 in job stabilization subsidies and RMB1,500.00 of one-time allowance for job expansion; the subsidiary Zongyang Taiye Village Bank Co., Ltd. received RMB18,000.00 for loan extension support and RMB1,000.00 of one-time allowance for job expansion; and the subsidiary Chongqing Kaizhou Taiye Village Bank Co., Ltd. received RMB547,365.04 for loan extension support, RMB128,326.21 for loan support and RMB32,687.00 in job stabilization subsidies.

In 2021, government subsidies received by the Group totaled RMB24,609,645.50, of which the Bank received RMB10,487,452.82 for loan extension support, RMB9,427,200.00 of industry support funds, RMB2,563,151.34 in job stabilization subsidies, RMB786,800.00 for office leasing support, RMB400,000.00 in financing innovation evaluation bonus, RMB315,805.00 of special funding support for enterprise and employment stabilization initiatives, and RMB4,000.00 in outstanding residential enterprise award; the subsidiary Dongyuan Taiye Village Town Bank Co., Ltd. received RMB385,145.63 for loan extension support and RMB233,009.71 for guaranteed loan subsidy for start-up business; and the subsidiary Zongyang Taiye Village Bank Co., Ltd. received RMB7,081.00 for loan interest subsidy.

48 TAXES AND SURCHARGES

	The Group		The Bank	
	2022	2021	2022	2021
City maintenance and construction tax	54,890,606.90	48,181,079.75	54,834,294.03	48,122,538.15
Education surcharges	39,257,459.66	34,463,648.05	39,211,819.59	34,416,487.18
Others	26,981,243.65	27,725,905.89	26,703,857.73	27,474,334.43
Total	121,129,310.21	110,370,633.69	120,749,971.35	110,013,359.76

49 OPERATING AND ADMINISTRATIVE EXPENSES

	The Group		The Bank	
	2022	2021	2022	2021
Employee benefits expenses				
– Short-term employee benefits	1,832,951,824.92	1,700,636,562.05	1,813,219,187.62	1,679,600,835.74
– Post-employment benefits	283,466,959.57	257,703,881.92	281,409,589.77	255,803,135.89
– Other long-term employee benefits	131,869,801.13	121,591,627.16	130,447,126.15	120,499,042.70
Sub-total	2,248,288,585.62	2,079,932,071.13	2,225,075,903.54	2,055,903,014.33
Depreciation and amortization	580,871,819.62	448,795,232.40	577,437,348.19	446,117,678.78
Lease and property management fees	20,731,332.24	43,538,722.37	20,148,411.63	42,053,294.24
Other office and administrative expenses	770,694,738.12	714,049,119.48	760,838,840.08	702,621,798.37
Total	3,620,586,475.60	3,286,315,145.38	3,583,500,503.44	3,246,695,785.72

50 CREDIT LOSSES

	The Group		The Bank	
	2022	2021	2022	2021
Loans and advances to customers	1,151,971,902.97	1,519,175,468.03	1,149,983,522.88	1,526,489,434.35
Debt investments	1,248,620,913.49	761,673,698.30	1,248,620,913.49	761,673,698.30
Other debt investments	1,975,932.00	194,937,984.27	1,975,932.00	194,937,984.27
Deposits with banks and other financial institutions	(2,434,296.05)	2,349,048.44	(2,427,370.99)	2,340,338.35
Loans to banks and other financial institutions	7,986,414.41	18,971,250.06	7,986,414.41	18,971,250.06
Credit commitments	48,325,462.30	32,730,893.68	48,325,462.30	32,730,893.68
Financial assets purchased under resale agreements	–	(112,495.57)	–	(112,495.57)
Others	139,202,702.82	298,445,061.76	139,254,360.88	298,439,382.84
Total	2,595,649,031.94	2,828,170,908.97	2,593,719,234.97	2,835,470,486.28

51 NON-OPERATING INCOME AND EXPENSES

(1) Non-operating income

	The Group		The Bank	
	2022	2021	2022	2021
Income from long-suspended and pending customers' deposits	681,298.48	1,141,643.90	681,298.48	1,141,643.90
Others	1,569,204.55	2,521,752.89	1,565,983.95	2,512,286.63
Total	2,250,503.03	3,663,396.79	2,247,282.43	3,653,930.53

(2) Non-operating expenses

	The Group		The Bank	
	2022	2021	2022	2021
Fines and overdue fines	2,383,041.95	323,536.45	2,383,041.95	11,536.45
Donation outlay	8,471,631.67	4,927,414.40	8,407,781.67	4,865,334.40
Others	2,465,329.44	2,726,444.14	2,456,505.19	2,703,441.30
Total	13,320,003.06	7,977,394.99	13,247,328.81	7,580,312.15

52 INCOME TAX EXPENSE

(1) Income tax expense for the year represents:

	The Group		The Bank	
	2022	2021	2022	2021
Current income tax measured in accordance with tax laws and relevant regulations	240,457,394.84	78,633,169.65	239,399,288.11	76,255,112.68
Adjustment of differences in final settlement	(26,339,546.48)	3,328,812.14	(26,300,235.46)	3,657,584.13
Changes in deferred income tax	(117,800,214.37)	(122,365,072.57)	(118,105,246.98)	(122,325,437.04)
Total	96,317,633.99	(40,403,090.78)	94,993,805.67	(42,412,740.23)

(2) Reconciliation between income tax expense and income tax calculated based on statutory tax rates:

Notes	The Group		The Bank	
	2022	2021	2022	2021
Profit before tax	3,929,590,096.48	3,279,748,533.80	3,935,279,168.73	3,271,569,477.13
Expected income tax at statutory rate	982,397,524.12	819,937,133.45	983,819,792.18	817,892,369.28
Effect of different tax rates applied by subsidiaries	1,010,504.85	(44,700.21)	–	–
Tax implications of the following items:				
Income from non-taxable items (i)	(904,835,749.86)	(885,528,266.37)	(905,345,749.86)	(886,038,266.37)
Non-tax-deductible expenses (ii)	42,926,522.75	22,260,451.25	42,819,998.81	22,075,572.73
Differences in final settlement	(26,339,546.48)	3,328,812.14	(26,300,235.46)	3,657,584.13
Others	1,158,378.61	(356,521.04)	–	–
Income tax expenses	96,317,633.99	(40,403,090.78)	94,993,805.67	(42,412,740.23)

(i) This mainly includes interest income from bonds issued by the Chinese government, income from equity investment between qualified resident enterprises, and income from distributions by security investment funds.

(ii) This mainly refers to the hospitality expenses, donation expenses and other expenses irrelevant to the obtained income, which cannot be fully deducted before tax according to the tax law or exceed the deduction standard stipulated by the tax law.

53 SUPPLEMENT TO CASH FLOW STATEMENT

(1) Reconciliation of net profit to cash flow from operating activities:

	The Group		The Bank	
	2022	2021	2022	2021
Net profit	3,833,272,462.49	3,320,151,624.58	3,840,285,363.06	3,313,982,217.36
Add: Credit impairment losses	2,595,649,031.94	2,828,170,908.97	2,593,719,234.97	2,835,470,486.28
Impairment loss of other assets	1,044,141.80	1,836,201.40	436,000.00	–
Depreciation of fixed assets	187,382,286.81	134,306,704.36	184,866,340.84	132,502,768.95
Amortization of intangible assets	163,548,848.67	112,251,478.12	163,548,848.67	112,251,478.12
Depreciation of right-of-use assets	174,804,234.94	159,886,014.14	174,024,410.79	159,248,576.99
Amortization of long-term deferred expenses	55,136,449.20	42,351,035.78	54,997,747.89	42,114,854.72
Interest expense on lease liability	24,019,120.83	22,189,639.02	23,950,930.66	22,108,381.89
Interest income from credit-impaired loans	(168,596,546.44)	(16,829,079.48)	(168,596,546.44)	(16,829,079.48)
Losses from disposal of fixed assets, intangible assets and other long-term assets	1,227,689.29	10,295,172.46	1,286,850.87	10,306,269.40
Net Losses/(gains) from changes in fair value	107,979,975.13	(133,662,014.00)	107,979,975.13	(133,662,014.00)
Interest income from financial investments	(4,298,687,019.28)	(3,863,030,196.73)	(4,298,687,019.28)	(3,863,030,196.73)
Investment income	(1,344,048,586.62)	(1,156,835,446.22)	(1,346,088,586.62)	(1,158,875,446.22)
Unrealized foreign exchange gains and losses	190,199,937.08	(5,968,000.00)	190,199,937.08	(5,968,000.00)
Bond interest expense payable	2,617,603,010.14	2,023,342,891.75	2,617,603,010.14	2,023,342,891.75
Net increase in deferred tax assets	(117,800,214.37)	(122,365,072.57)	(118,105,246.98)	(122,325,437.04)
Increase in operating receivables	(26,667,575,363.25)	(43,243,042,412.05)	(26,775,858,192.50)	(43,291,272,204.31)
Increase in operating payables	44,036,737,681.66	22,031,833,771.43	44,149,739,265.30	22,130,970,061.76
Net cash flow generated from/(used in) operating activities	21,391,897,140.02	(17,855,116,779.04)	21,395,302,323.58	(17,809,664,390.56)

(2) Net change in cash and cash equivalents:

	The Group		The Bank	
	2022	2021	2022	2021
Cash at the end of the year	1,015,833,461.60	997,805,369.71	1,006,963,735.48	991,121,849.39
Less: Cash at the beginning of the year	(997,805,369.71)	(748,254,734.30)	(991,121,849.39)	(738,772,845.02)
Add: Cash equivalents at the end of the year	24,244,899,852.30	23,183,582,534.24	24,120,058,130.68	23,047,158,277.37
Less: Cash equivalents at the beginning of the year	(23,183,582,534.24)	(15,243,061,059.90)	(23,047,158,277.37)	(15,054,491,771.74)
Net increase in cash and cash equivalents	1,079,345,409.95	8,190,072,109.75	1,088,741,739.40	8,245,015,510.00

(3) Cash and cash equivalents are as follows:

	The Group		The Bank	
	2022	2021	2022	2021
Cash on hand	1,015,833,461.61	997,805,369.71	1,006,963,735.48	991,121,849.39
Excess reserves with central bank	12,215,721,921.00	7,088,887,813.29	12,181,753,335.75	6,969,268,801.57
With an original maturity of three months or less				
– Deposits with banks and other financial institutions	1,089,952,931.29	1,319,396,720.95	999,079,794.93	1,302,591,475.80
– Loans to banks and other financial institutions	–	1,621,763,000.00	–	1,621,763,000.00
– Financial assets purchased under resale agreements	10,939,225,000.00	13,153,535,000.00	10,939,225,000.00	13,153,535,000.00
Total of cash and cash equivalents	25,260,733,313.90	24,181,387,903.95	25,127,021,866.16	24,038,280,126.76

54 RISK MANAGEMENT

The Group has exposure to the following main risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

This note presents the information about the Group's exposure to each of the above risks and their sources, and their changes during the year, as well as the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Board of Directors is the top decision maker with regards to the Bank's risk management policy, and supervises the Group's risk management functions through the risk management committee. The Group aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyze risks facing the Group, to set appropriate risk limits and controls, and to monitor risks and compliance with the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Senior management is the supreme implementer of our risk management framework and reports directly to the Board of Directors. According to the risk management preferences established by the Board of Directors, senior management is responsible for establishing and implementing risk management policies and systems, and for monitoring, identifying and controlling risks confronting different businesses

(1) Credit risk

Credit risk refers to the risk that a customer or counterparty is unable or unwilling to perform contractual obligations. Changes in the economic environment or the quality of credit assets in a particular industry in the Group's asset portfolio will result in possible losses to the Group. The credit risk exposures in the balance sheet include customer loans, securities investment and interbank transactions, and there are also off-balance-sheet credit risk exposures, such as loan commitments. The Group's main business operations are currently concentrated in Guangdong Province, which indicates that there is a concentration risk in the Group's credit portfolio and it is relatively vulnerable to changes in regional economic conditions. Therefore, the management cautiously manages its exposure to credit risks. The risk management department at the head office is responsible for managing the overall credit risk associated with the Bank (including loans, securities investment and interbank transactions), and reports regularly to the senior management of the Group. The Group has established relevant mechanisms to set relevant credit risk limits, and regularly monitors the above credit risk limits and conducts audits at least once a year.

Based on the Guidelines for Loan Risk Classification issued by the China Banking Regulatory Commission, the Group has developed a risk classification and management system to measure and manage the quality of credit assets at the Bank. According to the Guidelines for Loan Risk Classification, the Group classifies on-balance sheet and off-balance sheet credit assets into five categories: pass, special mention, substandard, doubtful and loss. Loans in the latter three categories are considered non-performing credit assets.

The core definitions of five categories of loans are as follows:

Pass: Borrowers can honor the terms of the contracts. There is no reason to doubt their ability to repay the principals and interests of loans in full and on time.

Special Mention: Borrowers are able to service their loans at present, although repayment may be adversely affected by specific factors.

Substandard: Borrowers' abilities to service their loans are questionable. Borrowers cannot depend on their normal business revenues to pay back the principals and interests. Losses may ensue, even when guarantees are invoked.

Doubtful: Borrowers are unable repay the principals and interests of the loans in full, and significant losses will incur, even when guarantees are invoked.

Loss: Principals and interests of loans cannot be recovered or only a small portion can be recovered after taking all possible measures and resorting to necessary legal procedures.

Based on whether there is a significant increase in credit risk and whether the asset has incurred credit impairment, the Group measures allowances for loss of different assets with 12-month ECL or lifetime ECL, respectively.

The Group measures loss provision of the financial instruments that meet the following conditions according to the amount of expected credit losses within the next 12 months, and measures loss allowances for other financial instruments in accordance with the amount of lifetime expected credit losses.

- The financial instruments that are determined to have low credit risk at the reporting date; or
- The financial instruments for which credit risk has not increased significantly since initial recognition.

(i) Significant increase in credit risk

When one or more quantitative, qualitative standards or upper limits are triggered, the Group assumes that credit risk associated with financial instruments has increased significantly.

If the counterparty is listed in the watch list and one or more of the following criteria are met:

- The credit spread increases significantly;
- Significant changes with an adverse effect that have taken place in the counterparty's business, financial and economic status;
- Application of a grace period or debt-restructuring;
- Significant changes with an adverse effect in the counterparty's operating conditions;
- Depreciation of the value of the collateral (applicable to collateralized loans only);
- Early signs of problems in cash flow/liquidity, such as late payment of accounts payable/repayment of loans;
- The payment is more than 30 days past due.

The Group uses an early warning list to monitor credit risk in financial instruments related to loans and advances and capital operations, and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly and the appropriateness thereof are regularly monitored and reviewed by the management.

As at 31 December 2022, the Group has not considered that any of its financial instruments has lower credit risk and no longer compared the credit risk at the balance sheet date with that at the initial recognition to identify whether there was a significant increase in credit risk.

(ii) Definitions of "default" and "credit-impaired assets"

When a financial instrument meets one or more of the following conditions, the Group considers the financial asset to be in default, and the criteria are consistent with the definition of credit-impaired assets.

(a) Quantitative criterion.

The borrower has not paid more than 90 days after the contract payment date.

(b) Qualitative criterion.

The borrower meets the criterion of "having debt-servicing difficulties", which indicates that the borrower has significant financial difficulty, including:

- The loan has been in the grace period for a long time;
- The borrower is deceased;
- The borrower goes into bankruptcy;
- The borrower breaches (one or more) terms of the contract that the debtor shall be subject to;
- The disappearance of an active market for the related financial asset because of financial difficulties facing the borrower;
- The creditor makes concessions due to the financial difficulties facing the borrower;
- It is highly likely that the borrower will go into bankruptcy;
- A higher discount was obtained during the acquisition of assets, and the assets have incurred credit loss when they are acquired.

The above criteria apply to all financial instruments of the Bank and they are consistent with the definition of "default" adopted for internal credit risk management.

(iii) Notes to the parameters, assumptions and valuation techniques

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

- PD refers to the likelihood that a counterparty will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the guarantee;
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the guarantee;
- LGD refers to the Group's prediction as to the degree of loss arising from the exposure at default. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collateral or other credit support.

The Group determines the expected credit losses by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future months. The results of calculation for each month are then discounted to the balance sheet date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The lifetime PD is deduced 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 is applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.

The Group quarterly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in PD and the value of collateral under the different time limits.

Both the assessment of the significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Group identified critical economic indicators that affect the credit risk and expected credit losses of all asset portfolios, including GDP, increase in industrial added value, CPI, etc.

The credit risk facing the Group's capital business is generated by the investment business and the interbank business. The group implements the access management of interbank credit for the business of banks and non-bank financial institutions, and verifies the interbank credit line; and the credit extension and control model of corporate clients for non-financial institutions

(a) Maximum credit risk exposure

Regardless of collateral and other credit enhancements, the maximum exposure to credit risk at the Group and the Bank is the sum of the carrying amount of each financial asset and the contract amount of each credit commitment. Except for the credit commitments given by the Group and the Bank as set out in Note 58, the Group and the Bank do not provide any other guarantees which would expose the Group or the Bank to credit risk. The maximum exposure to credit risk in respect of these credit commitments at the end of the reporting period is disclosed in Note 58.

The carrying amounts of financial instruments on the balance sheet have reflected their maximum credit risks.

(b) Credit quality analysis of financial assets:

		As at 31 December 2022								
		The Group			Provisions for ECL					
		Book balance			Provisions for ECL					
		Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)	Total	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)	Total	
Loan		285,784,861,800.21	2,575,462,740.73	2,726,529,517.85	291,086,854,058.79	(4,267,423,880.27)	(642,729,366.93)	(1,851,262,711.05)	(6,761,415,958.25)	
Investment (ii)		144,013,859,282.17	649,730,882.25	5,583,643,224.64	150,227,233,889.06	(135,561,893.41)	(131,561,684.95)	(2,492,701,133.99)	(2,759,844,717.35)	
Others (iii)		19,609,438,477.86	-	113,974,907.42	19,723,413,385.28	(98,094,713.47)	-	(113,974,907.42)	(212,069,620.89)	
		As at 31 December 2021								
		The Group			Provisions for ECL					
		Book balance			Provisions for ECL					
		Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)	Total	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)	Total	
Loan		266,170,071,394.79	1,910,396,910.39	2,594,245,575.73	270,674,713,880.91	(4,127,583,542.82)	(501,345,376.44)	(1,983,096,668.92)	(6,612,025,508.18)	
Investment (ii)		116,140,130,202.51	2,384,640,104.95	5,910,814,128.10	124,435,584,435.56	(153,540,585.08)	(405,960,499.18)	(2,668,973,104.97)	(3,228,474,189.23)	
Others (iii)		19,691,485,206.52	-	291,171,820.40	19,982,667,026.92	(106,215,372.73)	-	(291,171,820.40)	(397,387,193.13)	

As at 31 December 2022

	The Bank							
	Book balance			Provisions for ECL				
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)	Total	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)	Total
Loan	284,909,923,540.61	2,543,579,450.85	2,694,603,123.48	290,148,106,114.94	(4,253,599,661.10)	(638,350,596.87)	(1,825,581,364.50)	(6,717,531,622.47)
Investment (ii)	144,013,859,282.17	649,730,882.25	5,563,643,224.64	150,227,233,389.06	(135,561,893.44)	(131,581,684.95)	(2,482,701,138.96)	(2,759,844,717.35)
Others (iii)	19,493,081,825.54	-	113,965,247.05	19,607,047,072.59	(97,885,733.35)	-	(113,965,247.05)	(211,850,980.40)

As at 31 December 2021

	The Bank							
	Book balance			Provisions for ECL				
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)	Total	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)	Total
Loan	265,265,069,084.71	1,881,487,493.26	2,573,874,824.26	269,720,431,402.23	(4,108,663,130.18)	(496,230,431.45)	(1,963,021,079.33)	(6,567,914,640.96)
Investment (ii)	116,140,130,202.51	2,384,640,104.95	5,910,814,128.10	124,435,584,435.56	(153,540,585.08)	(405,860,499.18)	(2,668,973,104.97)	(3,228,474,189.23)
Others (iii)	19,547,671,959.85	-	291,171,820.40	19,838,843,780.25	(104,141,360.39)	-	(291,171,820.40)	(395,313,200.79)

(i) Overdue loans refer to all loans owed by loan customers to the Bank, for which the full or partial amount of the principal or interest has been overdue for one day or above.

(ii) As at 31 December 2022 and 31 December 2021, investments include debt investments and other debt investments.

(iii) Others include deposit with banks and other financial institutions, loans to banks and other financial institutions, financial assets purchased under resale agreements, interests receivable, and other receivables.

(c) Credit quality of bond investments

The Group adopts the credit rating method to monitor the credit risk status of the debt instrument investment portfolio held by the Group. The debt instrument investment rating refers to the rating of the rating agency recognized by the People's Bank of China. On the balance sheet date, the analysis of the Group's bond investment according to the debt rating is as follows:

The Group and the Bank

	The Group and the Bank	
	2022	2021
Credit-impaired financial assets		
Carrying value	38,912,822.70	56,179,151.61
Provision for impairment	(135,300,700.00)	(230,029,910.43)
Overdue		
Carrying value	–	–
Provision for loss	–	–
Financial assets neither overdue nor credit-impaired (including accrued interest)		
AAA	34,957,170,026.58	33,105,581,190.19
AA– to AA+	2,267,570,726.85	974,751,813.63
A– to A+	3,043,370,100.38	384,243,892.97
A3 to A1	116,299,568.77	477,709,408.09
BBB– to BBB+	1,137,731,321.86	1,002,342,592.23
Baa3 to Baa1	246,653,190.87	504,057,798.34
Not rated	88,810,582,482.13	67,131,835,010.41
Provision for impairment	(99,917,528.16)	(101,229,070.55)
Sub-total of carrying value	130,494,696,746.41	103,489,270,445.01
Total	130,533,609,569.11	103,545,449,596.62

Overdue means that all or part of the principal or interest is overdue for one day or more.

(d) Credit risk concentration analysis of financial assets

The credit risk concentration of loans and advances granted by the Bank refers to the fact that borrowers are concentrated in a certain industry or region, or share certain economic characteristics, which usually increases the credit risk accordingly. Please refer to Note 12 for the industry concentration analysis of loans and advances granted by the Bank.

(2) Market risk

Market risk refers to the risk of loss of on – and off-balance-sheet businesses of the Group due to adverse changes in market prices (interest rates, exchange rates, product prices, stock prices, and other prices). The market risk facing the Group mainly comes from the interest rate risk and exchange rate risk associated with various asset-liability businesses and products involved in market operations.

The Group establishes a market risk management system based on the “Guidelines for Market Risk Management of Commercial Banks” promulgated by the former CBRC. The Board of Directors of the Bank assumes the ultimate responsibility for monitoring market risk management, is responsible for approving market risk management policies and procedures, and determines the tolerable level of market risk. The senior management is responsible for implementing the market risk management policy and market risk appetite decided by the Board of Directors, and for coordinating efforts to align the total risk with business objectives. The risk management department is responsible for the identification, measurement, monitoring, controlling, and reporting of market risk at the company level. Business departments are responsible for monitoring and reporting market risks associated with the businesses managed by them respectively.

The Group’s risk monitoring techniques include risk detection measurement and monitoring management of market risks in each business by means of long-term monitoring exposure analysis, sensitivity analysis, scenario analysis, etc. The financial market department has set up the trading limit, stop loss limit, derivatives risk limit and other market risk limit systems and monitored the use of market risk limit. The stress test of market risk has been carried out under prudent conditions according to the requirements of the former CBRC.

(a) Interest rate risk

Interest rate risk refers to the possibility of losses caused by changes in factors such as interest rate level and term structure to the overall return and economic value of bank accounts. With respect to the Bank’s exposure to interest rate risk, the Group determines the future interest rate trend by investigating various macroeconomic indicators. It also forecasts the future trends for changes in Group’s funding activities based on factors such as the Group’s capital cost, capital adequacy ratio, and the growth of deposits and loans to analyze the Group’s tolerance towards interest rate risk.

The Group manages interest rate risk mainly through asset portfolio construction and adjustment. The purpose of the portfolio is to diversify risk and increase profitability through asset diversification.

The Group's interest rate risk management mainly involves:

- (i) The Group stepping up the analysis and prediction of interest rate fluctuations, predicting the future interest rate trends taking into account the interest rate trends for SHIBOR, treasury bonds and policy financial bonds, and using the internal fund transfer pricing (FTP) system to concentrate interest rate risk to "Treasurer" conducts unified management, guiding business structure optimization and improving the pricing level by formulating scientific and reasonable FTP price transmission policy guidance;
- (ii) Using the asset-liability management (ALM) system to measure and manage interest rate risk exposure, through scenario simulations, stress tests and repricing gap analysis to simulate the Group's net interest income and economic value under different interest rate scenarios – this way, reasonable management suggestions are made, and timely strategic adjustments are made to avoid the negative impact of interest rate fluctuations on the Group's financial standing.

The Group uses sensitivity analysis to measure the possible impact of changes in interest rates on the Group's net profit and equity. The following table shows the sensitivity of the Group's net profit and equity to possible and reasonable changes in interest rates when other variables are fixed.

	Net profit sensitivity			
	The Group		The Bank	
	2022	2021	2022	2021
	(Decrease)/Increase	Increase/(Decrease)	(Decrease)/Increase	Increase/(Decrease)
Interest rate change (basis point)				
+100	(205,137,850.15)	151,442,229.06	(208,612,446.26)	149,996,424.47
-100	205,137,850.15	(151,442,229.06)	208,612,446.26	(149,996,424.47)

	Equity sensitivity			
	The Group		The Bank	
	2022	2021	2022	2021
	(Decrease)/Increase	(Decrease)/Increase	(Decrease)/Increase	(Decrease)/Increase
Interest rate change (basis point)				
+100	(669,580,911.28)	(579,307,685.14)	(673,055,507.39)	(580,753,489.73)
-100	686,752,860.19	593,720,536.99	690,227,456.30	595,166,341.58

The above sensitivity analysis is based on the static interest rate risk structure of assets and liabilities. The relevant analysis only measures changes in interest rates within one year and reflects the impact of re-pricing of the Group's assets and liabilities on the Group's annualized net profit and equity within one year based on the following assumptions:

- (i) All assets and liabilities re-priced or due within one year are assumed to be re-priced or expire at the beginning of the relevant period;
- (ii) The yield curve moves parallel to the changes in interest rates;
- (iii) There is no other change in the portfolio of assets and liabilities.

The sensitivity of net profit is based on the impact of certain interest rate changes on the net interest income from financial assets and liabilities held at the end of the year and whose interest rate is expected to be redefined within the next year.

Equity sensitivity is calculated based on the effect of revaluation of all financial instruments held at the end of the year when a certain interest rate changes.

The sensitivity analysis on above interest rate is provided only as an example, based on the simplification of the scenario. The analysis shows the estimated changes in net profit and equity under each expected revenue curve and the current interest rate risk facing the Group. However, the analysis of the impact does not consider the risk management activities that the management may take to reduce interest rate risk. The above estimation assumes that the interest rates for all the years will change at the same rate. Therefore, it does not reflect the potential impact on net profit or equity if some interest rates change while others remain unchanged.

Based on the above assumptions, the actual change in the net profit and equity of the Group due to the increase or decrease in interest rates may differ from the findings of this sensitivity analysis.

The table below presents the distribution of the effective interest rates of assets and liabilities for the relevant year and by the next expected repricing date (or maturity date, whichever is earlier) at the end of the reporting period.

	The Group					Interest not accounted for
	Total	3 months or below	3 months to 1 year	1 to 5 years	More than 5 years	
Assets						
Cash and deposits in the central bank	39,617,874,931.58	38,049,871,756.19	-	-	-	1,568,003,175.39
Deposits with and loans to banks and other financial institutions	6,956,758,578.83	1,492,387,861.10	5,274,743,870.78	-	-	189,626,846.95
Financial assets purchased under resale agreements	10,945,507,225.66	10,939,225,000.00	-	-	-	6,282,225.66
Loans and advances to customers	284,325,438,100.54	90,272,988,213.39	144,333,200,540.41	40,367,749,517.11	8,695,175,750.49	656,324,079.14
Investments (i)	186,863,987,307.38	29,747,884,618.40	33,237,485,876.46	66,750,284,719.35	54,798,184,507.31	2,330,147,585.86
Derivative financial assets	663,928,004.66	26,209.70	4,184,159.26	159,332,863.29	-	500,384,772.41
Other assets	9,045,510,137.00	-	-	-	-	9,045,510,137.00
Total assets	538,419,004,285.65	170,502,383,658.78	182,849,614,446.91	107,277,367,099.75	63,493,360,257.80	14,296,278,822.41
Liabilities						
Borrowings from central bank	(12,551,456,207.97)	(5,118,856,030.73)	(7,277,328,000.00)	-	-	(155,272,177.24)
Deposits and loans from banks and other financial institutions	(14,718,092,454.04)	(8,445,246,247.46)	(3,250,435,418.00)	(2,980,000,000.00)	-	(42,410,788.58)
Financial assets sold under repurchase agreements	(10,694,782,795.74)	(10,329,754,235.41)	(348,905,740.31)	-	-	(16,122,820.02)
Customer deposits	(369,588,228,175.77)	(193,304,548,823.82)	(71,896,217,076.07)	(98,384,588,343.29)	(5,482,162.99)	(5,997,411,769.60)
Bonds payable	(91,465,543,530.78)	(27,878,935,986.52)	(44,221,325,209.33)	(18,993,568,362.33)	-	(371,713,972.60)
Derivative financial liabilities	(789,511,407.19)	(26,209.70)	(1,415,159.48)	(197,719,596.82)	-	(590,350,441.19)
Lease liability	(652,864,437.27)	(48,701,100.98)	(119,392,602.33)	(332,930,359.68)	(151,840,374.28)	-
Other liabilities	(3,104,304,704.90)	-	-	-	-	(3,104,304,704.90)
Total liabilities	(603,564,783,713.66)	(245,126,068,634.62)	(127,115,019,205.52)	(120,888,806,662.12)	(157,302,537.27)	(10,277,586,674.13)
Exposure to assets and liabilities	34,854,220,571.99	(74,623,684,975.84)	55,734,595,241.39	(13,611,439,562.37)	63,336,057,720.53	4,018,692,148.28
Nominal amount of derivative financial instruments	88,172,085,433.64	80,000,000.00	608,115,000.00	40,735,293,502.00	-	46,748,676,931.64

The Group						
2021						
	Total	3 months or below	3 months to 1 year	1 to 5 years	More than 5 years	Interest not accounted for
Assets						
Cash and deposits in the central bank	33,559,339,047.39	32,548,756,835.01	-	-	-	1,010,582,212.38
Deposits with and loans to banks and other financial institutions	4,706,321,402.88	2,746,415,217.92	1,645,097,149.95	-	-	314,809,085.01
Financial assets purchased under resale agreements	13,161,246,095.20	13,153,535,000.00	-	-	-	7,711,095.20
Loans and advances to customers	264,062,688,372.73	101,645,791,599.37	119,383,245,150.01	33,704,306,335.62	8,732,657,589.99	586,687,697.74
Investments (i)	158,995,741,079.52	27,550,456,982.69	22,218,957,688.28	77,935,181,824.49	29,568,431,336.93	1,722,713,247.13
Derivative financial assets	562,219,591.40	2,820,280.33	3,254,169.61	163,489,481.30	1,084,723.20	391,570,936.96
Other assets	7,736,027,906.38	-	-	-	-	7,736,027,906.38
Total assets	482,783,583,495.50	177,647,775,915.32	143,260,554,157.85	111,802,977,641.41	38,302,173,650.12	11,770,102,130.80
Liabilities						
Borrowings from central bank	(10,657,912,923.74)	(2,089,315,417.77)	(8,749,001,013.06)	-	-	(19,596,492.91)
Deposits and loans from banks and other financial institutions	(9,413,798,462.89)	(150,937,563.78)	(2,275,076,974.54)	(4,034,000,000.00)	-	(2,953,783,904.57)
Financial assets sold under repurchase agreements	(20,685,917,896.04)	(20,383,688,872.06)	(283,918,972.51)	-	-	(18,310,051.47)
Customer deposits	(322,651,132,471.42)	(177,267,000,606.68)	(56,794,133,703.60)	(84,613,263,509.52)	(33,611,687.00)	(3,943,122,964.62)
Bonds payable	(85,534,540,020.45)	(30,339,232,701.04)	(35,926,836,114.18)	(18,993,335,862.74)	-	(275,135,342.49)
Derivative financial liabilities	(629,169,933.37)	(4,220,723.28)	(4,870,065.32)	(244,672,081.71)	(1,623,355.11)	(373,783,707.95)
Lease liability	(617,793,775.72)	(47,881,405.25)	(127,215,484.18)	(324,944,894.32)	(117,751,991.97)	-
Other liabilities	(2,535,812,105.99)	-	-	-	-	(2,535,812,105.99)
Total liabilities	(452,926,077,589.62)	(230,282,277,309.66)	(104,161,052,327.39)	(108,210,216,348.29)	(152,987,034.08)	(10,119,544,570.00)
Exposure to assets and liabilities	29,857,505,905.88	(52,634,501,394.54)	39,099,501,830.46	3,592,761,293.12	38,149,186,616.04	1,650,557,560.80
Nominal amount of derivative financial instruments	72,665,868,004.04	520,000,000.00	600,000,000.00	30,144,000,000.00	200,000,000.00	41,201,868,004.04

The Bank

2022

	Total	3 months or below	3 months to 1 year	1 to 5 years	More than 5 years	Interest not accounted for
Assets						
Cash and deposits in the central bank	39,509,989,429.01	37,950,855,979.75	-	-	-	1,559,133,449.26
Deposits with and loans to banks and other financial institutions	6,841,780,947.24	1,377,432,211.65	5,274,743,870.78	-	-	189,604,864.81
Financial assets purchased under resale agreements	10,945,507,225.66	10,939,225,000.00	-	-	-	6,282,225.66
Loans and advances to customers	283,430,574,492.47	90,213,881,923.96	143,543,155,276.98	40,335,450,424.63	8,684,123,209.90	653,963,657.00
Investments (i)	186,863,987,307.38	29,747,884,618.40	33,237,485,876.46	66,750,284,719.35	54,798,184,507.31	2,330,147,585.86
Derivative financial assets	663,928,004.66	26,209.70	4,184,159.26	159,332,863.29	-	500,384,772.41
Other assets	9,162,048,465.51	-	-	-	-	9,162,048,465.51
Total assets	537,417,815,871.93	170,229,305,943.46	182,059,569,183.48	107,245,068,007.27	63,482,307,717.21	14,401,565,020.51
Liabilities						
Borrowings from central bank	(12,507,011,441.68)	(5,108,749,264.44)	(7,242,990,000.00)	-	-	(155,272,177.24)
Deposits and loans from banks and other financial institutions	(15,161,323,808.21)	(8,888,282,775.99)	(3,250,435,418.00)	(2,980,000,000.00)	-	(42,605,614.22)
Financial assets sold under repurchase agreements	(10,694,782,795.74)	(10,329,754,235.41)	(348,905,740.31)	-	-	(16,122,820.02)
Customer deposits	(388,295,770,106.38)	(192,914,967,468.06)	(71,638,326,923.02)	(97,774,466,396.46)	(5,462,162.99)	(5,962,547,155.85)
Bonds payable	(91,465,543,530.78)	(27,878,935,986.52)	(44,221,325,209.33)	(18,993,588,362.33)	-	(371,713,972.60)
Derivative financial liabilities	(789,511,407.19)	(26,209.70)	(1,415,159.48)	(197,719,596.82)	-	(590,350,441.19)
Lease liability	(651,307,212.33)	(48,668,725.07)	(118,735,367.73)	(332,072,740.02)	(151,830,379.51)	-
Other liabilities	(3,091,793,728.75)	-	-	-	-	(3,091,793,728.75)
Total liabilities	(502,657,044,031.06)	(245,169,384,665.19)	(126,822,133,817.87)	(120,277,827,095.63)	(157,292,542.50)	(10,230,405,909.87)
Exposure to assets and liabilities	34,760,771,840.87	(74,940,078,721.73)	55,237,435,365.61	(13,032,759,088.36)	63,325,015,174.71	4,171,159,110.64
Nominal amount of derivative financial instruments	88,172,085,433.64	80,000,000.00	608,115,000.00	40,735,293,502.00	-	46,748,676,981.64

The Bank						
2021						
	Total	3 months or below	3 months to 1 year	1 to 5 years	More than 5 years	Interest not accounted for
Assets						
Cash and deposits in the central bank	33,365,386,945.77	32,361,502,025.26	-	-	-	1,003,884,920.51
Deposits with and loans to banks and other financial institutions	4,573,066,192.73	2,363,197,168.73	1,635,099,798.16	-	-	574,769,225.84
Financial assets purchased under resale agreements	13,161,246,095.20	13,153,535,000.00	-	-	-	7,711,095.20
Loans and advances to customers	263,152,516,761.27	101,580,960,666.35	119,005,196,897.54	33,588,255,107.75	8,393,780,835.32	584,323,254.31
Investments (i)	158,995,741,079.52	27,550,456,982.69	22,218,957,688.28	77,935,181,824.49	29,568,431,336.93	1,722,713,247.13
Derivative financial assets	562,219,591.40	2,820,280.33	3,254,169.61	163,489,481.30	1,084,723.20	391,570,936.96
Other assets	7,848,220,486.81	-	-	-	-	7,848,220,486.81
Total assets	481,658,397,152.70	177,012,472,123.36	142,862,508,553.59	111,686,926,413.54	37,963,296,895.45	12,133,193,166.76
Liabilities						
Borrowings from central bank	(10,631,890,955.09)	(2,088,755,417.77)	(8,723,556,013.06)	-	-	(19,579,524.26)
Deposits and loans from banks and other financial institutions	(9,674,501,506.00)	(151,104,090.00)	(2,275,076,974.54)	(4,034,000,000.00)	-	(3,214,320,441.46)
Financial assets sold under repurchase agreements	(20,685,917,896.04)	(20,383,688,872.06)	(283,918,972.51)	-	-	(18,310,051.47)
Customer deposits	(321,409,535,923.25)	(176,777,348,735.32)	(56,597,395,034.50)	(84,089,250,359.29)	(33,611,687.00)	(3,911,930,107.14)
Bonds payable	(85,534,540,020.45)	(30,339,232,701.04)	(35,926,836,114.18)	(18,993,335,862.74)	-	(275,135,342.49)
Derivative financial liabilities	(629,169,933.37)	(4,220,723.28)	(4,870,065.32)	(244,672,081.71)	(1,623,355.11)	(373,783,707.95)
Lease liability	(615,598,170.75)	(47,848,331.04)	(126,558,249.62)	(323,567,674.27)	(117,623,915.82)	-
Other liabilities	(2,522,158,473.56)	-	-	-	-	(2,522,158,473.56)
Total liabilities	(451,903,312,878.51)	(229,792,198,870.51)	(103,938,211,423.73)	(107,684,825,978.01)	(152,858,957.93)	(10,335,217,648.33)
Exposure to assets and liabilities	29,755,084,274.19	(52,779,726,747.15)	38,924,297,129.86	4,002,100,435.53	37,810,437,937.52	1,797,975,518.43
Nominal amount of derivative financial instruments	72,665,868,004.04	520,000,000.00	600,000,000.00	30,144,000,000.00	200,000,000.00	41,201,868,004.04

(i) As at 31 December 2022 and 31 December 2021, the investments include financial assets held for trading, debt investments, other debt investments and other equity instruments investments.

(b) Exchange rate risk

The Group is mainly engaged in Renminbi business. Some transactions involve US dollar or Hong Kong dollar, while few transactions involve other currencies. The Group's exchange rate risks include the transactional foreign currency exposure risk resulting from the routine capital transaction business, and the non-RMB-denominated loans and advances to customers, interbank payments and customer deposits, etc. held by the Group.

The exchange rate risk facing the Group mainly arises from the foreign exchange purchase and sale transactions provided by the Group for customers, when it has not been able to immediately hedge the exposure risk posed by the overall position of purchase and sale of foreign exchange. This type of the foreign exchange position may be subject to exchange rate fluctuations resulting in losses or profits. As the Group mainly manages the foreign exchange position, closely monitors foreign exchange market prices, and implements real-time position squaring for large-scale transactions, the impact of exchange rate changes on the Group's financial standing and cash flow is limited, and the exchange rate risk is not significant. For this type of risks, measures taken by the Group include: strict implementation of overall position management of foreign exchange purchases and sales, and ensuring that the overall position reserved on a daily basis conform to relevant requirements set by the State Administration of Foreign Exchange (SAFE).

The non-transactional risks mainly refer to the risks arising from mismatches between foreign currency assets and liabilities, which are difficult to avoid in the Group's operations. For this type of risks, the Group measures the value in use, the purpose of clearing, and the risk bearing capacity of each currency, and tries to match the assets and liabilities of each currency in terms of currency and maturity, so as to prevent foreign currency and maturity mismatch from causing losses to the Group due to exchange rate fluctuations.

	Net profit sensitivity	
	The Group and the Bank	
	2022	2021
	(Decrease)/Increase	(Decrease)/Increase
Exchange rate change		
Appreciation against Renminbi by 1%	(15,857,545.67)	(392,670.37)
Depreciation against Renminbi by 1%	15,857,545.67	392,670.37

The analysis is based on the following assumptions:

- (i) The exchange rate sensitivity of all currencies refers to the exchange gains and losses resulting from the 1% fluctuation in the closing exchange rates (middle prices) of all currencies against Renminbi on the reporting date;
- (ii) Changes in exchange rate of all currencies refer to the simultaneous fluctuations in the same direction in the exchange rates of all currencies against Renminbi;
- (iii) The calculation of foreign exchange exposure includes spot foreign exchange exposure and forward foreign exchange exposure.

The above sensitivity analysis is based on the static exchange rate risk structure of assets and liabilities, and has not considered the measures that the Group may take to eliminate the negative impact of foreign exchange exposure on profits. Therefore, the above impact may be different from the actual situation.

The exchange rate risk exposure of the Group on each balance sheet date is as follows:

	The Group				
	2022				
	Equivalent in Renminbi				
	RMB	USD	HKD	Others	Total
Assets					
Cash and deposits in the central bank	39,070,392,565.46	321,872,243.56	225,610,122.56	-	39,617,874,931.58
Deposits with and loans to banks and other financial institutions	6,453,001,517.40	391,951,798.31	94,928,973.87	16,876,289.25	6,956,758,578.83
Financial assets purchased under resale agreements	10,945,507,225.66	-	-	-	10,945,507,225.66
Loans and advances to customers	279,314,122,025.40	2,354,081,149.61	2,612,688,935.72	44,545,989.81	284,325,488,100.54
Investments (i)	177,221,912,399.85	8,869,985,890.31	772,089,017.22	-	186,863,987,307.38
Derivative financial assets	548,604,403.96	8,802,321.42	106,521,279.28	-	663,928,004.66
Other assets	8,999,141,999.06	1,098,206.06	45,269,931.88	-	9,045,510,137.00
Total assets	522,552,682,136.79	11,947,791,609.27	3,857,108,260.53	61,422,279.06	538,419,004,285.65
Liabilities					
Borrowings from central bank	(12,551,456,207.97)	-	-	-	(12,551,456,207.97)
Deposits and loans from banks and other financial institutions	(13,176,797,498.01)	(1,202,687,181.02)	(338,607,775.01)	-	(14,718,092,454.04)
Financial assets sold under repurchase agreements	(10,694,782,795.74)	-	-	-	(10,694,782,795.74)
Customer deposits	(365,179,854,266.64)	(4,042,947,253.96)	(344,583,062.54)	(20,843,592.63)	(369,588,228,175.77)
Bonds payable	(91,465,543,530.78)	-	-	-	(91,465,543,530.78)
Derivative financial liabilities	(773,165,861.85)	(15,337,204.07)	(1,008,341.27)	-	(789,511,407.19)
Lease liability	(319,934,077.59)	-	(332,930,359.68)	-	(652,864,437.27)
Other liabilities	8,577,412,096.04	(8,324,399,707.53)	(3,316,076,069.62)	(41,241,023.79)	(3,104,304,704.90)
Total liabilities	(485,584,122,142.54)	(13,585,371,346.58)	(4,333,205,608.12)	(62,084,616.42)	(503,564,783,713.66)
Net position of assets and liabilities	36,968,559,994.25	(1,637,579,737.31)	(476,097,347.59)	(662,337.36)	34,854,220,571.99

	The Group				
	2021				
	Equivalent in Renminbi				
	RMB	USD	HKD	Others	Total
Assets					
Cash and deposits in the central bank	33,220,015,098.83	314,684,621.56	24,639,327.00	–	33,559,339,047.39
Deposits with and loans to banks and other financial institutions	2,724,986,937.45	1,556,884,833.61	393,452,737.60	30,996,894.22	4,706,321,402.88
Financial assets purchased under resale agreements	13,161,246,095.20	–	–	–	13,161,246,095.20
Loans and advances to customers	262,119,629,391.81	1,499,110,713.80	363,243,897.15	80,704,369.97	264,062,688,372.73
Investments (i)	156,057,055,972.75	2,672,172,688.85	266,512,417.92	–	158,995,741,079.52
Derivative financial assets	562,219,591.40	–	–	–	562,219,591.40
Other assets	7,721,077,275.64	638,835.32	14,311,795.42	–	7,736,027,906.38
Total assets	475,566,230,363.08	6,043,491,693.14	1,062,160,175.09	111,701,264.19	482,783,583,495.50
Liabilities					
Borrowings from central bank	(10,857,912,923.74)	–	–	–	(10,857,912,923.74)
Deposits and loans from banks and other financial institutions	(8,428,790,649.26)	(862,348,297.14)	(122,659,516.49)	–	(9,413,798,462.89)
Financial assets sold under repurchase agreements	(20,685,917,896.04)	–	–	–	(20,685,917,896.04)
Customer deposits	(318,929,049,935.86)	(3,335,135,991.73)	(348,404,708.41)	(38,541,835.42)	(322,651,132,471.42)
Bonds payable	(85,534,540,020.45)	–	–	–	(85,534,540,020.45)
Derivative financial liabilities	(629,169,933.37)	–	–	–	(629,169,933.37)
Lease liability	(586,557,588.43)	–	(31,236,187.29)	–	(617,793,775.72)
Other liabilities	(4,429,460.34)	(1,798,348,690.70)	(659,244,106.61)	(73,789,848.34)	(2,535,812,105.99)
Total liabilities	(445,656,368,407.49)	(5,995,832,979.57)	(1,161,544,518.80)	(112,331,683.76)	(452,926,077,589.62)
Net position of assets and liabilities	29,909,861,955.59	47,658,713.57	(99,384,343.71)	(630,419.57)	29,857,505,905.88

The Bank						
2022						
	Equivalent in Renminbi					
	RMB	USD	HKD	Others	Total	
Assets						
Cash and deposits in the central bank	39,962,507,062.89	321,872,243.56	225,610,122.56	-	-	39,509,989,429.01
Deposits with and loans to banks and other financial institutions	6,338,023,885.81	391,951,798.31	94,928,973.87	16,876,289.25	-	6,841,780,947.24
Financial assets purchased under resale agreements	10,945,507,225.66	-	-	-	-	10,945,507,225.66
Loans and advances to customers	278,419,258,417.33	2,354,081,149.61	2,612,688,935.72	44,545,989.81	-	283,430,574,492.47
Investments (i)	177,221,912,399.85	8,869,985,890.31	772,089,017.22	-	-	186,863,987,307.38
Derivative financial assets	548,604,403.96	8,802,321.42	106,521,279.28	-	-	663,928,004.66
Other assets	9,115,680,327.57	1,098,206.06	45,269,931.88	-	-	9,162,048,465.51
Total assets	521,551,493,723.07	11,947,791,609.27	3,857,108,260.53	61,422,279.06	-	537,417,815,871.93
Liabilities						
Borrowings from central bank	(12,507,011,441.68)	-	-	-	-	(12,507,011,441.68)
Deposits and loans from banks and other financial institutions	(13,620,028,852.18)	(1,202,687,181.02)	(338,607,775.01)	-	-	(15,161,323,808.21)
Financial assets sold under repurchase agreements	(10,694,782,795.74)	-	-	-	-	(10,694,782,795.74)
Customer deposits	(363,887,396,197.25)	(4,042,947,253.97)	(344,583,062.54)	(20,843,592.62)	-	(368,295,770,106.38)
Bonds payable	(91,465,543,530.78)	-	-	-	-	(91,465,543,530.78)
Derivative financial liabilities	(773,165,861.85)	(15,337,204.07)	(1,008,341.27)	-	-	(789,511,407.19)
Lease liability	(318,376,852.65)	-	(332,930,359.68)	-	-	(651,307,212.33)
Other liabilities	8,589,923,072.19	(8,324,399,707.53)	(3,316,076,069.62)	(41,241,023.79)	-	(3,091,793,728.75)
Total liabilities	(484,676,382,459.94)	(13,585,371,346.59)	(4,333,205,608.12)	(62,084,616.41)	-	(502,657,044,031.06)
Net position of assets and liabilities	36,875,111,263.13	(1,637,579,737.32)	(476,097,347.59)	(662,337.35)	-	34,760,771,840.87

	The Bank				Total
	2021				
	RMB	USD	HKD	Others	
	Equivalent in Renminbi				
Assets					
Cash and deposits in the central bank	33,026,062,997.21	314,684,621.56	24,639,327.00	-	33,365,386,945.77
Deposits with and loans to banks and other financial institutions	2,591,731,727.30	1,556,894,833.61	393,452,737.60	30,996,894.22	4,573,066,192.73
Financial assets purchased under resale agreements	13,161,246,095.20	-	-	-	13,161,246,095.20
Loans and advances to customers	261,209,457,780.35	1,499,110,713.80	363,243,897.15	80,704,369.97	263,152,516,761.27
Investments (i)	156,057,055,972.75	2,672,172,688.85	266,512,417.92	-	158,995,741,079.52
Derivative financial assets	562,219,591.40	-	-	-	562,219,591.40
Other assets	7,833,269,856.07	638,835.32	14,311,795.42	-	7,848,220,486.81
Total assets	474,441,044,020.28	6,043,491,693.14	1,062,160,175.09	111,701,264.19	481,658,397,152.70
Liabilities					
Borrowings from central bank	(10,831,890,955.09)	-	-	-	(10,831,890,955.09)
Deposits and loans from banks and other financial institutions	(8,689,493,692.37)	(662,348,297.14)	(122,659,516.49)	-	(9,674,501,506.00)
Financial assets sold under repurchase agreements	(20,685,917,896.04)	-	-	-	(20,685,917,896.04)
Customer deposits	(317,687,453,387.69)	(3,335,135,991.73)	(348,404,708.41)	(38,541,835.42)	(321,409,535,923.25)
Bonds payable	(85,534,540,020.45)	-	-	-	(85,534,540,020.45)
Derivative financial liabilities	(629,169,933.37)	-	-	-	(629,169,933.37)
Lease liability	(584,361,983.46)	-	(31,236,187.29)	-	(615,598,170.75)
Other liabilities	9,224,172.09	(1,798,348,690.70)	(659,244,106.61)	(73,789,848.34)	(2,522,158,473.56)
Total liabilities	(444,633,603,696.38)	(5,995,832,979.57)	(1,161,544,518.80)	(112,331,683.76)	(451,903,312,878.51)
Net position of assets and liabilities	29,807,440,323.90	47,658,713.57	(99,384,343.71)	(630,419.57)	29,755,084,274.19

(i) As at 31 December 2022 and 31 December 2021, investments include financial assets held for trading, debt investments and other equity instruments investments.

(3) Liquidity risk

Liquidity risk refers to the risk of failures to obtain sufficient funds in a timely manner at reasonable prices for repaying mature debts, honoring other payment obligations, or supporting regular business activities.

The Group applies liquidity management principles of comprehensive coverage, dynamic prevention, cost-effectiveness, and scientific management. At the head office level, the Board of Directors is the supreme governing body for liquidity risk management, and assumes the ultimate responsibility for liquidity risk management, and reviews and approves liquidity risk management preferences, policies and procedures. The Asset and Liability Committee is responsible for the effective management and control of liquidity risk, which formulates liquidity management policies and strategies, coordinates the fulfillment of management objectives, and ensures the effective implementation of the policy objectives; the Asset and Liability Management Department is the liquidity risk management department, which implements specific liquidity risk management policies according to the resolution of the Asset and Liability Committee, issues various liquidity indicators, specializes in risk detection, measurement, monitoring and controlling to ensure the Bank's liquidity safety.

The main measures of the Group's liquidity management are: Closely tracking market trends, formulating and dynamically adjusting the Bank's financing arrangements on a daily basis, strictly implementing large capital position management and cash management systems, preventing day-to-day liquidity risks, and maintaining adequate payment; continuously monitoring changes in the ratio of asset-liability structure and the increasing size of high-liquidity assets to ensure that the Group's liquidity needs are met; conducting liquidity risk limit management to ensure that the indicators are in good quality and meet management requirements; establishing multi-level liquidity guarantees; consolidating liabilities Business foundation, increasing the ratio of core liabilities, and maintaining good market financing capabilities; establishing a liquidity risk early warning mechanism and emergency plan; regularly carrying out liquidity risk stress tests to identify factors that may trigger liquidity risk in a timely manner.

(a) Remaining maturity analysis

An analysis of the assets and liabilities based on the remaining maturities is as follows:

The Group

	2022							Total
	Overdue/ repayment on demand	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	
Assets								
Cash and deposits in the central bank	13,244,948,053.35	-	-	27,618,013.92	-	-	-	26,345,308,659.31
Deposits with and loans to banks and other financial institutions	1,067,809,349.36	20,051,849.69	531,194,675.28	5,337,702,704.50	-	-	-	6,956,756,578.83
Financial assets purchased under resale agreements	-	10,945,507,225.66	-	-	-	-	-	10,945,507,225.66
Loans and advances to customers (I)	4,928,258,405.57	11,316,039,182.33	14,234,359,673.79	63,376,259,465.53	68,463,367,168.57	120,762,209,248.15	1,244,944,953.60	284,325,388,100.54
Investments (II)	23,973,028,198.25	3,587,339,461.83	3,101,214,378.23	34,566,847,364.87	66,758,647,856.33	54,851,784,702.26	25,126,345.61	166,863,987,307.38
Derivative financial assets	-	146,095,380.06	76,692,883.99	171,140,940.51	289,398,817.10	-	-	663,928,004.66
Other assets	831,382,529.90	4,748,132.46	1,376,212.14	36,913,387.84	906,669,517.62	5,460,018.83	7,259,761,339.21	9,045,510,137.00
Total assets	44,045,426,536.43	26,019,780,232.03	17,944,837,803.43	103,516,481,886.17	136,398,882,359.62	175,619,453,989.24	34,874,141,485.73	538,419,004,285.65
Liabilities								
Borrowings from central bank	-	(148,463,274.59)	(5,125,618,167.09)	(7,277,354,766.29)	-	-	-	(12,551,456,207.97)
Deposits with and loans to banks and other financial institutions	(3,871,359,220.69)	(1,688,133,747.93)	(2,941,004,474.32)	(3,257,595,011.11)	(2,980,000,000.00)	-	-	(14,716,092,454.04)
Financial assets sold under repurchase agreements	-	(9,788,080,554.17)	(557,324,727.27)	(349,377,514.33)	-	-	-	(10,694,782,795.74)
Customer deposits	(148,309,359,699.55)	(31,351,241,201.51)	(15,223,224,732.45)	(73,761,313,462.53)	(100,937,485,278.57)	(5,603,791.16)	-	(369,588,228,173.77)
Bonds payable	-	(5,273,914,287.74)	(22,811,277,041.25)	(44,386,783,839.46)	(18,993,566,362.33)	-	-	(91,465,543,630.78)
Derivative financial liabilities	-	(65,559,769.94)	(107,417,530.76)	(196,503,284.39)	(420,030,822.70)	-	-	(789,511,407.19)
Lease liability	-	(9,214,289.11)	(39,486,811.87)	(119,392,602.33)	(332,330,359.68)	(151,840,374.28)	-	(652,864,437.27)
Other liabilities	(914,183,824.40)	(23,323,919.72)	(246,071,250.69)	(1,103,478,940.54)	(292,111,368.00)	(123,609,144.74)	(401,526,256.81)	(3,104,304,704.90)
Total liabilities	(153,094,902,744.63)	(46,327,351,044.11)	(47,051,424,755.70)	(26,933,317,822.78)	(123,966,126,191.28)	(281,053,310.18)	(401,526,256.81)	(503,564,783,713.66)
Exposure to assets and liabilities	(109,049,476,208.20)	(22,308,170,812.08)	(29,106,586,952.27)	(26,933,317,822.78)	12,442,756,168.34	175,338,400,659.06	34,472,615,239.92	34,854,220,571.99
Nominal amount of derivative financial instruments	-	10,612,836,636.94	10,571,202,583.58	23,865,186,302.12	43,122,857,852.00	-	-	88,172,085,433.64

	2021							Total
	Overdue/ repayment on demand	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	
Assets								
Cash and deposits in the central bank	1,130,218,174.70	-	-	-	-	-	-	33,559,339,047.39
Deposits with and loans to banks and other financial institutions	1,324,828,839.50	1,451,705,027.77	264,697,491.73	1,665,090,043.88	-	-	-	4,706,321,402.88
Financial assets purchased under resale agreements	-	13,161,246,095.20	-	-	-	-	-	13,161,246,095.20
Loans and advances to customers (i)	4,106,765,174.85	7,926,874,697.32	18,365,849,210.63	65,093,009,650.06	53,222,974,395.09	114,171,179,530.18	966,035,824.60	264,062,686,372.73
Investments (ii)	17,086,400,847.69	6,573,900,126.35	4,581,610,897.79	23,159,565,551.01	77,961,103,084.97	29,610,977,987.77	23,092,583.94	168,995,741,079.52
Derivative financial assets	-	45,817,869.64	58,586,148.42	223,042,470.77	233,225,692.19	1,547,410.38	-	562,219,591.40
Other assets	746,278,519.58	2,896,809.29	148,157,486.65	16,048,825.91	318,632,516.50	2,521,681.01	6,501,492,068.44	7,736,027,906.38
Total assets	24,393,581,656.32	29,162,440,615.57	23,639,901,235.22	90,156,756,441.63	131,735,935,697.75	143,766,226,609.34	39,909,741,349.67	482,763,583,495.50
Liabilities								
Borrowings from central bank	-	(959,304,521.38)	(1,134,058,030.86)	(8,763,920,371.30)	-	-	-	(10,857,912,923.74)
Deposits with and loans to banks and other financial institutions	(2,937,347,195.35)	(74,641,630.20)	(61,909,628.14)	(2,283,194,842.87)	(4,036,705,166.33)	-	-	(9,413,796,462.89)
Financial assets sold under repurchase agreements	-	(18,407,899,234.11)	(1,939,840,218.77)	(284,178,443.16)	-	-	-	(20,685,917,896.04)
Customer deposits	(137,911,769,769.76)	(23,484,303,991.60)	(17,021,828,888.65)	(57,913,689,885.90)	(66,285,270,105.79)	(84,271,849.72)	-	(322,651,132,471.42)
Bonds payable	-	(6,589,366,363.10)	(23,859,546,030.29)	(36,092,294,744.32)	(18,993,335,862.74)	-	-	(65,534,540,020.45)
Derivative financial liabilities	-	(51,273,962.04)	(65,562,715.46)	(249,602,857.35)	(260,998,719.12)	(1,731,679.40)	-	(629,169,893.37)
Lease liability	-	(7,248,618.22)	(40,632,787.03)	(127,215,484.18)	(324,944,894.32)	(117,751,991.97)	-	(617,793,775.72)
Other liabilities	(755,154,876.87)	(4,403,441.56)	(216,921,965.99)	(923,349,013.04)	(248,503,447.76)	(130,978.63)	(382,348,382.14)	(2,535,812,105.99)
Total liabilities	(141,604,271,841.98)	(49,579,071,782.41)	(44,414,295,245.19)	(106,642,445,642.12)	(110,149,759,196.06)	(153,886,469.72)	(382,348,382.14)	(452,926,077,589.62)
Exposure to assets and liabilities	(117,210,630,285.66)	(20,416,631,166.84)	(20,775,394,009.97)	(16,485,689,201.49)	21,586,177,491.69	143,632,340,109.62	39,627,392,967.53	29,857,505,905.88
Nominal amount of derivative financial instruments	-	5,921,877,071.50	7,572,154,172.98	28,827,856,759.56	30,144,000,000.00	200,000,000.00	-	72,665,868,004.04

The Bank

2022

	Overdue/ repayment on demand	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total
Assets								
Cash and deposits in the central bank	13,202,084,265.18	-	-	27,618,016.92	-	-	26,230,287,144.91	39,509,989,429.01
Deposits with and loans to banks and other financial institutions	996,936,212.83	-	507,142,029.91	5,337,702,704.50	-	-	-	6,841,780,947.24
Financial assets purchased under resale agreements	-	10,945,507,225.66	-	-	-	-	-	10,945,507,225.66
Loans and advances to customers (i)	4,925,544,502.46	11,289,675,106.42	14,201,590,251.28	63,067,649,209.55	68,333,482,540.21	120,373,171,318.97	1,239,461,563.58	283,430,574,492.47
Investments (ii)	23,973,028,198.25	3,587,339,461.83	3,101,214,378.23	34,566,847,364.87	66,758,647,856.33	54,851,784,702.26	25,126,945.61	166,863,987,307.38
Derivative financial assets	-	146,095,380.06	76,692,863.99	171,140,943.51	269,998,817.10	-	-	663,328,004.66
Other assets	831,382,529.60	4,748,132.46	1,376,212.14	36,913,387.84	906,868,517.62	5,463,018.83	7,375,289,667.02	9,162,048,465.51
Total assets	43,928,975,708.32	25,973,364,306.43	17,888,015,735.55	103,207,871,629.19	136,288,997,731.26	175,230,416,040.06	34,820,174,721.12	537,417,815,871.93
Liabilities								
Borrowings from central bank	-	(148,483,274.59)	(5,115,538,167.09)	(7,242,990,000.00)	-	-	-	(12,507,011,441.68)
Deposits with and loans from banks and other financial institutions	(4,314,385,749.21)	(1,688,133,747.33)	(2,941,199,289.96)	(3,257,595,011.11)	(2,990,000,000.00)	-	-	(15,161,323,808.21)
Financial assets sold under repurchase agreements	-	(9,788,080,554.17)	(557,324,727.27)	(349,377,514.30)	-	-	-	(10,694,782,795.74)
Customer deposits	(147,945,739,529.86)	(31,324,507,945.88)	(15,214,432,120.67)	(73,495,832,484.72)	(100,309,654,234.09)	(5,603,791.16)	-	(368,296,770,106.38)
Bonds payable	-	(5,273,914,287.74)	(22,811,277,041.29)	(44,386,783,839.46)	(18,993,568,382.33)	-	-	(91,465,543,530.78)
Derivative financial liabilities	-	(65,559,769.34)	(107,417,530.76)	(196,503,284.39)	(420,030,822.70)	-	-	(789,511,407.19)
Lease liability	-	(9,181,913.20)	(39,486,811.87)	(118,735,367.73)	(332,072,740.02)	(151,880,379.51)	-	(651,307,212.33)
Other liabilities	(914,183,824.40)	(23,322,719.72)	(2,457,768,763.66)	(1,096,720,707.18)	(287,172,291.69)	(123,609,144.74)	(401,016,277.36)	(3,091,793,728.75)
Total liabilities	(153,174,319,103.47)	(48,301,184,212.57)	(47,032,444,462.53)	(130,144,538,208.89)	(123,322,498,450.83)	(281,043,315.41)	(401,016,277.36)	(502,657,044,031.06)
Exposure to assets and liabilities	(109,245,343,395.15)	(22,327,819,906.14)	(29,144,428,726.98)	(26,936,666,579.70)	12,946,499,280.43	174,949,372,724.65	34,519,138,443.76	34,760,771,840.87
Nominal amount of derivative financial instruments	-	10,612,889,695.94	10,571,202,583.58	23,865,186,302.12	43,122,857,852.00	-	-	88,172,865,493.64

	2021						Total
	Overdue/ repayment on demand	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Assets							
Cash and deposits in the central bank	1,003,884,920.51	-	-	-	-	-	32,361,502,025.26
Deposits with and loans to banks and other financial institutions	1,298,023,594.35	1,421,131,112.27	198,818,794.02	1,655,092,692.09	-	-	4,573,066,192.73
Financial assets purchased under resale agreements	-	13,161,246,095.20	-	-	-	-	13,161,246,095.20
Loans and advances to customers (i)	4,106,765,174.85	7,900,107,421.12	18,551,707,646.99	64,869,002,863.82	53,019,397,425.24	113,750,024,559.36	263,152,516,761.27
Investments (ii)	17,085,400,847.69	6,573,900,126.35	4,581,610,897.79	23,159,565,551.01	77,961,103,084.97	29,610,977,987.77	168,995,741,079.52
Derivative financial assets	-	45,817,869.64	58,586,148.42	223,042,470.77	233,225,692.19	1,547,410.38	562,219,891.40
Other assets	746,278,519.58	2,896,809.29	148,157,486.65	16,048,825.91	318,632,515.50	2,521,681.01	7,848,220,466.81
Total assets	24,240,443,056.98	29,105,099,433.87	23,539,890,973.87	89,922,752,123.60	131,532,358,717.90	143,365,071,638.52	481,658,997,152.70
Liabilities							
Borrowings from central bank	-	(959,434,521.58)	(1,133,998,030.86)	(8,739,458,402.65)	-	-	(10,831,890,955.09)
Deposits with and loans from banks and other financial institutions	(3,197,934,426.68)	(74,641,650.20)	(82,025,439.92)	(2,283,194,842.87)	(4,036,705,166.33)	-	(9,674,501,506.00)
Financial assets sold under repurchase agreements	-	(18,407,899,234.11)	(1,939,840,218.77)	(284,178,443.16)	-	-	(20,685,917,896.04)
Customer deposits	(137,454,410,726.43)	(23,457,665,725.06)	(17,013,334,355.78)	(57,709,017,015.98)	(85,740,836,250.28)	(84,271,849.72)	(321,408,535,923.25)
Bonds payable	-	(6,589,366,363.10)	(23,859,546,030.29)	(36,092,294,744.32)	(18,993,335,862.74)	-	(85,534,540,020.45)
Derivative financial liabilities	-	(51,273,962.04)	(65,562,715.46)	(249,602,857.35)	(260,998,719.12)	(1,731,679.40)	(629,169,893.37)
Lease liability	-	(7,248,618.22)	(40,599,712.82)	(126,558,249.62)	(323,567,674.27)	(117,623,915.82)	(615,598,170.75)
Other liabilities	(755,154,877.17)	(4,403,441.56)	(216,638,810.48)	(922,113,687.93)	(244,341,125.64)	(130,978.63)	(2,522,158,473.56)
Total liabilities	(141,407,500,030.28)	(49,551,893,515.87)	(44,405,542,314.39)	(106,405,418,243.88)	(109,599,784,798.38)	(153,758,423.57)	(451,903,312,878.51)
Exposure to assets and liabilities	(117,167,056,973.30)	(20,446,834,082.00)	(20,866,661,340.51)	(16,482,666,120.28)	21,932,573,919.52	143,211,313,214.95	29,755,084,274.19
Nominal amount of derivative financial instruments	-	5,921,877,071.50	7,572,154,172.98	28,827,856,759.56	30,144,000,000.00	200,000,000.00	72,665,868,004.04

(i) The "no maturity" category under loans and advances refers to the granted loans and advances to customers that have been credit-impaired/impaird, or the loans that have been overdue by more than one month. For the loans that are neither credit-impaired nor impaired even under the overdue-status of no more than one month, they shall be included in the "Overdue/repayment on demand" category. Such amount is stated after deducting the appropriate provision for impairment loss.

(ii) As at 31 December 2022 and 31 December 2021, investments include financial assets held for trading, debt investments, other debt investments and other equity instruments investments.

(4) Operational risk

Operational risk refers to the risk of losses caused by incomplete or problematic internal procedures, employees and information technology systems, and external events, including legal risks, but excluding strategic risks and reputational risks.

The Group has developed a series of policies and procedures to identify, evaluate, control, manage and report risks focusing on internal control measures. This set of mechanisms cover all aspects of business ranging from finance, credit, accounting, settlement, savings, fund, intermediate business, application and management of computer systems and asset preservation to legal affairs. The Group relies on these mechanisms to identify and monitor the inherent operational risks in all major products, activities, processes and systems.

55 FAIR VALUE OF FINANCIAL INSTRUMENTS

(1) Determination method of the fair value of financial instruments

The following table presents the fair value information and the fair value hierarchy as of the end of the current reporting period of the Group's assets and liabilities which are measured at fair value at each balance sheet date on recurring and non-recurring basis. The level in which fair value measurement is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The three levels of inputs are defined as follows:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group has established relevant policies and internal monitoring mechanisms for the measurement of fair value, and standardized the fair value measurement methods and procedures of the fair value measurement framework of financial instruments.

The following summarizes the major methods and assumptions used in estimating the fair value of financial instruments:

(i) Bond investments

The fair value of debt securities that are traded in an active market is based on their quoted market prices at the balance sheet date.

(ii) Other financial investments and other non-derivative financial assets

The fair value is estimated as the present value of the future cash flow, discounted at the market interest rates at the balance sheet date.

(iii) Debentures payable and other non-derivative financial liabilities

The fair value of debentures payable is based on quoted market prices at the balance sheet date or estimated as the present value of the future cash flow. The fair value of other non-derivative financial liabilities is estimated as the present value of the future cash flow. It is discounted at the market interest rates at the balance sheet date.

(iv) Derivative financial instruments

Derivative financial instruments that are valued using valuation techniques that only include observable market data mainly include interest rate swaps, currency forwards, and swaps. The most common valuation techniques include discounted cash flow models. Model parameters include forward foreign exchange rate, foreign exchange rate volatility, and interest rate curve.

(a) Financial assets measured at fair value

The following table presents the analysis of financial instruments measured at fair value by fair value levels:

The Group and the Bank

	2022			
	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	Total
Assets				
Loans and advances at fair value through other comprehensive income	–	–	24,500,493,232.74	24,500,493,232.74
Financial assets held for trading	453,487,469.93	31,658,560,200.85	7,259,424,619.28	39,371,472,290.06
Other debt investments	–	17,843,259,601.17	476,206,615.70	18,319,466,216.87
Investments in other equity instruments	5,977,261.40	–	19,149,084.21	25,126,345.61
Derivative financial assets	–	486,315,201.10	177,612,803.56	663,928,004.66
Total assets measured at fair value on a recurring basis	459,464,731.33	49,988,135,003.12	32,432,886,355.49	82,880,486,089.94
Liabilities				
Derivative financial liabilities	–	(611,898,603.63)	(177,612,803.56)	(789,511,407.19)

	2021			
	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	Total
Assets				
Loans and advances at fair value through other comprehensive income	–	–	27,898,680,163.96	27,898,680,163.96
Financial assets held for trading	–	31,559,522,166.95	6,206,016,082.30	37,765,538,249.25
Other debt investments	–	27,215,092,351.36	787,647,466.94	28,002,739,818.30
Investments in other equity instruments	8,395,335.33	–	14,697,248.61	23,092,583.94
Derivative financial assets	–	352,407,036.98	209,812,554.42	562,219,591.40
Total assets measured at fair value on a recurring basis	8,395,335.33	59,127,021,555.29	35,116,853,516.23	94,252,270,406.85
Liabilities				
Derivative financial liabilities	–	(419,355,747.88)	(209,814,185.49)	(629,169,933.37)

(i) There is no significant transfer between Level 1 and Level 2 of the Bank's financial instruments measured at fair value.

(b) Level 2 fair value measurement

Most of the financial assets classified onto Level 2 are investments in RMB-denominated bonds. The fair value of these bonds is determined based on the results of valuation conducted by China Central Depository & Clearing Co., Ltd., and all significant valuation parameters adopted in its valuation techniques are observable market information.

As at 31 December 2022, there was no change in the valuation techniques used by the Group for the recurring Level 2 fair value measurements.

(c) Level 3 fair value measurement

The Group has a dedicated team performing valuation of assets and liabilities for Level 3 fair value measurements. The significant and unobservable inputs and valuation adjustments are reviewed regularly by the valuation team. If third-party information (such as broker quotes or pricing service) is applied in fair value measurement, the valuation team will assess the evidence obtained from third parties to support the conclusion that the related valuation conforms to the provisions of the Accounting Standards for Business Enterprises, including the requirement that the related valuation has been classified onto the appropriate level of the fair value hierarchy.

Quantitative information about Level 3 fair value measurements is as follows:

The Group and the Bank

	Fair value in 2022	Valuation techniques	Unobservable inputs
Loans and advances at fair value through other comprehensive income	24,500,493,232.74	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Financial assets held for trading	7,259,424,619.28	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Other debt investments	476,206,615.70	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Investments in other equity instruments	19,149,084.21	Comparison of listed companies	Market data calibration
Derivative financial assets	177,612,803.56	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Derivative financial liabilities	(177,612,803.56)	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount

	Fair value in 2021	Valuation techniques	Unobservable inputs
Loans and advances at fair value through other comprehensive income	27,898,680,163.96	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Financial assets held for trading	6,206,016,082.30	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Other debt investments	787,647,466.94	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Investments in other equity instruments	14,697,248.61	Comparison of listed companies	Market data calibration
Derivative financial assets	209,812,554.42	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Derivative financial liabilities	(209,814,185.49)	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount

(4) Financial instruments not measured at fair value

The following table presents the bond financial investments measured at amortized cost, carrying amount and fair value of held-to-maturity investments and bonds payable, and disclosure of fair value hierarchy. Except for the following items, there is no significant difference between the carrying amount and fair value of the Group's other financial assets and financial liabilities not measured at fair value on each balance sheet date.

The Group and the Bank

	2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Bond investments	118,277,281,424.27	116,992,829,054.71	–	116,992,829,054.71	–
Financial liabilities					
Bonds payable	91,465,543,530.78	91,654,065,100.00	–	91,654,065,100.00	–
	2021				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Bond investments	80,408,629,336.66	81,726,928,731.79	–	81,726,928,731.79	–
Financial liabilities					
Bonds payable	85,534,540,020.45	86,019,165,940.00	–	86,019,165,940.00	–

56 REPORTING BY SEGMENT

Based on the business lines, the Group divides its businesses into different operating groups to perform business management. The assets and liabilities, revenues, expenses and operating results of the various segments are measured in accordance with the Group's accounting policies. The transfer pricing of transactions between segments is determined by reference to the market price and has been reflected in the performance of each segment. The net interest income and expense generated by internal charges and transfer pricing adjustments are presented as "net interest income/expense between segments".

The operating segments have presented information in a manner consistent with that of internal information submission, and this internal reporting information is provided to the management of the Group for the purpose of allocating resources and assessing segment performance. In this financial report, the following reportable segments are determined based on operating segments in the Group:

Corporate banking

The segment provides corporate clients, government offices and financial institutions with various financial products and services, including corporate loans and other credit services, entrusted loans, deposit services, agency services, cash management services, financial advisory and consulting services, remittance and settlement services, custody and guarantee services, etc.

Retail banking

The segment provides retail customers with various financial products and services, including services of loans and deposit, wealth management service, remittance, securities agency service, etc.

Capital business

Capital business includes interbank borrowing trading, repurchase trade, bonds investment and transaction, equity investments and foreign exchange trading in the interbank market. This segment also manages the liquidity level of the Group, including the issuance of bonds.

Other business

This segment includes the business that is not directly attributable to or cannot be reasonably allocated to the above-mentioned segments.

Segment accounting policies are consistent with those for the consolidated financial statements of the Group.

The income, expenses, assets and liabilities of the segments include the items managed directly by the segments and allocated to the segments based on appropriate benchmark criteria. Capital expenditures of the segments refer to the total amount of the acquisition of fixed assets, intangible assets and other long-term assets as well as the expenses incurred in new construction in progress during the accounting period.

The Group

Item	2022				
	Capital business	Corporate banking	Retail banking	Other business	Total
Interest income	5,043,265,920.99	8,512,508,227.98	5,034,129,624.80	-	18,589,903,773.77
Interest expense	(3,509,656,135.86)	(5,069,650,264.49)	(2,235,554,218.01)	-	(10,814,860,618.36)
Net interest (expense)/income between segments	(977,445,052.61)	764,474,304.46	212,970,748.15	-	-
Net interest income	556,164,732.52	4,207,332,267.95	3,011,546,154.94	-	7,775,043,155.41
Net fee and commission income	72,014,814.03	502,512,542.11	315,298,990.86	-	889,826,347.00
Income arising from investment	1,344,048,586.62	-	-	-	1,344,048,586.62
(Including: Income from investment in associates	44,131,431.43	-	-	-	44,131,431.43
Income arising from derecognition of financial assets measured at amortized cost)	18,919,844.79	-	-	-	18,919,844.79
Net gains from changes in fair value	(107,979,975.13)	-	-	-	(107,979,975.13)
Foreign exchange gains and losses	23,555,999.89	216,168,085.77	-	-	239,724,085.66
Income from other business	-	-	-	2,068,790.02	2,068,790.02
Net losses from disposal of assets	-	-	-	(1,227,689.29)	(1,227,689.29)
Other income	-	73,924,747.51	50,731,346.82	12,909,161.44	137,565,255.77
Operating income	1,887,804,157.93	4,999,937,643.34	3,377,576,492.62	13,750,262.17	10,279,068,556.06
Taxes and surcharges	(7,630,382.13)	(55,458,680.33)	(31,059,004.09)	(26,981,243.66)	(121,129,310.21)
Operating and administrative expenses	(389,176,762.07)	(1,883,989,611.97)	(1,347,420,101.56)	-	(3,620,586,475.60)
Credit impairment losses	(831,838,816.47)	(1,077,521,444.92)	(667,215,574.61)	(19,073,195.94)	(2,595,649,031.94)
Impairment losses of other assets	-	-	-	(1,044,141.80)	(1,044,141.80)
Operating expenses	(1,228,645,960.67)	(3,016,969,737.22)	(2,045,694,680.26)	(47,098,581.40)	(6,338,408,959.55)
Operating profits/(losses)	659,158,197.26	1,982,967,906.12	1,331,881,812.36	(33,348,319.23)	3,940,659,596.51
Add: non-operating income	-	-	-	2,250,503.03	2,250,503.03
Less: non-operating expenses	-	-	-	(13,320,003.06)	(13,320,003.06)
Total profits/(losses)	659,158,197.26	1,982,967,906.12	1,331,881,812.36	(44,417,819.26)	3,929,590,096.48
Assets of segment	247,126,844,066.84	188,783,657,693.49	101,466,947,306.59	1,041,555,218.73	538,419,004,285.65
Liabilities of segment	(130,848,068,822.37)	(245,225,154,210.98)	(127,482,867,989.10)	(8,692,691.21)	(503,564,783,713.66)
Other information of segments:					
Depreciation and amortization expenses	(106,680,117.01)	(282,547,281.50)	(190,867,391.58)	(777,029.53)	(580,871,819.62)
Capital expenditure					
Including: Expenses on construction in progress	(99,750,372.77)	(264,193,529.63)	(178,468,996.78)	(726,555.12)	(543,139,454.30)
Expenses on acquisition of fixed assets	(24,116,626.86)	(63,874,014.67)	(43,148,412.20)	(175,659.07)	(131,314,712.80)
Expenses on acquisition of intangible assets	(32,001,712.22)	(84,758,032.17)	(57,256,061.47)	(233,091.93)	(174,248,897.79)
Expenses on acquisition of right-of-use assets	(42,871,375.82)	(113,546,844.83)	(76,703,587.38)	(312,263.67)	(233,434,071.70)
New long-term deferred expenses	(1,800,577.90)	(4,768,914.81)	(3,221,515.09)	(13,114.94)	(9,804,122.74)
Total	(200,540,665.57)	(531,141,336.11)	(358,798,572.92)	(1,460,684.73)	(1,091,941,259.33)

The Group

Item	2021				Total
	Capital business	Corporate banking	Retail banking	Other business	
Interest income	4,554,331,872.24	7,876,533,812.03	4,560,635,470.77	-	16,991,501,155.04
Interest expense	(3,165,794,659.83)	(4,467,126,310.75)	(2,072,999,128.76)	-	(9,705,920,099.34)
Net interest (expense)/income between segments	(927,903,764.06)	776,216,776.49	151,686,987.57	-	-
Net interest income	460,633,448.35	4,185,624,277.77	2,639,323,329.58	-	7,285,581,055.70
Net fee and commission income	80,200,085.39	480,503,733.08	320,404,576.03	-	881,108,394.50
Income arising from investment	1,156,835,446.22	-	-	-	1,156,835,446.22
(Including: Income from investment in associates	33,498,533.94	-	-	-	33,498,533.94
Income arising from derecognition of financial assets measured at amortized cost)	4,853,238.46	-	-	-	4,853,238.46
Net gains from changes in fair value	133,662,014.00	-	-	-	133,662,014.00
Foreign exchange gains and losses	(5,967,999.95)	44,055,022.52	-	-	38,087,022.57
Income from other business	-	-	-	1,167,015.41	1,167,015.41
Net losses from disposal of assets	-	-	-	(10,295,172.46)	(10,295,172.46)
Other income	-	-	-	24,609,645.50	24,609,645.50
Operating income	1,825,362,994.01	4,710,183,033.37	2,959,727,905.61	15,481,488.45	9,510,755,421.44
Taxes and surcharges	(1,762,913.12)	(52,381,957.98)	(28,499,856.70)	(27,725,905.89)	(110,370,633.69)
Operating and administrative expenses	(297,086,227.72)	(1,819,250,486.04)	(1,169,978,431.62)	-	(3,286,315,145.38)
Credit impairment losses	(1,011,789,598.52)	(1,165,301,969.07)	(641,200,177.44)	(9,879,163.94)	(2,828,170,908.97)
Impairment losses of other assets	-	-	-	(1,836,201.40)	(1,836,201.40)
Operating expenses	(1,310,638,739.36)	(3,036,934,413.09)	(1,839,678,465.76)	(39,441,271.23)	(6,226,692,889.44)
Operating profits/(losses)	514,724,254.65	1,673,248,620.28	1,120,049,439.85	(23,959,782.78)	3,284,062,532.00
Add: non-operating income	-	-	-	3,663,396.79	3,663,396.79
Less: non-operating expenses	-	-	-	(7,977,394.99)	(7,977,394.99)
Total profits/(losses)	514,724,254.65	1,673,248,620.28	1,120,049,439.85	(28,273,780.98)	3,279,748,533.80
Assets of segment	212,785,605,871.12	173,796,042,111.57	95,216,381,925.10	985,553,587.71	482,783,583,495.50
Liabilities of segment	(127,656,898,625.15)	(221,805,904,083.22)	(103,457,126,099.26)	(6,148,781.99)	(452,926,077,589.62)
Other information of segments:					
Depreciation and amortization expenses	(86,135,556.31)	(222,264,961.66)	(139,664,171.18)	(730,543.25)	(448,795,232.40)
Capital expenditure					
Including: Expenses on construction in progress	(54,221,989.61)	(139,914,908.07)	(87,918,039.47)	(459,874.06)	(282,514,811.21)
Expenses on acquisition of fixed assets	(30,443,865.20)	(78,557,622.67)	(49,363,089.79)	(258,204.17)	(158,622,781.83)
Expenses on acquisition of intangible assets	(41,971,529.20)	(108,303,710.20)	(68,054,576.88)	(355,973.99)	(218,685,790.27)
Expenses on acquisition of right-of-use assets	(51,341,809.44)	(132,482,865.34)	(83,247,982.25)	(435,446.34)	(267,508,103.37)
New long-term deferred expenses	(1,893,026.95)	(4,880,957.89)	(3,050,529.04)	(15,288.84)	(9,839,802.72)
Total	(179,872,220.40)	(464,140,064.17)	(291,634,217.43)	(1,524,787.40)	(937,171,289.40)

The Bank

Item	2022				
	Capital business	Corporate banking	Retail banking	Other business	Total
Interest income	5,040,276,288.24	8,501,346,994.89	4,988,594,309.00	-	18,530,217,592.13
Interest expense	(3,517,788,884.15)	(5,064,051,292.34)	(2,211,316,576.74)	-	(10,793,156,753.23)
Net interest (expense)/income between segments	(966,867,886.28)	755,120,874.47	211,747,011.81	-	-
Net interest income	555,619,517.81	4,192,416,577.02	2,989,024,744.07	-	7,737,060,838.90
Net fee and commission income	72,014,522.77	505,162,498.09	315,321,486.91	-	892,498,507.77
Income arising from investment	1,346,088,586.62	-	-	-	1,346,088,586.62
(Including: Income from investment in associates)	44,131,431.43	-	-	-	44,131,431.43
Income arising from derecognition of financial assets measured at amortized cost)	18,919,844.79	-	-	-	18,919,844.79
Net gains from changes in fair value	(107,979,975.13)	-	-	-	(107,979,975.13)
Foreign exchange gains and losses	23,555,999.89	216,168,085.77	-	-	239,724,085.66
Income from other business	-	-	-	1,896,456.68	1,896,456.68
Net losses from disposal of assets	-	-	-	(1,286,850.87)	(1,286,850.87)
Other income	-	73,924,747.51	50,731,346.82	12,027,180.91	136,683,275.24
Operating income	1,889,298,651.96	4,987,671,908.39	3,355,077,577.80	12,636,786.72	10,244,684,924.87
Taxes and surcharges	(7,630,382.14)	(55,439,658.25)	(30,976,073.23)	(26,703,857.73)	(120,749,971.35)
Operating and administrative expenses	(375,651,396.17)	(1,883,187,391.28)	(1,324,661,715.99)	-	(3,583,500,503.44)
Credit impairment losses	(831,846,004.74)	(1,080,783,746.90)	(661,967,743.68)	(19,121,739.65)	(2,593,719,234.97)
Impairment losses of other assets	-	-	-	(436,000.00)	(436,000.00)
Operating expenses	(1,215,127,783.05)	(3,019,410,796.43)	(2,017,605,532.90)	(46,261,597.38)	(6,298,405,709.76)
Operating profits/(losses)	674,170,868.91	1,968,261,111.96	1,337,472,044.90	(33,624,810.66)	3,946,279,215.11
Add: non-operating income	-	-	-	2,247,282.43	2,247,282.43
Less: non-operating expenses	-	-	-	(13,247,328.81)	(13,247,328.81)
Total profits/(losses)	674,170,868.91	1,968,261,111.96	1,337,472,044.90	(44,624,857.04)	3,935,279,168.73
Assets of segment	246,902,690,800.83	188,641,551,762.10	100,670,927,579.15	1,202,645,729.85	537,417,815,871.93
Liabilities of segment	(131,246,724,935.20)	(244,797,138,845.54)	(126,604,845,683.40)	(8,334,566.92)	(502,657,044,031.06)
Other information of segments:					
Depreciation and amortization expenses	(106,489,522.28)	(281,128,025.07)	(189,107,533.68)	(712,267.16)	(577,437,348.19)
Capital expenditure					
Including: Expenses on construction in progress	(100,164,392.21)	(264,429,937.91)	(177,875,163.38)	(669,960.80)	(543,139,454.30)
Expenses on acquisition of fixed assets	(23,967,063.50)	(63,272,076.77)	(42,561,485.59)	(160,306.39)	(129,960,932.25)
Expenses on acquisition of intangible assets	(32,134,537.09)	(84,833,876.20)	(57,065,549.04)	(214,935.47)	(174,248,897.80)
Expenses on acquisition of right-of-use assets	(43,049,315.84)	(113,648,449.94)	(76,448,365.72)	(287,940.20)	(233,434,071.70)
New long-term deferred expenses	(1,808,051.29)	(4,773,182.18)	(3,210,795.90)	(12,093.35)	(9,804,122.72)
Total	(201,123,359.93)	(530,957,523.00)	(357,161,359.63)	(1,345,236.21)	(1,090,587,478.77)

The Bank

Item	2021				Total
	Capital business	Corporate banking	Retail banking	Other business	
Interest income	4,544,484,416.32	7,862,543,165.86	4,514,021,296.89	-	16,921,048,879.07
Interest expense	(3,168,912,325.70)	(4,459,971,643.14)	(2,052,239,628.65)	-	(9,681,123,597.49)
Net interest (expense)/income between segments	(920,906,247.60)	767,961,689.45	152,944,558.15	-	-
Net interest income	454,665,843.02	4,170,533,212.17	2,614,726,226.39	-	7,239,925,281.58
Net fee and commission income	80,200,085.39	481,778,827.72	320,436,181.67	-	882,415,094.78
Income arising from investment	1,158,875,446.22	-	-	-	1,158,875,446.22
(Including: Income from investment in associates)	33,498,533.94	-	-	-	33,498,533.94
Income arising from derecognition of financial assets measured at amortized cost)	4,853,238.46	-	-	-	4,853,238.46
Net gains from changes in fair value	133,662,014.00	-	-	-	133,662,014.00
Foreign exchange gains and losses	(5,967,999.95)	44,055,022.52	-	-	38,087,022.57
Income from other business	-	-	-	1,032,491.60	1,032,491.60
Net losses from disposal of assets	-	-	-	(10,306,269.40)	(10,306,269.40)
Other income	-	-	-	23,984,409.16	23,984,409.16
Operating income	1,821,435,388.68	4,696,367,062.41	2,935,162,408.06	14,710,631.36	9,467,675,490.51
Taxes and surcharges	(1,762,913.12)	(52,362,211.98)	(28,413,900.23)	(27,474,334.43)	(110,013,359.76)
Operating and administrative expenses	(284,399,952.60)	(1,816,352,023.94)	(1,145,943,809.18)	-	(3,246,695,785.72)
Credit impairment losses	(1,011,763,384.68)	(1,169,383,922.96)	(644,436,918.87)	(9,886,259.77)	(2,835,470,486.28)
Operating expenses	(1,297,926,250.40)	(3,038,098,158.88)	(1,818,794,628.28)	(37,360,594.20)	(6,192,179,631.76)
Operating profits/(losses)	523,509,138.28	1,658,268,903.53	1,116,367,779.78	(22,649,962.84)	3,275,495,858.75
Add: non-operating income	-	-	-	3,653,930.53	3,653,930.53
Less: non-operating expenses	-	-	-	(7,580,312.15)	(7,580,312.15)
Total profits/(losses)	523,509,138.28	1,658,268,903.53	1,116,367,779.78	(26,576,344.46)	3,271,569,477.13
Assets of segment	212,453,763,161.30	173,643,495,050.69	94,413,401,487.39	1,147,737,453.32	481,658,397,152.70
Liabilities of segment	(127,889,800,523.49)	(221,297,636,830.83)	(102,709,953,402.09)	(5,922,122.10)	(451,903,312,878.51)
Other information of segments:					
Depreciation and amortization expenses	(85,826,191.28)	(221,293,217.61)	(138,305,103.68)	(693,166.21)	(446,117,678.78)
Capital expenditure					
Including: Expenses on construction in progress	(53,492,897.03)	(137,925,441.23)	(86,201,432.90)	(432,029.76)	(278,051,800.92)
Expenses on acquisition of fixed assets	(30,288,488.40)	(78,095,473.59)	(48,808,556.76)	(244,621.79)	(157,437,140.54)
Expenses on acquisition of intangible assets	(42,071,788.14)	(108,477,391.68)	(67,796,822.08)	(339,788.37)	(218,685,790.27)
Expenses on acquisition of right-of-use assets	(51,257,384.23)	(132,161,421.97)	(82,599,003.10)	(413,974.88)	(266,431,784.18)
New long-term deferred expenses	(1,893,026.95)	(4,880,957.89)	(3,050,529.04)	(15,288.84)	(9,839,802.72)
Total	(179,003,584.75)	(461,540,686.36)	(288,456,343.88)	(1,445,703.64)	(930,446,318.63)

57 CAPITAL MANAGEMENT

The Group's capital management takes capital adequacy ratio and core capital adequacy ratio at the core, with the aim of ensuring compliance with the requirements for external supervision, credit rating, risk compensation and shareholder returns, as well as facilitating the Group's risk management and striking a balance between business scale expansion and profitability, total capital and structure optimization, and optimal capital scale and capital returns while taking the development plan into account.

In accordance with the requirements of the Measures for Capital Management of Commercial Banks (For Trial Implementation) (Order of the former CBRC, [2012] No. 1) and other relevant laws and regulations, the Group monitors the capital adequacy ratio on a regular basis, and submits information required by the former CBRC at the end of each year and each quarter. Moreover, the Group forecasts, plans and manages the capital adequacy ratio by scenario simulation and stress testing according to factors such as strategic development planning, business expansion and risk trends.

The former CBRC requires commercial banks to meet requirements of capital adequacy ratio prescribed in the Measures for Capital Management of Commercial Banks (For Trial Implementation) by the end of 2018. As to the systemically important banks, the former CBRC requires that core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio shall not be less than 8.50%, 9.50% and 11.50%, respectively. As to non-systemically important banks, the former CBRC requires that their core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio shall not be less than 7.50%, 8.50% and 10.50%, respectively. The Group complies with all relevant regulatory requirements

Credit risk weighted assets include on-balance sheet credit risk weighted assets, off-balance sheet credit risk weighted assets and counterparty credit risk weighted assets from OTC derivatives. The on-balance sheet credit risk weighted assets are calculated adopting different risk weightings, which are determined by credit risks of each asset and counterparty, market risk and other relevant risk, while taking the effects of qualified mortgages and guarantees into consideration. The off-balance sheet exposures are calculated using the same method, and adjusted according to characteristics of the contingent loss. Market risk weighted assets are measured by adopting standard method. Operational risk weighted assets are measured based on the basic indicator method

According to the Measures on Capital Adequacy Ratio Management of Commercial Banks (For Trial Implementation) promulgated by the former CBRC and other relevant regulations, the Group's capital adequacy ratios are measured as follows:

RMB'0,000	2022	2021
Net amount of core tier-1 capital	3,020,832.38	2,717,266.08
Net amount of tier-1 capital	3,440,739.88	2,937,281.73
Net amount of tier-2 capital	1,293,989.74	1,254,135.76
Total net capital	4,734,729.62	4,191,417.48
Total risk-weighted assets	35,292,292.49	31,458,554.38
– Credit risk weighted assets	31,904,039.98	28,639,152.43
– Market risk weighted assets	1,584,446.24	1,084,964.75
– Operational risk weighted assets	1,803,806.28	1,734,437.20
Core tier-1 capital adequacy ratio	8.56%	8.64%
Tier-1 capital adequacy ratio	9.75%	9.34%
Capital adequacy ratio	13.42%	13.32%

58 CREDIT COMMITMENTS

Credit commitments of the Group include the approved and contracted irrevocable loan commitments, financial guarantees and letters of credit. The Group assesses its contingent losses of credit commitments regularly and makes provisions when necessary.

The Group provides financial guarantees and letters of credit so as to guarantee the performance of customers toward third parties. The contract amount for letters of guarantee and letters of credit represents the maximum loss incurred if counterparties default. Acceptance bills comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

As the facilities may expire without being used, the following contractual amount is not indicative of expected future cash outflow.

	The Group and the Bank	
	2022	2021
Loan commitments	8,112,595,731.33	6,288,296,805.96
Unused overdraft limit of credit cards	8,545,119,661.16	7,798,568,698.27
Sub-total	16,657,715,392.49	14,086,865,504.23
Bank acceptance bill	45,235,227,217.47	27,383,626,356.83
Letters of credit	9,207,802,046.09	9,066,125,155.85
Financial guarantees	668,601,806.74	257,906,966.47
Sub-total	55,111,631,070.30	36,707,658,479.15
Total	71,769,346,462.79	50,794,523,983.38

Credit risk weighted amount

	The Group and the Bank	
	2022	2021
Credit risk weighted amount of credit commitments	1,355,549,835.17	1,365,737,682.65

The credit risk weighted amounts of credit commitments are calculated in accordance with the "Measures on Capital Management of Commercial Banks (For Trial Implementation)" issued by the former CBRC. The risk weights are determined based on credit conditions of counterparties, term to maturity and other factors. The risk weights of credit commitments range from 0% to 100%.

59 COMMITMENTS

Capital commitments

As at the balance sheet date, the capital commitments of the Group and the Bank are summarized as follows:

	The Group and the Bank	
	2022	2021
Agreement of capital expenditure		
Contracted but unpaid	2,560,994,528.46	242,431,244.46

The Group has no capital expenditure commitments which are approved but not yet contracted.

60 CONTINGENCIES

As at 31 December 2022, there are no contingent assets and liabilities for the Group (As at 31 December 2021: Nil).

As at the balance sheet date, the Bank or its subsidiaries do not have any material pending legal proceedings as a defendant.

61 ENTRUSTED LENDING BUSINESS

The Group's entrusted lending business refers to activities where the Group accepts the entrustment of government departments, business entities and individuals, and grants entrustment loans with the funds provided by them. In the Group's entrusted lending business, the Group does not need to bear any bank credit risk, and only manages the assets and liabilities as instructed by clients and charges commission fees as an agent. Entrusted lending are not assets of the Group and are not recognized in the balance sheet. Excess funds are reflected in accepted deposit.

As at the balance sheet date, the entrusted loans and their funds for the Group and the Bank were as follows:

	The Group and the Bank	
	2022	2021
Entrusted loans	3,817,258,674.00	4,176,072,968.97
Funds for entrusted loans	3,817,258,674.00	4,176,072,968.97

62 ASSETS USED AS PLEDGE

	The Group and the Bank	
	2022	2021
Classified by the types of collateral:		
Chinese government bonds	400,000,000.00	12,694,100,000.00
Bonds issued by local government	5,803,000,000.00	9,993,444,700.00
Policy bank bonds	14,566,200,000.00	6,744,100,000.00
Commercial bank bonds	1,137,111,200.00	–
Corporate bonds	–	11,111,200.00
Bank acceptance bills	2,953,679,240.16	1,147,508,941.61
Total	24,859,990,440.16	30,590,264,841.61
Classified by item of asset:		
Other debt investments	1,187,592,819.26	6,838,313,643.68
Debt investments	20,718,718,380.74	22,604,442,256.32
Loans	2,953,679,240.16	1,147,508,941.61
Total	24,859,990,440.16	30,590,264,841.61

63 TRANSACTIONS WITH RELATED PARTIES

1 Major related parties of the Bank

(1) Related parties as the principal shareholders of the Bank

Since the Bank does not have a controlling shareholder, the related parties as principal shareholders refer to shareholders holding more than 5% shares of the Bank. The names of the principal shareholders and the information on shareholding are as follows:

Name of shareholders	2022 and 2021	
	Number of shares	Ratio %
Dongguan Municipal Finance Bureau	484,396,000.00	22.22%
Dongguan Financial Holdings Group Co., Ltd.	238,812,174.00	10.95%

(2) Subsidiaries of the Bank

For details of the Bank's subsidiaries, please see Note 6.

(3) Associates of the Bank

For details of the Bank's associates, please see Note 17(2) and 17(3).

(4) Other related parties

Other related parties include key management personnel (Directors, Supervisors and senior executives) and their intimate family members, as well as the enterprises controlled, jointly controlled or significantly influenced by key management personnel or their intimate family members.

Key management personnel of the Group and the Bank refer to persons who have power and responsibilities to directly and indirectly plan, instruct and control activities of the Group and the Bank, including Directors, Supervisors and senior executives.

2 Transactions with related parties of the Group and the Bank

Gains and losses arising from transactions with related parties during the year:

	2022	2021
Interest income	86,192,047.76	156,642,576.87
Interest expense	1,574,950,562.68	1,434,361,596.14
Investment income	–	3,993,840.00
Losses or gains from changes of fair value	–	1,183,400.00
Other comprehensive income	–	(241,280.00)
Fee and commission income	6,247,559.70	16,947,798.87

The balances of transactions with related parties as at the balance sheet date are as follows:

	2022	2021
On-balance sheet items:		
Loans and advances to customers	1,856,497,892.72	3,250,239,784.36
Customer deposits	50,066,023,180.48	46,042,019,464.38
Financial assets held for trading	–	101,992,893.15
Deposits from banks and other financial institutions	488,631,702.50	2,621,873,541.63
Off-balance sheet items:		
Credit commitments	6,508,181.40	8,008,585.54
Letters of guarantee	–	40,740,400.68
Loan balance guaranteed by related parties (ii)	2,213,222,687.94	4,579,131,090.80
Entrusted loan	–	72,000,000.00

(i) According to the requirements of Caikui [2018] No. 36, as at 31 December 2022, the interest of the financial instrument calculated based on the effective interest rate method is reflected in the book balance of the corresponding financial instruments. The interest due but not received on the balance sheet date is listed in other assets. The interest due but not paid on the balance sheet date is listed in other liabilities.

(ii) In the total amount, the same loan that guaranteed by multiple related parties is only counted once by the amount of the loan.

3 Transactions between key management personnel and the Group

	The Group and the Bank	
	2022	2021
Remuneration of key management personnel	28,145,962.64	21,614,468.60

(i) The Directors, Supervisors and senior executives did not receive any incentive payment or termination compensation for joining the Group in 2022 and 2021.

4 Transactions between the Bank and its subsidiaries

The significant inter-company balances and transactions with subsidiaries are eliminated on the consolidated financial statement.

Gains and losses arising from transactions with subsidiaries during the year:

	2022	2021
Interest income	2,180.56	324,416.85
Interest expense	8,901,246.22	4,341,675.09
Fee and commission income	2,867,244.80	1,348,228.65

The balances of transactions with subsidiaries as at the balance sheet date are as follows:

	2022	2021
Deposits from banks and other financial institutions	443,231,354.17	260,703,043.11

64 INTERESTS IN STRUCTURED ENTITIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Interest in the structured entities sponsored by third-party institutions

The Group directly holds interests in some structured entities sponsored by third-party institutions through investments in the notes issued by these structured entities. Such structured entities include asset management plans, trust schemes, funds and asset-backed securities, and the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to manage assets on behalf of investors and earn management fees. These structured entities are financed through the issuance of investment products to investors.

The following table sets out the carrying amounts of interests directly held by the Group as at 31 December 2022 and 31 December 2021 in the structured entities sponsored by third-party institutions, and the line items in the balance sheet in which assets are recognized relating to the interests of the Group and the Bank in structured entities sponsored by third parties:

The Group and the Bank

	2022				
	Carrying amount				Maximum exposure to loss
	Financial assets held for trading	Debt investments	Other debt investments	Total	
Asset management plans	7,420,221,647.38	10,888,630,021.03	11,114,531.69	18,319,966,200.10	18,319,966,200.10
Trust schemes	292,690,441.83	772,015,882.26	466,510,568.47	1,531,216,892.56	1,531,216,892.56
Funds	23,660,489,426.40	-	-	23,660,489,426.40	23,660,489,426.40
Asset-backed securities	3,346,504,359.15	-	285,344,050.00	3,631,848,409.15	3,631,848,409.15
Total	34,719,905,874.76	11,660,645,903.29	762,969,150.16	47,143,520,928.21	47,143,520,928.21

	2021			Total	Maximum exposure to loss
	Financial assets held for trading	Debt investments	Other debt investments		
Asset management plans	5,901,595,622.33	11,556,761,945.34	39,479,597.23	17,497,837,164.90	17,497,837,164.90
Trust schemes	304,420,459.97	635,536,408.59	748,167,869.71	1,688,124,738.27	1,688,124,738.27
Funds	24,993,432,036.98	-	-	24,993,432,036.98	24,993,432,036.98
Asset-backed securities	3,020,407,157.07	-	-	3,020,407,157.07	3,020,407,157.07
Total	34,219,855,276.35	12,192,298,353.93	787,647,466.94	47,199,801,097.22	47,199,801,097.22

The maximum exposures to loss in the asset management plans, trust schemes, investment funds and asset-backed securities are the amortized cost or fair value of assets at the balance sheet date.

(2) Interest in the unconsolidated structured entities sponsored by the Group

The unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products issued by the Group. The nature and purposes of these structured entities are to charge management fees from managing assets on behalf of investors. These structured entities are financed through the issuance of investment products to investors. Interest in the unconsolidated structured entities held by the Group mainly represents management fees charged on managing these structured entities.

As at 31 December 2022, the balance of the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, was RMB43.639 billion (as at 31 December 2021: RMB46.356 billion).

(3) Unconsolidated structure entities in which the Group holds no interest at the end of each year

In 2022, the fee and commission earned by the Group from such non-principal guaranteed wealth management products were RMB128 million (2021: RMB115 million).

The Group's non-principal guaranteed wealth management products due in 2022 amounted to RMB112.110 billion (2021: RMB142.708 billion).

65 TRANSFER OF FINANCIAL ASSETS

During routine business operations, the Group conducts certain transactions in which recognized financial assets are transferred to third parties or special-purpose trust schemes. When the transfer of these financial assets meets the derecognition conditions set out in the Accounting Standards for Business Enterprises, the relevant financial assets are derecognized in full or in part. When the Group retains most of the risks and rewards of the transferred assets, the transfer of related financial assets do not meet the conditions for derecognition, and the Group will continue to recognize the above assets in the balance sheet.

(i) Credit asset securitization

The Group enters into asset securitization, credit or circulation transactions in the normal course of business. The Group sells credit assets to special-purpose trusts which then issue asset-backed securities to investors, or carries out trust beneficial rights registration and circulation business in Banking Credit Asset Registration and Circulation Center (BCARC). During this process, the Group may hold some senior asset-backed securities or subordinate asset-backed securities or trust beneficial rights, retaining certain risk and return on the transferred credit assets. The Group determines, based on the extent of the retained risk and return, whether to derecognize related credit assets.

In 2020, the Group initiated two credit asset transfer businesses, namely Guanxin's first phase of personal housing mortgage securitization project for 2020 in the interbank market, for which the trust was established on 15 December 2020, with a total size of RMB2 billion; and the first phase of property rights trust between Guangdong Finance Trust Co., Ltd. and Bank Dongguan for 2020 in Yindeng Center, for which the trust was established on 2 December 2020, with a total size of RMB2.001 billion. The Group confirmed its continued involvement in assets and continued involvement in liabilities based on the amount of self-owned inferior assets. (The volume of credit asset securitization in 2019: Nil. The credit assets transferred by the Group in this project meet the requirements for derecognition, and all are derecognized when the business occurs.) The carrying value of the asset-backed securities or trust beneficiary rights invested by the Group on 31 December 2022 in these credit asset securitization and circulation transactions was RMB604 million (as at 31 December 2021: RMB595 million), and its maximum exposure to losses is similar to the carrying value.

(ii) Securities lending transactions

The transferred financial assets not derecognized mainly included securities under securities lending transactions, and the counterparties may sell the securities or use them as collateral as long as the Group does not default, but it shall return the securities to the Group upon the maturity dates set forth in the related agreements. For the above-mentioned transactions, the Group did not derecognize the securities as it believes that it has retained most risks and returns thereon.

As at 31 December 2022, no securities were lent in such lending transactions (As at 31 December 2021: Nil).

66 POST-BALANCE SHEET DATE EVENTS**(i) Description of significant non-adjusting events after the balance sheet date**

Pursuant to the resolution of the 7th Meeting of the 8th Session of the Board of Directors of the Bank held on 27 September 2022, the resolution of the 2nd Extraordinary General Meeting in 2022 held on 13 October 2022, the "Approval of Guangdong Banking and Insurance Supervision Bureau on the Proposal on Capital and Share Increase Plan of Bank of Dongguan" (YYBJF[2022] No. 414) issued by Guangdong Supervision and Administration of China Banking and Insurance Regulatory Commission (CBIRC), the "Approval Reply on private issuing of shares of Dongguan Bank Co., Ltd." (ZJXX [2022] No. 3216) from the CBIRC and the resolution of the 11th meeting of the 8th session of the Board of Directors held on 20 March 2023, the Bank was approved to make the private issuance of shares.

As of the date of this report, 161,600,000 additional shares with par value of RMB1.00 each were issued to specific targets at an issue price of RMB13.21 per share, resulting in an additional registered capital of RMB161,600,000.00 and a changed registered capital of RMB2,341,600,000.00. As of 27 March 2023, the Bank had received a total of RMB161,600,000.00 from 26 investors, all in the form of monetary contributions. The new registered capital has been audited by KPMG Huazhen LLP, and the capital verification report (KPMG Huazhen Verification No. 2300728) was issued on 30 March 2023.

(ii) Description of profit distribution after the balance sheet date

According to the resolution made by the Board of Directors of the Bank on 24 February 2023, the profit distribution plan of the Bank in 2022 is as follows:

- (1) Appropriate 10% of net profit as statutory surplus reserve in 2022;
- (2) In accordance with the Administrative Measures on Accrual of Provisions by Financial Enterprises (CJ [2012] No. 20) issued by MOF, appropriate a general risk reserve of RMB700 million based on the difference of 1.5% of the balance of risk assets;
- (3) Based on the retained earnings at the end of 2022, distribute a cash dividend totaling RMB654,000,000.00 to all shareholders of 2,180,000,000 capital shares.

The profit distribution plan is expected to be approved by the General Meeting of Shareholders in April 2023.

Except for the above events, the Group has no other major post-balance sheet date events that should be disclosed.

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Bank of Dongguan
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东莞银行
BANK OF DONGGUAN

Add.: No. 21 Tiyu Road, Guancheng District, Dongguan, Guangdong, China
Fax: (86)-769 2211 6029
Post code: 523000
Service lines: 956033
www.dongguanbank.cn



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