

**BANK OF JINING CO., LTD.**

**AUDITOR'S REPORT AND FINANCIAL**

**STATEMENTS**

**FOR THE YEAR ENDED DECEMBER**

**ENGLISH TRANSLATION OF AUDITOR'S  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**IF THERE IS ANY CONFLICT BETWEEN THE  
CHINESE VERSION AND ITS ENGLISH  
TRANSLATION, THE CHINESE VERSION  
WILL PREVAIL**

**Bank of Jining Co., Ltd.**  
**Auditor's Report and Financial Statements**

(From January 1, 2022 to December 31, 2022)

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## **Auditor's Report**

(English Translation for Reference Only)

Xin Kuai Shi Bao Zi [2023] No. ZG30043

**To Bank of Jining Co., Ltd.:**

### **Opinion**

We have audited the accompanying financial statements of Bank of Jining Co., Ltd. (hereinafter referred to as the "Bank of Jining" or the "Company"), which comprise the consolidated and company's balance sheets as at December 31, 2022, the consolidated and company's income statements, the consolidated and company's statements of cash flows, and the consolidated and company's statements of changes in owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position as at December 31, 2022 and the consolidated and company's financial performance and cash flows for the year then ended, in accordance with the requirements of Accounting Standards for Business Enterprises.

### **Basis for Opinion**

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

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **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 a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understand of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of 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 the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and contents of the financial statements, 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 the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.





**立信会计师事务所(特殊普通合伙)**  
BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

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.



**Certified Public Accountant of China:**



**Certified Public Accountant of China:**



**Shanghai, China**

**March 10, 2023**

**BANK OF JINING CO., LTD.**  
**CONSOLIDATED BALANCE SHEET**  
**AT DECEMBER 31, 2022**

(Unless otherwise specified, the unit of the amount is RMB yuan)  
(English Translation for Reference Only)

Items	Notes	31/12/2022	31/12/2021
<b>Assets:</b>			
Cash and deposits with central banks	(I)	11,849,528,990.04	11,475,664,042.45
Deposits with interbanks	(II)	3,506,159,516.51	1,518,350,322.10
Precious metals			
Funds lent to banks and other financial institutions			
Derivative financial assets			
Financial assets held under resale agreements	(III)		922,261,183.72
Assets held for sale			
Loans and advances to customers	(IV)	100,604,351,626.04	82,676,311,700.71
<b>Financial Investments:</b>			
Trading financial assets	(V)	7,956,992,651.06	9,755,335,858.07
Debt investments	(V)	40,581,056,042.46	35,351,943,859.05
Other debt investments	(V)	1,863,421,058.29	3,579,492,975.85
Investment in other equity instruments	(V)	110,225,567.16	79,969,521.40
Long-term equity investments			
Investment property			
Fixed assets	(VII)	721,484,565.19	730,783,561.93
Construction in progress	(VIII)	44,335,558.79	20,427,956.73
Right-of-use assets	(IX)	165,048,615.99	142,111,425.88
Intangible assets	(X)	239,215,603.91	219,518,745.63
Goodwill			
Deferred tax assets	(XI)	1,504,499,231.58	1,256,912,882.07
Other assets	(XII)	390,335,740.77	686,696,164.95
<b>Total assets</b>		<b>169,536,654,767.79</b>	<b>148,415,780,200.54</b>
<b>Liabilities:</b>			
Borrowings from central banks	(XIV)	2,242,108,023.34	6,012,867,042.62
Deposits from inter-banks and other financial institutions	(XV)	24,171,745.23	53,244,547.83
Funds borrowed from other banks	(XVI)	2,350,472,275.57	1,791,684,847.15
Trading financial liabilities			
Derivative financial liabilities			
Financial assets sold under repurchase agreements	(XVII)	3,701,522,528.71	5,202,710,355.10
Deposits from customers	(XVIII)	141,082,343,865.23	116,439,838,487.82
Employee compensation payable	(XIX)	195,429,788.61	146,856,521.69
Taxes payable	(XX)	243,482,808.46	218,523,480.26
Liabilities held for sale			
Estimated Liabilities	(XXI)	55,668,179.85	128,706,667.65
Bonds payable	(XXII)	7,983,623,062.78	7,355,696,644.36
Lease liabilities	(XXIII)	146,517,302.41	120,001,503.78
Long-term payables to employees			
Deferred tax liabilities	(XI)		25,303,470.16
Other liabilities	(XXIV)	288,809,209.44	420,080,136.41
<b>Total Liabilities</b>		<b>158,314,148,789.63</b>	<b>137,915,513,704.83</b>
<b>Shareholders' equity:</b>			
Capital stock	(XXV)	2,857,852,333.20	2,857,852,333.20
Other equity instruments	(XXVI)	1,999,324,031.09	1,999,324,031.09
Including: Preferred stock			
Perpetual bond	(XXVI)	1,999,324,031.09	1,999,324,031.09
Capital reserve	(XXVII)	1,597,645,944.99	1,597,645,944.99
Less: Treasury stocks			
Other comprehensive income	(XXVIII)	555,112.53	8,897,464.42
Surplus reserve	(XXIX)	1,449,687,748.22	1,352,302,118.56
General risk reserve	(XXX)	1,940,669,082.11	1,883,845,968.75
Undistributed profits	(XXXI)	950,578,914.12	392,301,565.57
Total equity attributable to equity holders of the company		10,796,313,166.26	10,092,169,426.58
Minority shareholders' equity	(XXXII)	426,192,811.90	408,097,069.13
<b>Total shareholder's equity</b>		<b>11,222,505,978.16</b>	<b>10,500,266,495.71</b>
<b>Total liabilities and shareholders' equity</b>		<b>169,536,654,767.79</b>	<b>148,415,780,200.54</b>

The accompanying notes form part of the financial statements.

Legal Representative:

President in Charge of Finance and Accounting:

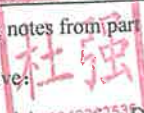
Head of Finance and Accounting Department:

**BANK OF JINING CO., LTD.**  
**COMPANY'S BALANCE SHEET**  
**AT DECEMBER 31, 2022**

(Unless otherwise specified, the unit of the amount is RMB yuan)  
(English Translation for Reference Only)

Items	Notes	31/12/2022	31/12/2021
<b>Assets:</b>			
Cash and deposits with central banks	(I)	10,883,101,922.87	9,441,583,303.73
Deposits with interbanks	(II)	2,490,670,404.27	1,518,454,642.63
Precious metals			
Funds lent to banks and other financial institutions			
Derivative financial assets			922,261,183.72
Financial assets held under resale agreements	(III)		
Assets held for sale			
Loans and advances to customers	(IV)	93,762,743,197.23	76,365,654,547.57
<b>Financial Investments:</b>			
Trading financial assets	(V)	7,956,992,651.06	9,755,335,858.07
Debt investment	(V)	40,013,121,309.30	34,554,457,437.01
Other debt investment	(V)	1,863,421,058.29	2,860,079,935.85
Investment in other equity instruments	(V)	110,225,567.16	79,969,521.40
Long-term equity investments	(VI)	87,911,000.00	87,911,000.00
Investment property			
Fixed assets	(VII)	623,650,039.43	630,159,341.10
Construction in progress	(VIII)	44,335,558.79	20,427,956.73
Right-of-use assets	(IX)	155,674,538.76	126,322,213.05
Intangible assets	(X)	202,738,864.04	184,437,209.79
Goodwill			
Deferred tax assets	(XI)	1,429,684,836.36	1,196,981,842.53
Other assets	(XII)	381,135,439.97	667,471,228.63
<b>Total assets</b>		160,005,406,387.53	138,411,507,221.81
<b>Liabilities:</b>			
Borrowings from central banks	(XIV)	2,242,108,023.34	5,931,542,247.62
Deposits from inter-banks and other financial institutions	(XV)	1,577,831,749.83	1,186,906,857.34
Funds borrowed from other banks	(XVI)	2,350,472,275.57	1,791,684,847.15
Trading financial liabilities			
Derivative financial liabilities			
Financial assets sold under repurchase agreements	(XVII)	3,701,522,528.71	5,202,710,355.10
Deposits from customers	(XVIII)	130,608,307,586.18	105,972,257,763.63
Employee compensation payable	(XIX)	180,272,160.26	133,434,228.93
Taxes payable	(XX)	239,596,448.64	214,828,444.89
Liabilities held for sale			
Estimated Liabilities	(XXI)	52,407,753.43	124,830,954.77
Bonds payable	(XXII)	7,983,623,062.78	7,355,696,644.36
Including: Preferred stock			
Perpetual bond			
Lease liabilities	(XXIII)	139,228,099.46	106,301,923.57
long-term payables			25,223,906.94
Deferred tax liabilities	(XXI)		412,845,296.35
Other liabilities	(XXIV)	282,697,498.77	128,458,263,470.65
<b>Total Liabilities</b>		149,358,067,186.97	128,458,263,470.65
<b>Shareholders' equity:</b>			
Capital stock	(XXV)	2,857,852,333.20	2,857,852,333.20
Other equity instruments	(XXVI)	1,999,324,031.09	1,999,324,031.09
Including: Preferred stock			
Perpetual bond			
Capital reserve	(XXVII)	1,596,184,892.22	1,596,184,892.22
Less: Treasury stocks			12,857,619.15
Other comprehensive income	(XXVIII)	567,911.95	1,352,302,118.56
Surplus reserve	(XXIX)	1,449,687,748.22	1,837,352,018.89
General risk reserve	(XXX)	1,888,352,018.89	297,370,738.05
Undistributed profit	(XXXI)	855,370,264.99	9,953,243,751.16
<b>Total shareholder's equity</b>		10,647,339,200.56	9,953,243,751.16
<b>Total liabilities and shareholders' equity</b>		160,005,406,387.53	138,411,507,221.81

The accompanying notes form part of the financial statements.

Legal Representative: 

President in Charge of Finance and Accounting: 

Head of Finance and Accounting Department: 



**BANK OF JINING CO., LTD.**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

(Unless otherwise specified, the unit of the amount is RMB yuan)  
(English Translation for Reference Only)

Items	Notes	2022	2021
<b>I. Operating income</b>		3,976,480,168.55	3,642,781,578.08
Net interest income	(XXXIII)	4,625,127,179.76	4,569,898,330.42
Interest income		8,580,319,093.79	7,784,524,639.68
Interest expense		3,955,191,914.03	3,214,626,309.26
Net fee and commission income	(XXXIV)	-1,095,314,407.42	-1,208,509,715.53
Fee and commission income		129,187,909.73	85,032,918.47
Fee and commission expense		1,224,502,317.15	1,293,542,634.00
Investment income (loss indicated with "-")	(XXXV)	405,568,841.11	217,884,550.91
Net exposure hedging gains(loss indicated with "-")			
Other income	(XXXVI)	39,404,367.90	10,106,638.79
Gains or losses from changes in fair value (losses are indicated with "-")	(XXXVII)	-11,793,107.19	42,180,104.97
Exchange gains (losses are indicated with "-")	(XXXVIII)	8,582,242.44	5,673,347.96
Other operating income	(XXXIX)	5,106,553.42	5,321,359.35
Income from disposal of assets (loss indicated with "-")	(XL)	-201,501.47	226,961.21
<b>II. Operating expenses</b>		2,933,033,571.91	2,480,546,128.36
Taxes and surcharges	(XLI)	55,189,490.16	51,740,334.02
Operating and administrative expenses	(XLII)	1,106,447,950.97	1,038,755,417.08
Credit impairment loss	(XLIII)	1,771,396,130.78	1,390,050,377.26
Impairment losses of other assets			
Other operating expenses			
<b>III. Operating profit (loss indicated with "-")</b>		1,043,446,596.64	1,162,235,449.72
Add: Non-operating income	(XLIV)	4,413,558.08	3,705,737.88
Less: Non-operating expense	(XLV)	5,181,253.41	9,301,749.17
<b>IV. Total profit (total loss indicated with "-")</b>		1,042,678,901.31	1,156,639,438.43
Less: Income tax expense	(XLVI)	41,891,402.85	208,496,728.48
<b>V. Net profit (net loss indicated with "-")</b>		1,000,787,498.46	948,142,709.95
(I) Classification by business continuity			
1. Net profit from continuing operations (net loss indicated with "-")		1,000,787,498.46	948,142,709.95
2. Net profit from discontinued operations (net loss indicated with "-")			
(II) Classification by ownership			
1. Net profit attributable to shareholders of the company (net loss is indicated with "-")		979,957,231.55	905,305,663.14
2. Profit and loss of minority shareholders (net loss expressed with "-")		20,830,266.91	42,837,046.81
<b>VI. Other comprehensive income-net of tax</b>		-1,240,748.39	-6,239,399.19
Attributable to equity holders of the company		-8,342,351.89	-2,190,643.94
(I) Other comprehensive income that cannot be reclassified into profit or loss		-2,732,965.68	-1,320,832.30
1. Remeasurement of changes in defined benefit plans			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments		-2,732,965.68	-1,320,832.30
4. Changes in fair value of enterprise's own credit risk			
(II) Other comprehensive income to be reclassified into profit or loss		-5,609,386.21	-869,811.64
1. Other comprehensive income available for transfer to profit or loss under the equity method			
2. Changes in fair value of other debt investments		3,875,214.22	5,786,687.47
3. Reclassification of financial assets recognized in other comprehensive income			
4. Changes in fair value of other debt loans and advances		-3,243,565.07	1,250,806.77
5. Provision for credit impairment of other debt investments		-2,388,235.69	703,614.05
6. Provision for credit impairment of other debt loans and advances		-3,852,799.67	-8,610,919.93
7. Foreign currency translation differences			
8. Other			
Other comprehensive income attributable to the owner of the minority shareholder, net of tax		7,101,603.50	-4,048,755.25
<b>VII. Total comprehensive income</b>		999,546,750.07	941,903,310.76
Total comprehensive income attributable to shareholders of the company		971,614,879.66	903,115,019.20
Total comprehensive income attributable to minority shareholders		27,931,870.41	38,788,291.56

The accompanying notes form part of the financial statements.

Legal Representative:

President in Charge of Finance and Accounting

Head of Finance and Accounting Department:

**BANK OF JINING CO., LTD.**  
**COMPANY'S INCOME STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

(Unless otherwise specified, the unit of the amount is RMB yuan)

(English Translation for Reference Only)

Items	Notes	2022	2021
<b>I. Operating income</b>		3,742,694,027.11	3,378,053,281.28
Net interest income	(XXXIII)	4,386,809,361.87	4,304,830,799.87
Interest income		8,135,878,209.64	7,342,128,549.78
Interest expense		3,749,068,847.77	3,037,297,749.91
Net fee and commission income	(XXXIV)	-1,091,605,295.90	-1,207,011,649.96
Fee and commission income		129,567,645.13	83,636,786.65
Fee and commission expense		1,221,172,941.03	1,290,648,436.61
Investment income (loss indicated with "-")	(XXXV)	409,725,572.66	220,167,171.39
Net exposure hedging gains(loss indicated with "-")			
Other income	(XXXVI)	36,708,051.79	7,305,197.85
Gains or losses from changes in fair value (losses are indicated with "-")	(XXXVII)	-11,793,107.19	42,180,104.97
Exchange gains (losses are indicated with "-")	(XXXVIII)	8,582,242.44	5,673,347.96
Other operating income	(XXXIX)	4,256,184.91	4,725,520.25
Income from disposal of assets (loss indicated with "-")	(XL)	11,016.53	182,788.95
<b>II. Operating expenses</b>		2,732,126,597.65	2,302,417,653.67
Taxes and surcharges	(XLI)	52,283,299.39	49,061,318.60
Operating and administrative expenses	(XLII)	994,352,322.48	926,767,701.73
Credit impairment loss	(XLIII)	1,685,490,975.78	1,326,588,633.34
Impairment losses of other assets			
Other operating expenses			
<b>III. Operating profit (loss indicated with "-")</b>		1,010,567,429.46	1,075,635,627.61
Add: Non-operating income	(XLIV)	4,391,807.22	3,700,884.61
Less: Non-operating expense	(XLV)	5,172,699.85	7,602,890.06
<b>IV. Total profit (total loss indicated with "-")</b>		1,009,786,536.83	1,071,733,622.16
Less: Income tax expense	(XLVI)	35,930,240.25	187,623,525.89
<b>V. Net profit (net loss indicated with "-")</b>		973,856,296.58	884,110,096.27
(I). Net profit from continuing operations (net loss indicated with "-")		973,856,296.58	884,110,096.27
(II). Net profit from discontinued operations (net loss indicated with "-")			
<b>VI. Other comprehensive income-net of tax</b>		-12,289,707.20	59,816.17
(I) Other comprehensive income that cannot be reclassified into profit or loss		-2,732,965.68	-1,320,832.30
1. Remeasurement of changes in defined benefit plans			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments		-2,732,965.68	-1,320,832.30
4. Changes in fair value of enterprise's own credit risk			
(II) Other comprehensive income to be reclassified into profit or loss		-9,556,741.52	1,380,648.47
1. Other comprehensive income available for transfer to profit or loss under the equity method			
2. Changes in fair value of other debt investments		-335,470.34	8,490,883.61
3. Reclassification of financial assets recognized in other comprehensive income			
4. Changes in fair value of other debt loans and advances		-2,968,779.43	766,021.00
5. Provision for credit impairment of other debt investments		-2,360,950.83	691,077.76
6. Provision for credit impairment of other debt loans and advances		-3,891,540.92	-8,567,333.90
7. Foreign currency translation differences			
8. Other			
<b>VII. Total comprehensive income</b>		961,566,589.38	884,169,912.44

The accompanying notes form part of the financial statements.

Legal Representative:

杜强  
3708540942536

President in Charge of Finance and Accounting:

陈振  
印  
3708543027479

Head of Finance and Accounting Department:

张静

**BANK OF JINING CO., LTD.**  
**CONDOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

(Unless otherwise specified, the unit of the amount is RMB yuan)  
(English Translation for Reference Only)

Items	Notes	2022	2021
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net increase in customer deposits and inter-bank deposits		23,305,530,959.54	19,264,255,143.61
Net increase in borrowings from central banks		-3,770,399,209.07	2,815,723,677.96
Net increase in funds borrowed from other financial institutions		558,486,800.00	511,966,600.00
Cash received from interest, fees and commissions		7,509,494,250.12	6,816,062,587.71
Net increase in repurchase business funds		-1,500,050,000.00	-337,767,000.00
Cash received from other operating activities		207,254,910.03	146,938,645.11
<b>Subtotal of cash inflow from operating activities</b>		<b>26,310,317,710.62</b>	<b>29,217,179,654.39</b>
Net increase in loans and advances to customers		19,821,523,862.72	15,268,711,810.36
Net increase in deposits with central banks and inter-banks		645,249,803.49	-86,960,376.45
Cash paid for interest, fees and commissions		3,714,938,116.93	3,543,497,797.22
Cash paid to and for employees		580,268,783.55	564,678,986.28
Taxes paid		662,460,094.54	759,639,059.00
Cash paid relating to other operating activities		151,529,628.01	742,434,293.65
<b>Subtotal of cash outflows from operating activities</b>		<b>25,575,970,289.24</b>	<b>20,792,001,570.06</b>
<b>Net cash flow from operating activities</b>		<b>734,347,421.38</b>	<b>8,425,178,084.33</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Cash received from recovery of investments		43,006,135,274.45	32,936,128,335.98
Cash received from investment income		1,780,293,677.76	1,618,554,735.25
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,605,860.50	395,111.26
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			
<b>Subtotal of cash inflows from investing activities</b>		<b>44,789,034,812.71</b>	<b>34,555,078,182.49</b>
Cash paid to acquire investments		44,659,590,497.95	47,704,137,750.89
Cash paid to acquire fixed assets, intangible assets and other long-term assets		148,079,638.75	114,223,946.62
Net cash paid for acquisition of subsidiaries and other business units			
Other cash payments relating to investing activities			
<b>Subtotal of cash outflows from investing activities</b>		<b>44,807,670,136.70</b>	<b>47,818,361,697.51</b>
<b>Net cash flow from investing activities</b>		<b>-18,635,323.99</b>	<b>-13,263,283,515.02</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Cash received from absorbing investments			
Including: Cash received from subsidiaries absorbing minority shareholder investments			
Cash received from issuance of equity instruments			
Cash received from issuance of bonds		11,281,607,102.13	5,984,802,740.00
Cash received relating to other financing activities			
<b>Subtotal of cash inflows from financing activities</b>		<b>11,281,607,102.13</b>	<b>5,984,802,740.00</b>
Cash paid for debt repayment		10,840,000,000.00	5,460,675,968.91
Cash paid for dividend, profit distribution or interest payment		328,102,426.68	218,539,255.39
Including: Dividends and profits paid by subsidiaries to minority shareholders		9,836,127.64	4,704,549.63
Payment of lease		51,447,771.94	48,396,311.81
Cash paid relating to other financing activities			
<b>Subtotal of cash outflows from financing activities</b>		<b>11,219,550,198.62</b>	<b>5,727,611,536.11</b>
<b>Net cash flow from financing activities</b>		<b>62,056,903.51</b>	<b>257,191,203.89</b>
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>		<b>3,373,329.62</b>	<b>-1,214,900.22</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>781,142,330.52</b>	<b>-4,582,129,127.02</b>
Add: Opening balance of cash and cash equivalents		7,309,678,248.08	11,891,807,375.10
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		<b>8,090,820,578.60</b>	<b>7,309,678,248.08</b>

The accompanying notes form part of the financial statements.

Legal Representative:

President in Charge of Finance and Accounting:

Head of Finance and Accounting Department:



**BANK OF JINING CO., LTD.**  
**COMPANY'S STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(Unless otherwise specified, the unit of the amount is RMB yuan)  
(English Translation for Reference Only)

Items	Notes	2022	2021
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net increase in customer deposits and inter-bank deposits		23,753,093,530.80	18,717,877,897.43
Net increase in borrowings from central banks		-3,689,099,209.07	2,905,020,018.34
Net increase in funds borrowed from other financial institutions		558,486,800.00	511,966,600.00
Cash received from interest/fees and commissions		7,088,682,142.69	6,400,313,411.55
Net increase in repurchase business funds		-1,500,050,000.00	-337,767,000.00
Cash received from other operating activities		197,082,978.17	143,536,511.80
Subtotal of cash inflow from operating activities		26,408,196,242.59	28,340,947,439.12
Net increase in loans and advances to customers		19,195,492,431.67	15,005,267,794.32
Net increase in deposits with central banks and inter-banks		643,874,126.52	-25,947,213.17
Cash paid for interest, fees and commissions		3,539,666,326.78	3,410,111,974.47
Cash paid to and for employees		515,081,810.58	498,208,010.09
Taxes paid		630,747,284.46	708,782,413.89
Cash paid relating to other operating activities		118,709,567.85	698,825,570.04
Subtotal of cash outflow from operating activities		24,643,571,547.86	20,295,248,549.64
Net cash flow from operating activities		1,764,624,694.73	8,045,698,889.48
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Cash received from recovery of investments		42,036,135,274.45	30,326,128,335.98
Cash received from investment income		1,768,253,990.95	1,586,366,577.09
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,386,389.00	327,776.70
Cash received from other investing activities			
Subtotal of cash inflows from investing activities		43,806,775,654.40	31,912,822,689.77
Cash paid to acquire investments		44,659,590,497.95	43,964,137,750.89
Cash paid to acquire fixed assets, intangible assets and other long-term assets		142,679,241.03	101,458,282.13
Other cash payments relating to investing activities			
Subtotal of cash outflow from investment activities		44,802,269,738.98	44,065,596,033.02
Net cash flows from investing activities		-995,494,084.58	-12,152,773,343.25
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Cash received from absorbing investments			
Cash received from issuance of equity instruments			
Cash received from issuance of bonds		11,281,607,102.13	5,984,802,740.00
Cash received relating to other financing activities			
Subtotal of cash inflow from financing activities		11,281,607,102.13	5,984,802,740.00
Cash paid for debt repayment		10,840,000,000.00	5,460,675,968.91
Cash paid for dividend, profit distribution or interest payment		318,266,299.04	213,834,705.76
Payment of lease		48,190,142.32	44,120,476.30
Cash paid relating to other financing activities			
Subtotal of cash outflow from financing activities		11,206,456,441.36	5,718,631,150.97
Net cash flows from financing activities		75,150,660.77	266,171,589.03
IV. Effect of exchange rate changes on cash and cash equivalents		3,373,329.62	-1,214,900.22
V. Net increase in cash and cash equivalents		847,654,600.54	-3,842,117,764.96
Add: Opening balance of cash and cash equivalents		5,783,318,294.33	9,625,436,059.29
VI. Balance of cash and cash equivalents at the end of the period		6,630,972,894.87	5,783,318,294.33

The accompanying notes form part of the financial statements.

Legal Representative:

杜强  
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President in Charge of Finance and Accounting:

陈振  
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3708843027479

Head of Finance and Accounting Department:

张静

**BANK OF JINING CO., LTD.**  
**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(Unless otherwise specified, the unit of the amount is RMB yuan)  
(English Translation for Reference Only)

(English Translation for Reference Only)													
Items	For the year 2022												
	Equity attributable to equity holders of the company												
	Capital stock	Preferred stock	Other equity instruments		Capital reserve	Less: treasury stock	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit	Sub-total	Minority shareholders' equity	Total owners' equity
I. Balance as at 31 December 2021	2,857,852,333.20			Perpetual bond	Others		1,597,645,944.99				10,092,169,426.58	408,097,069.13	10,500,266,495.71
Plus: changes in accounting policies													
Correction of accounting errors in prior years													
Others													
II. Balance as at 1 January 2022	2,857,852,333.20			1,999,324,031.09			1,597,645,944.99				10,092,169,426.58	408,097,069.13	10,500,266,495.71
III. Increases/ decreases in the current period													
(1) Total comprehensive income							-8,342,351.89	97,385,629.66	56,823,113.36	558,277,348.55	704,143,739.68	18,095,742.77	722,239,482.45
(2) Capital contributed or reduced by owners							-8,342,351.89			979,957,231.55	971,614,879.66	27,931,870.41	999,346,750.07
1. Common stock contributed by owners													
2. Capital contributed by holders of other equity instruments													
3. Amounts of share-based payments recognized in owners' equity													
4. Others													
(3) Profit distribution													
1. Withdrawal of surplus reserves								97,385,629.66	56,823,113.36	-421,679,883.00	-267,471,139.98	-9,836,127.64	-277,307,267.62
2. Distribution to owners (or shareholders)								97,385,629.66		-97,385,629.66			
3. Withdrawal of general risk reserve										-171,471,139.98	-171,471,139.98	-9,836,127.64	-181,307,267.62
4. Conversion to common stock dividends									56,823,113.36	-56,823,113.36			
5. Distribution to other equity instrument holders													
(4) Internal carry-forward of owners' equity										-96,000,000.00	-96,000,000.00		-96,000,000.00
IV. Balance as at the December 31, 2022	2,857,852,333.20			1,999,324,031.09			1,597,645,944.99			950,578,914.12	10,796,313,166.26	426,192,811.90	11,222,505,978.16

The accompanying notes form part of the financial statements.

Legal Representative:

President in Charge of Finance and Accounting

Head of Finance and Accounting Department:

Financial Statements Page 7

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**BANK OF JINING CO., LTD.**  
**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(Unless otherwise specified, the unit of the amount is RMB yuan)  
(English Translation for Reference Only)

Items	Equity attributable to equity holders of the company										Sub-total	Minority shareholders' equity	Total Owners' equity
	Capital stock	Preferred stock	Other equity instruments		Capital reserve	Less: treasury stock	Other comprehensive	Surplus reserve	General risk reserve	Undistributed profit			
I. Balance as at 31 December 2020	2,685,951,441.20		Perpetual bond	Others	1,597,645,944.99		-19,215,379.98	1,299,192,244.07	1,599,546,291.06	489,476,284.64	9,651,970,857.07	376,498,128.45	10,028,418,985.52
Plus: changes in accounting policies							30,303,488.34	-35,301,135.13		-318,893,579.79	-323,891,226.58	-2,484,801.25	-326,376,027.83
Correction of accounting errors in prior years													
Others													
II. Balance as at 1 January 2021	2,685,951,441.20				1,597,645,944.99		11,088,108.36	1,263,891,108.94	1,599,546,291.06	170,582,704.85	9,328,029,630.49	374,013,327.20	9,702,042,957.69
III. Increases/ decreases in the current period	171,900,892.00						-2,190,643.94	88,411,009.62	284,299,677.69	221,718,860.72	764,139,796.09	34,083,741.93	798,223,538.02
(1) Total comprehensive income							-2,190,643.94			905,305,663.14	903,115,019.20	38,788,291.56	941,903,310.76
(2) Capital contributed or reduced by owners													
1. Common stock													
2. Capital contributed by holders of other equity instruments													
3. Amounts of share-based payments recognized in owner's equity													
4. Others													
(3) Profit distribution													
1. Withdrawal of surplus reserves	171,900,892.00							88,411,009.62	284,299,677.69	-683,586,802.42	-138,975,223.11	-4,704,549.63	-143,679,772.74
2. Distribution to owners (or shareholders)								88,411,009.62		-88,411,009.62			
3. Withdrawal of general risk reserve										-42,975,223.11	-42,975,223.11	-4,704,549.63	-47,679,772.74
4. Conversion to common stock dividends	171,900,892.00								284,299,677.69	-284,299,677.69			
5. Distribution to other equity instrument holders										-171,900,892.00			
(4) Internal carry-forward of owners' equity										-96,000,000.00	-96,000,000.00		-96,000,000.00
IV. Balance as at the 31 December 2021	2,857,852,333.20				1,597,645,944.99		8,897,464.42	1,352,302,118.54	1,883,845,968.75	392,301,565.57	10,092,169,426.58	408,097,069.13	10,500,266,495.71

The accompanying notes form part of the financial statements.

Legal Representative:

President in Charge of Finance and Accounting:

Head of Finance and Accounting Department:

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Financial Statements Page 8

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**BANK OF JINING CO., LTD.**  
**COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(Unless otherwise specified, the unit of the amount is RMB yuan)

Items	For the year 2022										
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit	Total Owners' equity
		Preferred stock	Perpetual bond	Others							
I. Balance as at 31 December 2021	2,857,852,333.20		1,999,324,031.09		1,596,184,892.22		12,857,619.15	1,352,302,118.56	1,837,352,018.89	297,370,738.05	9,953,243,751.16
Plus: changes in accounting policies											
Correction of accounting errors in prior years											
Others											
II. Balance as at 1 January 2022	2,857,852,333.20		1,999,324,031.09		1,596,184,892.22		12,857,619.15	1,352,302,118.56	1,837,352,018.89	297,370,738.05	9,953,243,751.16
III. Increases/ decreases in the current period							-12,289,707.20	97,385,629.66	51,000,000.00	557,999,526.94	694,095,449.40
(1) Total comprehensive income							-12,289,707.20			973,856,296.58	961,566,589.38
(2) Capital contributed or reduced by owners											
1. Common stock contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amounts of share-based payments recognized in owner's equity											
4. Others											
(3) Profit distribution											
1. Withdrawal of surplus reserves								97,385,629.66	51,000,000.00	-415,856,769.64	-267,471,139.98
2. Distribution to owners (or shareholders)								97,385,629.66		-97,385,629.66	
3. Withdrawal of general risk reserve										-171,471,139.98	-171,471,139.98
4. Conversion to common stock dividends									51,000,000.00	-51,000,000.00	
5. Distribution to other equity instrument holders											
(4) Internal carry-forward of owners' equity										-96,000,000.00	-96,000,000.00
IV. Balance as at the December 31, 2022	2,857,852,333.20		1,999,324,031.09		1,596,184,892.22		567,911.95	1,449,687,748.22	1,888,352,018.89	855,370,264.99	10,647,339,200.56

The accompanying notes form part of the financial statements.

Legal Representative:



President in Charge of Finance and Accounting:



Head of Finance and Accounting Department:



Items

The accompanying notes form part of the financial statements.

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BANK OF JINING CO.,LTD.  
NOTE TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(English Translation for Reference Only)

**BANK OF JINING CO., LTD.**  
**NOTE TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

(UNLESS OTHERWISE SPECIFIED, THE UNIT OF THE AMOUNT IS RMB YUAN)

(English Translation for Reference Only)

**ONE. Basic situation of the company**

**(ONE) Company profile**

Bank of Jining Co., Ltd. (hereinafter referred to as "the Bank") was approved on Jan. 18, 2006 by the China Banking Regulatory Commission of Shandong Supervision Bureau Yinjian Luzhun (2006) No.22, and was established on the basis of the original Jining City Credit Cooperative, and it was formally established on August 26, 2006. On Nov. 26, 2009, approved by China Banking Regulatory Commission Yinjian Fu (2009) No. 463, "Approval of the renaming of Jining City Commercial Bank by China Banking Regulatory Commission". The name of Bank was changed from Jining City Commercial Bank Co., Ltd. to Jining Bank Co., Ltd.

As of December 31, 2022, the Bank's registered capital is 2,857,852,333 yuan. The bank's unified social credit code is 91370800723876735L, the financial institution's business license number is B0175H237080001, and there is no fixed term of business. The legal representative is Du Qiang. Registration place: No. 6, Jinyu Road, Jining City.

As of December 31, 2022, the Bank has a total of 96 branches.

The Bank's main business operations include: absorbing public deposits; issuing short-term, medium-term and long-term loans; handling domestic settlement; handling bill acceptance and discounting; issuing financial bonds; agency issuance and redemption; underwriting government bonds; buying and selling government bonds and financial bonds; engaging in inter-bank lending; providing letter of credit service and guarantee; agent collection and payment and insurance agent business; provide safe deposit box business; other businesses approved by the banking regulatory authority.

**(TWO) Scope of consolidated financial statements**

As of December 31, 2022, the subsidiaries within the scope of the Group's consolidated financial statements are as follows:



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Subsidiary name

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Jining Rushang Rural Bank Co., Ltd (hereinafter referred to as " Rushang Rural Bank ")

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Please refer to "SEVEN. Equity in Other Entities" in this note for relevant information on subsidiaries of the Bank.

For details of changes in the scope of consolidation during the reporting period, see "SIX. Changes in the scope of consolidation" in this note.

## **TWO. The basis for the preparation of financial statements**

### **(ONE) Preparation basis**

These financial statements are accordance with the "Accounting Standards for Business Enterprises-Basic Standards" promulgated by the Ministry of Finance and various specific accounting standards, guidelines for the application of accounting standards for enterprises, interpretations of accounting standards for enterprises and other relevant provisions (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises").

### **(TWO) Continuing operations**

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. The Group has the ability to continue operations for 12 months from the end of the reporting period, and there are no major events that affect the ability to continue operations.

## **THREE. Important accounting policies and accounting estimates**

### **(ONE) Statement of Compliance with Accounting Standards for Business**

#### **Enterprises**

This financial statement complies with the requirements of the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and truly and completely reflects the consolidated and company's financial position of the Bank on December 31, 2022, and the consolidated and company's financial performance and cash flows of the Bank for the year ended December 31, 2022.

### **(TWO) Accounting period**

From January 1 to December 31 of the Gregorian calendar is a fiscal year.

### **(THREE) Business cycle**

The Group's operating cycle is 12 months.

#### **(FOUR) Standard currency for bookkeeping**

The Group's domestic institutions in China use RMB as the standard currency for bookkeeping. The functional currency of overseas institutions shall be reasonably determined according to the main economic environment in which they operate, and shall be converted into RMB when preparing these financial statements.

#### **(FIVE) Accounting treatment methods for business combinations under the same control and not under the same control**

Business combination under the same control: The assets and liabilities acquired by the merging party in a business combination (including the goodwill formed by the ultimate controlling party's acquisition of the merged party) are measured on the basis of the book value of the assets and liabilities of the merged party in the ultimate controlling party's consolidated financial statements on the merger date. The difference between the book value of the net assets obtained in the merger and the book value of the combined consideration paid (or the total face value of the issued shares) shall be adjusted for the equity premium in the capital reserve. If the equity premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted .

Business combinations not under the same control: The combination cost refers to the fair value of the assets paid, liabilities incurred or assumed and equity securities issued by the acquirer to obtain the control of the acquiree on the acquisition date. The difference between the merger cost greater than the fair value of the acquiree's identifiable net assets obtained in the merger shall be recognized as goodwill; the difference between the merger cost and the fair value of the acquiree's identifiable net assets obtained in the merger shall be included in the current profit and loss after a review. All identifiable assets, liabilities and contingent liabilities obtained from the acquiree in the merger that meet the recognition conditions shall be measured at fair value on the acquisition date.

Directly related expenses incurred for a business combination are included in the current profits and losses when they occur; transaction costs for issuing equity securities or debt securities for a business combination are included in the initial recognition amount of equity securities or debt securities.

#### **(SIX) Preparation method of consolidated financial statements**

##### **1. The scope of consolidation**

The consolidation scope of the consolidated financial statements is determined on the basis of control, and the consolidation scope includes the bank and all subsidiaries (including structured principals). Control means that the company has the power over the investee, enjoys variable returns through participating in relevant activities of the investee, and is able to use the power over the investee to affect its return amount.

## **2. Merger procedure**

The group regards the whole enterprise group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial status, operating results and cash flow of the enterprise group. The impact of internal transactions between the bank and subsidiaries and between subsidiaries shall be offset. If the internal transaction indicates the impairment loss of relevant assets, the loss shall be recognized in full. If the accounting policies and accounting periods adopted by subsidiaries are inconsistent with those of the bank, necessary adjustments shall be made according to the accounting policies and accounting periods of the group when preparing the consolidated financial statements.

Subsidiary owners' equity, current net profit and loss, and current comprehensive income attributable to the minority shareholders are separately listed under the owner's equity item in the consolidated balance sheet, the net profit item in the consolidated income statement, and the total comprehensive income item. If the current loss shared by the minority shareholders of the subsidiary exceeds the balance formed by the minority shareholders' share of the initial owner's equity of the subsidiary, the resulting balance offsets the minority shareholders' equity.

### **(1) Increase subsidiary or business**

During the reporting period, if subsidiaries or businesses are added due to business combination under the same control, the operating results and cash flows of subsidiaries or businesses from the beginning of the current period to the end of the reporting period shall be included in the consolidated financial statements, and the opening amount of the consolidated financial statements and relevant items of the comparative statements shall be adjusted. It is deemed that the consolidated reporting entity has existed since the time point when the final controller began to control.

If the investee under the same control can be controlled due to additional investment or other reasons, for equity investments held before acquiring control of the merged party, relevant gains and losses and other comprehensive income and other changes in net assets, have been recognized between the date when the original equity is acquired and the date when the merging party and the merged party are under the same control to the date of the merger respectively, offset the initial retained earnings or current profits and losses during the comparative reporting period.

During the reporting period, if a subsidiary or business is added due to a business combination not under the same control, the fair value of the identifiable assets, liabilities and contingent liabilities determined on the date of acquisition shall be incorporated into the consolidated financial statements from the date of acquisition.

If the investee not under the same control can be controlled due to additional investment and other reasons, the equity of the acquiree held before the acquisition date shall be re measured according to the fair value of the equity on the acquisition date, and the difference between the fair value and its book value shall be included in the current investment income. Other comprehensive income that can be reclassified into profit or loss and other changes in owner's equity under equity method accounting related to the equity of the acquiree held before the purchase date are transferred to the current investment income on the purchase date.

## (2) Disposal of subsidiaries or businesses

### ①General treatment method

When the control of the investee is lost due to the disposal of part of the equity investment or other reasons, the remaining equity investment after the disposal is re-measured according to its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the share of the original subsidiary's net assets calculated on the basis of the original shareholding ratio and the sum of the goodwill calculated continuously from the purchase date or the merger date, is calculated income from investment in the current period of loss of control. Other comprehensive income related to the original subsidiary's equity investment that can be reclassified into profit or loss in the future, and other changes in owners' equity under the equity method, are converted to investment income for the current period when control is lost.

### ②Disposal of subsidiaries step by step

Where the equity investment in a subsidiary is disposed of in steps through multiple transactions until the loss of control, the terms, conditions, and economic impact of each transaction on the equity investment in the subsidiary meet one or more of the following conditions, usually indicate that multiple transactions are a package transaction:

I .These transactions are concluded at the same time or taking into account the influence of each other;

II . These transactions as a whole can achieve a complete commercial result;



III . The occurrence of one transaction depends on the occurrence of at least one other transaction;

IV . A transaction alone is not economical, but it is economical when considered together with other transactions.

If each transaction belongs to a package transaction, each transaction shall be accounted for as a transaction that disposes of a subsidiary and loses control; Before the loss of control, the difference between each disposal price and the share of net assets of the subsidiary corresponding to the disposal of investment is recognized as other comprehensive income in the consolidated financial statements and transferred to the profit and loss of the current period when the control is lost.

If each transaction is not a package deal, the equity investment policy of the subsidiary shall be subject to accounting treatment according to partial disposal without losing the control right before losing the control right; In case of loss of control, accounting treatment shall be carried out according to the general treatment method for disposal of subsidiaries.

### (3) Purchase of minority equity in subsidiary

The difference between the long-term equity investment newly acquired due to the purchase of a minority share and the net asset share of the subsidiary that is calculated based on the newly added shareholding ratio, which shall be calculated continuously since the date of purchase (or the date of consolidation), shall be adjust the equity premium in the capital reserve in the consolidated balance sheet, if the equity premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

### (4) Partial disposal of equity investment in subsidiaries without losing control

Without losing control, the difference between the disposal price obtained from the partial disposal of the long-term equity investment in the subsidiary and the disposal of the long-term equity investment corresponds to the difference between the subsidiary's net asset share continuously calculated from the date of purchase or consolidation, adjust the equity premium in the capital reserve in the consolidated balance sheet. If the equity premium in the capital reserve is not enough to offset, adjust the retained earnings.

## **(SEVEN) Classification of joint venture arrangement and accounting treatment method of joint operation**

Joint venture arrangements are divided into joint operations and joint ventures. Joint operation refers to the joint arrangement in which the joint venture party enjoys

the relevant assets of the arrangement and bears the relevant liabilities of the arrangement. The Group recognizes the following items related to the share of interests in joint operation:

- (1) Confirm the assets held separately by the group, and confirm the assets held jointly by the group's share;
- (2) Recognizing the liabilities borne by the group alone and the liabilities jointly borne by the group's share;
- (3) Recognizing the income generated by selling the share of joint operating output enjoyed by the group;
- (4) Recognize the income from the sale of output from joint operations based on the share of the group;
- (5) Confirm the expenses incurred separately and the expenses incurred in joint operations based on the share of the group.

#### **(EIGHT) Criteria for determining cash and cash equivalents**

Cash refers to the Group's cash on hand and deposits that can be used for payment at any time. Cash equivalents refer to short-term, highly liquid investments held by the Group that are easily convertible into known amounts of cash and have little risk of changes in value.

#### **(NINE) Foreign currency transactions and translation of foreign currency statements**

##### **1. Foreign currency business**

Foreign currency business uses the spot exchange rate on the transaction date (or: adopt the exchange rate determined according to the systematic and reasonable method and similar to the spot exchange rate on the transaction date.) as the conversion rate to convert the foreign currency amount into RMB for bookkeeping.

The balance of foreign currency monetary items on the balance sheet date is converted at the spot exchange rate on the balance sheet date, and the resulting exchange differences, except for the exchange differences arising from special foreign currency borrowings related to the acquisition and construction of assets that meet the capitalization conditions, they are treated in accordance with the principle of capitalization of borrowing costs, they are all included in the current profit and loss.

##### **2. Translation of foreign currency financial statements**

The assets and liabilities items in the balance sheet are converted at the spot exchange rate on the balance sheet date; the owner's equity items except for the "undistributed

profit" item, other items are converted at the spot exchange rate at the time of occurrence. The income and expense items in the income statement are converted at the spot exchange rate on the transaction date. (or: adopt the exchange rate determined according to the systematic and reasonable method and similar to the spot exchange rate on the transaction date.)

Non-monetary items in foreign currencies measured at historical cost are still converted at the spot exchange rate on the transaction date. Foreign currency non-monetary items measured at fair value are converted at the spot exchange rate on the fair value determination date, if the non-monetary item is an investment in other equity instruments, the conversion difference is included in other comprehensive income, and the conversion difference generated by other items is calculated into the current profit and loss. When disposing of an overseas operation, the conversion difference of the foreign currency financial statements related to the overseas operation shall be transferred from the owner's equity item to the current profit and loss of the disposal.

## **(TEN) Financial instruments**

### **1.Classification of financial instruments**

According to the business model of financial assets managed by the group and the contractual cash flow characteristics of financial assets, financial assets are classified at initial recognition into: financial assets measured at amortized cost, financial assets measured at fair value with its changes included in other comprehensive income and financial assets measured at fair value with its changes included in current profit and loss.

The Group classifies the financial assets that meet the following conditions and are not designated to be measured at fair value and whose changes are included in the current profit and loss as financial assets measured at amortized cost:

- The business model aims to collect contract cash flow;
- Contract cash flow is only the payment of principal and interest based on the amount of outstanding principal.

The Group classifies the financial assets that meet the following conditions and are not designated to be measured at fair value and whose changes are included in the current profit and loss as financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income:

- The business model not only aims to collect the contract cash flow, but also aims to sell the financial asset;
- Contract cash flow is only the payment of principal and interest based on the amount of outstanding principal.

For non tradable equity instrument investments, the group can irrevocably designate them as financial assets (equity instruments) measured at fair value and whose changes are included in other comprehensive income at the time of initial recognition. The designation is made on the basis of individual investment, and the relevant investment conforms to the definition of equity instrument from the perspective of the issuer.

Except for the above financial assets measured at amortized cost and at fair value with changes included in other comprehensive income, the Group classifies all other financial assets as financial assets measured at fair value with changes included in current profit and loss.

At the time of initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the group can irrevocably designate the financial assets that should be classified as measured at amortized cost or measured at fair value and whose changes are included in other comprehensive income as financial assets measured at fair value and whose changes are included in current profits and losses.

At initial recognition, financial liabilities are classified into: financial liabilities measured at fair value with changes included in current profits and losses and financial liabilities measured at amortized cost.

Financial liabilities that meet one of the following conditions can be designated as financial liabilities measured at fair value and whose changes are included in the current profit and loss at the initial measurement:

- 1 ) This designation can eliminate or significantly reduce accounting mismatches.
- 2) According to the enterprise risk management or investment strategy specified in the formal written documents, manage and evaluate the performance of the financial liability portfolio or the financial assets and financial liabilities portfolio on the basis of fair value, and report to the key management personnel within the enterprise on this basis.
- 3) The financial liabilities include embedded derivatives that need to be separated separately.

When and only when the group changes the business model of managing financial assets, the group reclassifies the affected relevant financial assets. For the reclassification of financial assets, the future applicable method shall be adopted for relevant accounting treatment from the first day of the first reporting period after the change of its business model.

The group's financial assets are classified into: financial assets measured at fair value and whose changes are included in the current profit and loss, held-to-maturity

investments, loans and receivables, and available-for-sale financial assets at the time of initial recognition.

The group divides financial liabilities into the following two categories: financial liabilities that are measured at fair value and whose changes are included in the current profits and losses and other financial liabilities.

## **2.Recognition basis and measurement method of financial instruments**

### **Confirmation basis**

When the group becomes a party to a financial instrument contract, it recognizes a financial asset, financial liability or equity instrument.

For the purchase or sale of financial assets in a conventional way, the assets to be received and the liabilities to be borne for this purpose shall be recognized on the trading day, or the sold assets shall be derecognized on the trading day, and the disposal gains or losses and receivables to be received from the buyer shall be recognized at the same time. Trading day refers to the date on which the group promises to buy or sell financial assets.

### **Metering method**

#### **(1) Financial assets measured at amortized cost**

Financial assets measured at amortized cost include deposits with the central bank, deposits with other banks, lending funds, financial assets purchased for resale, interest receivable, loans and advances, debt investment, etc., which are initially measured at fair value, and relevant transaction expenses are included in the initially recognized amount.

The interest calculated by the effective interest method during the holding period is included in the current profit and loss.

Upon recovery or disposal, the difference between the price obtained and the book value of the financial asset shall be included in the current profit and loss.

#### **(2) Financial assets (debt instruments) measured at fair value with changes included in other comprehensive income**

Financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, including other debt investments, are

initially measured at fair value, and relevant transaction costs are included in the initially recognized amount. The financial assets are subsequently measured at fair value. Changes in fair value are included in other comprehensive income except for interest, impairment loss or gain and exchange gain and loss calculated by effective interest method. At the time of derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in the current profit and loss.

(3) Financial assets (equity instruments) measured at fair value with changes included in other comprehensive income

Financial assets (equity instruments) measured at fair value and whose changes are included in other comprehensive income, including investments in other equity instruments, are initially measured at fair value, and relevant transaction expenses are included in the initially recognized amount. The financial assets are subsequently measured at fair value, and the changes in fair value are included in other comprehensive income. Dividends obtained shall be included in current profits and losses. At the time of derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

(4) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value and whose changes are included in current profits and losses, including trading financial assets and derivative financial assets, are initially measured at fair value, and relevant transaction expenses are included in current profits and losses. The financial assets are subsequently measured at fair value, and the changes in fair value are included in the current profits and losses.

(5) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value and whose changes are included in current profits and losses include trading financial liabilities and derivative financial liabilities, which are initially measured at fair value, and relevant transaction expenses are included in current profits and losses. The financial liabilities are subsequently measured at fair value, and the changes in fair value are included in the current profits and losses. At the time of derecognition, the difference between its book value and the consideration paid shall be included in the current profit and loss.

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include borrowings from the central bank, deposits with banks and other financial institutions, borrowing funds, sales of



repurchased financial assets, deposits, interest payable, bonds payable, etc., which are initially measured at fair value, and relevant transaction costs are included in the initially recognized amount.

The interest calculated by the effective interest method during the holding period is included in the current profit and loss.

When the recognition is terminated, the difference between the consideration paid and the book value of the financial liability shall be included in the current profit and loss.

### **3. Derecognition and transfer of financial assets**

The group derecognizes financial assets when one of the following conditions is met:

- Termination of contractual rights to receive cash flows from financial assets;
- The financial assets have been transferred, and almost all the risks and rewards of the ownership of the financial assets have been transferred to the transferee;
- Financial assets have been transferred. Although the group has neither transferred nor retained almost all the risks and rewards of the ownership of financial assets, it has not retained the control of financial assets.

When a financial asset is transferred, if almost all the risks and rewards of the ownership of the financial asset are retained, the recognition of the financial asset will not be terminated.

When a financial asset is transferred, if almost all the risks and rewards of the ownership of the financial asset are neither transferred nor retained, and the control over the financial asset is not abandoned, the relevant financial asset shall be recognized according to the degree of its continued involvement in the transferred financial asset.

When judging whether the transfer of financial assets meets the above conditions for derecognition of financial assets, the principle of substance over form shall be adopted. The group divides the transfer of financial assets into overall transfer and partial transfer of financial assets. If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the current profits and losses:

- (1) The book value of the transferred financial assets;
- (2) The sum of the consideration received from the transfer and the accumulated amount of changes in fair value originally directly included in the owner's equity (the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive

income) and financial assets available for sale).

If the partial transfer of financial assets meets the conditions for derecognition, the overall book value of the transferred financial assets shall be apportioned between the derecognized part and the non derecognized part according to their respective relative fair values, and the difference between the following two amounts shall be included in the current profits and losses:

- (1) The book value of the derecognized part;
- (2) The sum of the consideration of the derecognized part and the amount of the derecognized part corresponding to the cumulative amount of changes in fair value originally directly included in the owner's equity (the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income and financial assets available for sale).

If the transfer of a financial asset does not meet the conditions for derecognition, the financial asset shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

#### **4.Derecognition of financial liabilities**

If the current obligations of a financial liability have been discharged in whole or in part, the recognition of the financial liability or part thereof shall be terminated; If the group signs an agreement with the creditor to replace the existing financial liabilities by undertaking new financial liabilities, and the contract terms of the new financial liabilities and the existing financial liabilities are substantially different, the existing financial liabilities will be derecognized and the new financial liabilities will be recognized at the same time.

If the contract terms of all or part of the existing financial liabilities are substantially modified, the existing financial liabilities or part of them shall be derecognized, and the financial liabilities after the modified terms shall be recognized as a new financial liability. When financial liabilities are derecognized in whole or in part, the difference between the book value of the derecognized financial liabilities and the consideration paid (including non cash assets transferred out or new financial liabilities assumed) shall be included in the current profits and losses.

If the group repurchases some financial liabilities, the overall book value of the financial liabilities shall be distributed according to the relative fair value of the continuously recognized part and the derecognized part on the repurchase date. The difference between the book value allocated to the derecognized part and the consideration paid (including non cash assets transferred out or new financial liabilities assumed) shall be included in the current profit and loss.



## **5.Methods for determining the fair value of financial assets and financial liabilities**

For financial instruments with active markets, their fair value is determined based on the quoted prices in the active market. For financial instruments without active markets, valuation techniques are used to determine their fair value. At the time of valuation, the group adopts valuation techniques that are applicable under the current circumstances and have sufficient data and other information to support, and the input value is selected that consistent with the characteristics of the assets or liabilities considered by market participants in the transactions of relevant assets or liabilities, and the relevant observable input value is used firstly. Only when the relevant observable input value cannot be obtained or it is not feasible to obtain, the unobservable input value is used.

## **6.Impairment of financial assets**

The group estimates the expected credit losses of financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, some loan commitments and financial guarantee contracts in a single or combined manner.

The group takes into account the past events, the current situation and the prediction of future economic conditions and other reasonable and reliable information, takes the risk of default as the weight, calculates the probability weighted amount of the present value of the difference between the cash flow receivable under the contract and the cash flow expected to be received, and recognizes the expected credit loss.

For the above financial instruments included in the measurement of expected credit loss, the group evaluates whether the credit risk of relevant financial instruments has increased significantly since initial recognition, and uses the "Three-stage" impairment model to measure their loss reserves and recognize expected credit loss respectively:

- (i) Stage 1: financial instruments with no significant increase in credit risk since initial recognition.
- (ii) Stage 2: the credit risk has increased significantly since initial recognition, but it is not regarded as a financial instrument with credit impairment.
- (iii) Stage 3: financial instruments with credit impairment.

Financial instruments in phase I measure their loss reserves according to the amount equivalent to the expected credit loss of the financial instrument in the next 12 months, and financial instruments in phase II and phase III measure their loss reserves according to the amount equivalent to the expected credit loss of the financial

instrument in the whole duration.

For financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, their loss reserves shall be recognized in other comprehensive income, and the impairment losses or gains shall be included in the current profits and losses, without reducing the book value of the financial assets listed in the balance sheet.

In the previous accounting period, the provision for loss has been measured according to the amount equivalent to the expected credit loss in the whole duration of the financial instrument, but on the current balance sheet date, if the financial instrument no longer belongs to the situation of significant increase in credit risk since initial recognition, the provision for loss of the financial instrument shall be measured according to the amount equivalent to the expected credit loss in the next 12 months on the current balance sheet date. The reversal amount of the resulting loss reserves shall be included in the current profits and losses as impairment gains; Except for the purchased or originated financial assets with credit impairment. For the purchased or originated financial assets with credit impairment, on the current balance sheet date, only the cumulative changes of expected credit loss in the whole duration after initial recognition are recognized as loss reserves.

#### Judgment criteria for significant increase of credit risk

The Group assesses whether the credit risk of relevant financial instruments has increased significantly since initial recognition on each balance sheet date. When determining whether the credit risk has increased significantly since initial recognition, the group considers that it can obtain reasonable and reliable information without paying unnecessary additional costs or efforts, including qualitative and quantitative analysis based on historical data, external credit risk rating and forward-looking information. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the Group determines the change of default risk within the expected duration of financial instruments by comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date.

When one or more of the following quantitative and qualitative criteria or upper limit indicators are triggered, the Group believes that the credit risk of financial instruments has increased significantly:

#### Quantitative standard

- On the reporting date, the probability of default for the remaining duration increased by more than a certain proportion compared with that at the time of initial recognition

#### Qualitative criteria

- Significant adverse changes in the debtor's business or financial situation
- Five levels are classified as attention level
- Early warning customer list

#### Upper limit standard

- The debtor's contract payment (including principal and interest) is overdue for more than 30 days

#### Definition of assets with credit impairment

Under the new financial instrument standards, in order to determine whether there is credit impairment, the definition standard adopted by the group is consistent with the internal credit risk management objectives for relevant financial instruments, and quantitative and qualitative indicators are considered at the same time. When assessing whether there is credit impairment, the group mainly considers the following factors:

- Serious financial difficulties of the issuer or debtor;
- The debtor violates the terms of the contract, such as default or overdue payment of interest or principal;
- The creditor makes concessions to the debtor in financial difficulties due to economic or legal considerations;
- The debtor is likely to go bankrupt or carry out other financial restructuring;
- The financial assets cannot continue to be traded in an active market due to significant financial difficulties of the issuer;
- Purchase or source a financial asset at a substantial discount, which reflects the fact of credit loss;
- Any principal, advance, interest or corporate bonds invested by the debtor to the group are overdue for more than 90 days.

The credit impairment of financial assets may be caused by the joint action of multiple events, not necessarily by individually identifiable events. For financial assets with credit impairment, the group mainly analyzes the expected future cash flow (including the realizable value of the collateral held) under different circumstances on the basis of single financial assets. The difference between the present value discounted at the original effective interest rate and the book value is regarded as impairment loss or profit and included in the current profit and loss.

#### Measurement and recognition of expected credit losses

The measurement of expected credit losses is based on default probability, default loss rate, and default risk exposure. For details on the measurement and recognition of expected credit losses, see Note EIGHT, (TWO) Credit Risk.

## **7.Derivative financial instruments and embedded derivatives**

Derivative financial instruments mean that their value changes with changes in specific interest rates, financial instrument prices, commodity prices, exchange rates, prices or interest rate indexes, credit ratings or credit indexes, or other variables; initial net investment isn't required, or the compared with other types of contracts that have similar responses to changes in circumstances, they require very little net investment; that's a financial instruments that are settled on a certain date in the future.

The group uses derivative financial instruments such as forward foreign exchange contracts, interest rate swaps and stock index futures contracts to avoid risks such as changes in exchange rates, interest rates and securities prices respectively. Derivative financial instruments are initially measured at their fair value on the day when the derivative transaction contract is signed, and their fair values are used for subsequent measurement. Changes in the fair value of derivative financial instruments are included in the gains and losses from changes in fair value, and are also reflected in the "derivative financial assets" and "derivative financial liabilities" on the balance sheet. Derivative financial instruments with a positive fair value are recognized as an asset, and those with a negative fair value are recognized as a liability. The fair value is obtained from public market quotations in the active market (including the latest market transaction prices, etc.), or determined using valuation techniques (for example: discounted cash flow method, option pricing model, etc.).

Embedded derivative financial instruments are an integral part of the mixed (combined) instruments that contain the main contract of non derivative financial instruments at the same time, and cause some cash flows in the mixed (combined) instruments to change in a way similar to the changes of separately existing derivative financial instruments.

The main contract is a mixed instrument of financial assets, which is classified and measured by the group as a whole; When the main contract is a mixed instrument of non-financial assets, and the following conditions are met at the same time, the group will separate and embed the derivative instrument from the mixed instrument and treat it as a separate derivative instrument:

- There is no close relationship with the main contract in terms of economic characteristics and risks;
- The conditions of embedded derivative instruments are the same, and the instruments that exist separately meet the definition of derivative instruments; and

- The mixed (combined) instruments related to embedded derivatives are not measured at fair value, and the changes in fair value are not included in the current income statement.

The above embedded derivative financial instruments are measured at fair value, and their changes are included in the current income statement. If it cannot be measured separately on the acquisition or subsequent balance sheet date, the group will designate the hybrid instrument as a whole as a financial instrument measured at fair value with its changes included in the current profit and loss.

## **8. Offsetting of financial instruments**

When legally entitled to offset creditor's rights and debts and the legal rights are currently enforceable, at the same time, when both parties to the transaction are preparing to settle on a net basis, or when the assets and liabilities are settled at the same time, the financial assets and liabilities are listed in the balance sheet with the net amount after offsetting. In addition, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not offset each other. The right of set off should not depend on future events, and the group can enforce the legal right in the normal course of business of the group and all counterparties, or in case of default, insolvency or bankruptcy.

## **9. Financial guarantee contract and loan commitment**

The financial guarantee contract requires the provider to provide repayment guarantee for the contract holder, that is, to compensate the loss of the contract holder when the guaranteed cannot perform the terms of the contract and pay the money on his behalf. Financial guarantee contracts are measured at fair value at initial recognition. Except for financial guarantee contracts designated as financial liabilities measured at fair value and whose changes are included in current profits and losses, other financial guarantee contracts are subsequently measured according to the higher of the expected credit loss reserve amount determined on the balance sheet date and the balance of the initially recognized amount after deducting the accumulated amortization amount determined according to the revenue recognition principle.

Loan commitment is a commitment provided by the group to customers to grant loans to customers on established contract terms within the commitment period. The impairment loss of loan commitment is accrued according to the expected credit loss model.

The group presents the provision for impairment of financial guarantee contracts and loan commitments in the estimated liabilities.

## **10. Modification of financial assets contract**

The group sometimes renegotiates or modifies contracts for customer loans, resulting in changes in contract cash flow. In this case, the group will assess whether the revised contract terms have changed substantially. The factors considered by the group in the evaluation include:

- (1) When the contract modification occurs when the borrower has financial difficulties, whether the modification only reduces the contract cash flow to the amount expected to be repaid by the borrower;
- (2) Whether any substantive terms have been added, such as the terms of profit sharing / return on equity, resulting in substantial changes in the risk characteristics of the contract;
- (3) Significantly extend the loan term without financial difficulties of the borrower;
- (4) Significant changes in loan interest rates;
- (5) The loan currency changes;
- (6) Guarantee or other credit enhancement measures have been added, which has greatly changed the credit risk level of the loan.

If the modified contract terms change substantially, the group will derecognize the original financial asset, recognize a new financial asset at fair value, and recalculate a new effective interest rate for the new asset. In this case, when applying impairment requirements to the modified financial assets, including determining whether there is a significant increase in credit risk, the group takes the above contract modification date as the initial recognition date. For the above newly recognized financial assets, the group shall also evaluate whether there has been credit impairment at the initial recognition, especially when the contract modification occurs when the debtor cannot perform the initially agreed payment arrangement. Changes in book value are recognized in profit or loss as gains or losses arising from derecognition.

If the modified contract terms do not change substantially, the modification of the contract will not lead to the derecognition of financial assets. The group recalculates the total book value of financial assets according to the modified contract cash flow, and records the modified gain or loss into profit or loss. When calculating the new total book value, the initial effective interest rate (or the credit adjusted effective interest rate of the purchased or generated financial assets with credit impairment) is still used to discount the modified cash flow.

## **11. Convertible bond**

When issuing convertible bonds, the Group determines whether it includes both liabilities and equity according to the terms. If the issued convertible bonds contain both liabilities and equity components, the liabilities and equity components shall be



separated and treated separately at the initial recognition. During the spin off, first determine the fair value of the liability component and take it as its initial recognition amount, and then determine the initial recognition amount of the equity component according to the amount after deducting the initial recognition amount of the liability component from the overall issue price of the convertible bond. The costs of the transaction are apportioned between the respective components of equity and liabilities according to the relative value of their respective components of equity. The liability component is listed as a liability and subsequently measured at amortized cost until it is cancelled, converted or redeemed. The equity component is presented as equity without subsequent measurement.

#### **(ELEVEN) Financial assets purchased under resale agreements and financial assets sold under repurchase agreements**

At the time of purchase, assets that are sold back on a certain future date as agreed in the agreement will not be recognized in the balance sheet. The costs paid for buying these assets, including accrued interest, are listed in the balance sheet as Buy-back resale payment. The difference between the purchase price and resale price shall be recognized according to the actual interest rate method during the period of the agreement and included in the interest income.

According to the agreement, the sold assets repurchased on a certain future date will not be derecognized in the balance sheet. The proceeds from the sale of these assets, including accrued interest, are listed in the balance sheet as Sale repurchase payment to reflect the economic nature of the loans to the group. The difference between the selling price and the repurchase price shall be recognized according to the actual interest method during the period of the agreement and included in the interest expense.

#### **(TWELVE) Long-term equity investments**

##### **1. Judgment criteria for joint control and significant influence**

Joint control refers to the common control of an arrangement in accordance with relevant agreements, and the relevant activities of the arrangement must be agreed by the participants who share control rights before making decisions. If the group and other joint ventures jointly control the investee and have rights to the net assets of the investee, the investee is a joint venture of the group.

Significant influence refers to the power to participate in the decision-making of the investee's financial and operating decisions, but not the ability to control or jointly control the formulation of these policies with other parties. Where the group can exert significant influence on the investee, the investee is an associate of the group.

## **2. Determination of initial investment cost**

### **(1) Long-term equity investment formed by business combination**

For the long-term equity investment in subsidiaries formed by business combination under the same control, the share of the book value of the owner's equity of the combined party in the consolidated financial statements of the final controller shall be taken as the initial investment cost of the long-term equity investment on the merger date. For the difference between the initial investment cost of long-term equity investment and the book value of the paid consideration, adjust the equity premium in the capital reserve; When the capital stock premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the investee under the same control can be controlled due to additional investment and other reasons, the difference between the initial investment cost of the long-term equity investment recognized according to the above principles and the sum of the book value of the long-term equity investment before the merger plus the book value of the newly paid consideration for the shares on the merger date shall be adjusted to adjust the capital stock premium. If the capital stock premium is insufficient to be offset, the retained earnings shall be offset.

For the long-term equity investment in subsidiaries formed by business combination not under the same control, the merger cost determined on the purchase date shall be taken as the initial investment cost of the long-term equity investment. If the investee not under the same control can be controlled due to additional investment and other reasons, the sum of the book value of the originally held equity investment plus the new investment cost shall be regarded as the initial investment cost.

### **(2) Long-term equity investment obtained by other means**

For the long-term equity investment obtained by paying cash, the actual purchase price shall be taken as the initial investment cost.

For the long-term equity investment obtained by issuing equity securities, the fair value of the issued equity securities shall be taken as the initial investment cost.

## **3. Subsequent measurement and profit and loss recognition method**

### **(1) Long-term equity investment calculated by cost method**

The long-term equity investment of the group in its subsidiaries is accounted by the cost method, unless the investment meets the conditions for holding for sale. Except for the declared but undistributed cash dividends or profits included in the actual price paid or consideration when the investment is obtained, the group recognizes the



current investment income based on the cash dividends or profits declared to be distributed by the investee.

## (2) Long-term equity investment accounted for by the equity method

Long-term equity investments in associates and joint ventures are accounted for using the equity method. The initial investment cost is greater than the fair value share of the investee's identifiable net assets at the time of investment, for difference, the initial investment cost of long-term equity investment is not adjusted; the initial investment cost is less than the fair value share of the investee's identifiable net assets at the time of investment, the difference is included in the current profit and loss, at the same time, adjust the cost of long-term equity investment.

The group recognizes investment income and other comprehensive income according to the share of net profit and loss and other comprehensive income realized by the invested entity that should be enjoyed or shared, and at the same time adjusts the book value of long-term equity investment; calculate the portion that should be enjoyed based on the declared profit or cash dividends of the invested entity, and reduce the book value of the long-term equity investment accordingly; for other changes in the owner's equity other than the net profit and loss, other comprehensive income and profit distribution of the investee(hereinafter referred to as "other changes in owner's equity"), the book value of the long-term equity investment is adjusted and included in owners' equity.

The unrealized internal transaction gains and losses between the group and its associates and joint ventures are calculated according to the proportion that should be enjoyed, and the portion attributable to the group is calculated and offset, and the investment income is recognized on this basis, unless the assets invested or sold constitute a business. If the unrealized internal transaction loss with the invested entity is an asset impairment loss, it shall be fully recognized.

The net loss incurred by the Group in a joint venture or an associate shall be limited by writing down to zero by the book value of the long-term equity investment and other long-term equity that substantially constitutes a net investment in the joint venture or associate, except for the obligation to undertake additional losses. If the joint venture or joint venture realizes net profit in the future, the company shall resume the recognition of the profit sharing amount after the profit sharing amount makes up for the unrecognized loss sharing amount.

## (3) Disposal of long-term equity investment

When disposing of a long-term equity investment, the difference between its book value and the actual purchase price shall be included in the current profit and loss.

For partial disposal of long-term equity investment accounted by equity method, if the remaining equity is still accounted by equity method, the other comprehensive income recognized by the original equity method shall be carried forward on the same basis as the invested unit's direct disposal of relevant assets or liabilities according to the corresponding proportion, and other changes in owner's equity shall be carried forward to the current profit and loss according to the proportion.

If the joint control or significant influence on the investee is lost due to the disposal of part of the equity investment, the other comprehensive income recognized by the original equity investment due to the adoption of the equity method shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the investee when the equity method is terminated, other changes in owner's equity shall be transferred to the current profit and loss when the equity method is terminated.

If the control over the investee is lost due to the disposal of part of the equity investment and other reasons, if the remaining equity can exercise joint control or significant influence on the investee during the preparation of individual financial statements, it shall be accounted for according to the equity method, and the remaining equity shall be deemed to be accounted for and adjusted with the equity method from the time of acquisition. Other comprehensive income recognized before obtaining the control of the investee is carried forward in proportion on the same basis as the investee's direct disposal of relevant assets or liabilities, and other changes in owner's equity recognized by using the equity method are carried forward into the current profit and loss in proportion; If the remaining equity cannot exercise joint control or exert significant influence on the investee, it shall be recognized as a financial asset, and the difference between its fair value and book value on the date of loss of control shall be included in the current profits and losses. All other comprehensive income and other changes in owner's equity recognized before obtaining the control of the investee shall be carried forward.

If the equity investment in a subsidiary is disposed step by step through multiple transactions until the control right is lost, which belongs to a package deal, each transaction shall be treated as a transaction to dispose the equity investment in a subsidiary and lose the control right; The difference between the price of each disposal and the book value of the long-term equity investment corresponding to the equity disposed before the loss of control is recognized as other comprehensive income in individual financial statements, and then transferred to the current profit and loss when the control is lost. If it is not a package deal, each transaction shall be subject to accounting treatment separately.

### **(THIRTEEN) Investment property**

Investment real estate refers to real estate held to earn rent or capital appreciation, or both, including leased land use rights, land use rights held and ready to be transferred after appreciation, and leased buildings ( Including buildings used for rent after

self-built or development activities are completed and buildings used for rent in the future during construction or development).

Subsequent expenditures related to investment real estate are included in the cost of investment real estate when the relevant economic benefits are likely to flow in and the cost can be measured reliably; Otherwise, it shall be included in the current profit and loss when it occurs.

The group adopts the cost model to measure the existing investment real estate. The investment real estate- rental buildings measured in accordance with the cost model adopts the same depreciation policy as the fixed assets of the group, and the land use rights for lease are implemented in accordance with the same amortization policy as intangible assets.

## **(FOURTEEN) Fixed assets**

### **1. Recognition and initial measurement of fixed assets**

Fixed assets refer to tangible assets held for the purpose of providing labor services, renting or operating management, and with a service life of more than one fiscal year. Fixed assets are recognized when the following conditions are met at the same time:

- (1) The economic benefits related to the fixed asset are likely to flow into the enterprise;
- (2) The cost of the fixed asset can be reliably measured.

Fixed assets are initially measured at cost (taking into account the impact of estimated disposal expenses).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when the relevant economic benefits are likely to flow in and the cost can be measured reliably; The book value of the replaced part shall be derecognized; All other subsequent expenses shall be included in the current profit and loss when incurred.

### **2. Depreciation method**

The depreciation of fixed assets is calculated and accrued by the average life method, and the depreciation rate is determined according to the fixed asset category, estimated useful life and estimated net residual value rate. For the fixed assets with depreciation reserves, the depreciation amount shall be determined according to the book value after deducting the depreciation reserves and the remaining useful life in the future period. If the service life of each component of the fixed asset is different or the economic benefits are provided to the enterprise in different ways, different depreciation rates or depreciation methods shall be selected and depreciation shall be

accrued separately.

The depreciation methods, depreciation period, residual value rate and annual depreciation rate of various fixed assets are as follows:

Category	Depreciation method	Depreciation period	Residual value rates	Annual depreciation rates
Houses and buildings	Straight-line method	20-40 years	0~5%	2.375%~5%
Transportation for business	Straight-line method	4-5 years	3%~5%	19%~24.25%
Business electronic equipment and others	Straight-line method	3-5 years	3%~5%	19%~32.33%

### 3. Disposal of fixed assets

When the fixed asset is disposed of, or it is expected that no economic benefits will be generated through the use or disposal, the fixed asset shall be derecognized. The amount of disposal income from the sale, transfer, scrap or damage of fixed assets after deducting its book value and related taxes is included in the current profit and loss.

### (FIFTEEN) Construction in progress

Construction in progress is measured at the actual cost. The actual costs include construction costs, installation costs, borrowing costs eligible for capitalization and other necessary expenses incurred before the construction in progress reaches the expected serviceable state. When the construction in progress reaches the expected serviceable state, it is transferred to fixed assets and depreciated from the beginning of the next month.

### (SIXTEEN) Intangible assets

#### 1. Valuation method of intangible assets

(1) When the Group obtains intangible assets, it shall be initially measured at cost

The cost of outsourcing intangible assets includes the purchase price, relevant taxes, and other expenditures directly attributable to the asset's intended use.

(2) Follow-up measurement

When acquiring intangible assets, analyze and judge their service life.

Intangible assets with a limited service life are amortized within the period of economic benefits brought to the enterprise; if the period of intangible assets bringing economic benefits to the enterprise cannot be foreseen, they shall be regarded as intangible assets with an indefinite service life and shall not be amortized.

## 2. Estimated service life of intangible assets with limited service life

Project	Amortization period
Land use rights	40 years
Trademark rights	10 years
Other intangible assets	3~15 years

### (SEVENTEEN) Impairment of long-term assets

Long-term equity investments, investment real estate measured by the cost model, fixed assets, construction in progress, right of use assets, intangible assets with limited service life and other long-term assets that show signs of impairment on the balance sheet date shall be tested for impairment. If the result of the impairment test indicates that the recoverable amount of the asset is lower than its book value, the impairment provision shall be made based on the difference and included in the impairment loss. The recoverable amount is the higher of the net value of the asset's fair value minus the disposal expenses and the present value of the asset's expected future cash flow. The asset impairment provision is calculated and confirmed on the basis of a single asset, if it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs is used to determine the recoverable amount of the asset group. An asset group is the smallest combination of assets that can independently generate cash inflows.

For intangible assets with uncertain service life and intangible assets that have not yet reached the usable state, no matter whether there are signs of impairment, impairment test shall be conducted at least at the end of each year.

Once the above asset impairment losses are recognized, they shall not be reversed in the subsequent accounting periods.

### (EIGHTEEN) Other assets

#### 1. Long-term deferred expenses

Long-term deferred expenses are all expenses that have been incurred but should be borne by the current period and subsequent periods with amortization period of more than one year.



Long-term deferred expenses are amortized evenly during the benefit period.

## **2.Reposessed assets**

When offsetting loans, advances and interest receivable with debt offsetting assets, the debt offsetting assets shall be recorded at the fair value of the abandoned creditor's rights, and the relevant expenses payable for obtaining debt offsetting assets shall be included in the book value of debt offsetting assets. When there is an indication that the net realizable value of debt paying assets is lower than the book value, the group will reduce the book value to the net realizable value.

## **3.Other accounts receivable**

The group performs detailed accounting in accordance with the items of other receivables and the counterparty unit (individual). The group regularly analyzes the recoverability of various other receivables. When the recoverable amount of the receivables is lower than their book value, the asset impairment provision is made and included in the current profit and loss.

## **4.Fiduciary activities**

The group usually acts as an agent and custodian to hold and manage assets for individuals, securities investment funds, social security funds, insurance company, qualified foreign investor, annuity plans and other customers in the entrusted business. The assets involved in these agency activities do not belong to the group and therefore are not included in the group's balance sheet.

The group also operates entrusted loan business. Entrusted loan business refers to loans that are provided funds by the principal, and the group grants, assists in supervising the use and recovery of loans based on the borrower, purpose, amount, currency, term, interest rate, etc. determined by the principal. The risk is borne by the client, and the group only charges related fees. Entrusted loans are not included in the balance sheet of the group.

## **(NINETEEN) Employee compensation payable**

### **1. Accounting treatment of short-term benefits**

During the accounting period when employees provide services to the group, the group recognizes the actual short-term compensation as liabilities and includes them in the current profit and loss or the cost of related assets.

The social insurance premiums and housing provident fund paid by the group for employees, as well as the labor union funds and employee education funds drawn in accordance with regulations, the corresponding amount of employee compensation shall be calculated and determined according to the specified accrual basis and accrual ratio during the accounting period when the employees provide services to the group.

The employee welfare expenses incurred by the group are included in the current profit and loss or relevant asset costs according to the actual amount when they actually occur, and the non monetary welfare is measured at fair value.

## **2. Accounting treatment of post-employment benefits**

### **(1) Set up a deposit plan**

The group pays basic pension insurance and unemployment insurance for employees in accordance with the relevant regulations of the local government. During the accounting period when employees provide services to the group, the amount payable is calculated based on the local payment base and proportion, it recognized as a liability, and included in the current profit and loss or the cost of related assets. In addition, the group also participates in the enterprise annuity plan / supplementary endowment insurance fund approved by relevant national departments. The group pays a certain proportion of the total wages of employees to the annuity plan / local social insurance institutions, and the corresponding expenses are included in the current profit and loss or relevant asset costs.

### **(2) Defined contribution plan**

The group assigns the welfare obligations arising from the defined benefit plan to the period during which the employees provide services according to the formula determined by the expected cumulative welfare unit method, and includes it in the current profit and loss or the cost of related assets.

The deficit or surplus formed by the present value of the defined benefit plan's obligations minus the fair value of the defined benefit plan's assets is recognized as a defined benefit plan's net liabilities or net assets. If there is a surplus in the defined benefit plan, the group uses the lower of the surplus of the defined benefit plan and the asset ceiling to measure the net assets of the defined benefit plan. All defined benefit plan obligations, including obligations expected to be paid within twelve months after the end of the annual reporting period in which employees provide services, it is discounted according to the market yield of national bonds or high-quality group bonds in an active market that match the obligation period and currency of the defined benefit plan on the balance sheet date.

The service cost incurred by the defined benefit plan and the net interest of the net liabilities or net assets of the defined benefit plan are included in the current profit and loss or the related asset cost; the changes in the net liabilities or net assets of remeasuring the defined benefit plan are included in other comprehensive income, and it will not be transferred back to profit or loss in the subsequent accounting period, when the original defined benefit plan is terminated, the part that was originally included in other comprehensive income will be all carried forward to undistributed profit within the scope of equity.

In the settlement of the defined benefit plan, the difference between the present value of the obligation of the defined benefit plan and the settlement price determined on the settlement date is used to confirm the settlement gain or loss.

### **3. Accounting treatment method for dismissal benefits**

If the group provides dismissal benefits to employees, the employee compensation liabilities arising from dismissal benefits shall be recognized at the earliest of the following two, and included in the current profit and loss: When the group cannot unilaterally withdraw the dismissal benefits provided due to the termination of the labor relationship plan or reduction proposal, or when the company confirm the costs or expenses related to the reorganization involving the payment of the dismissal benefits.

#### **(TWENTY) Estimated liabilities**

When the obligations related to contingencies meet the following conditions at the same time, the Group recognizes them as estimated liabilities:

- (1) This obligation is the current obligation undertaken by the group;
- (2) The performance of this obligation is likely to lead to the outflow of economic benefits from the group;
- (3) The amount of the obligation can be measured reliably.

The estimated liabilities are initially measured according to the best estimate of the expenditure required to perform the relevant current obligations.

When determining the best estimate, comprehensively consider the risks, uncertainties, time value of money and other factors related to contingencies. If the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflow.

If there is a continuous range of required expenditure and the possibility of various results within this range is the same, the best estimate shall be determined according

to the middle value within this range; In other cases, the best estimate shall be treated as follows:

- If the contingency involves a single item, it shall be determined according to the most likely amount.
- If the contingency involves multiple projects, it shall be determined according to various possible results and relevant probability calculation.

If all or part of the expenses required to pay off the estimated liabilities are expected to be compensated by a third party, the compensation amount shall be recognized separately as an asset when it is basically determined that it can be received, and the recognized compensation amount shall not exceed the book value of the estimated liabilities.

The Group reviews the book value of estimated liabilities on the balance sheet date. If there is conclusive evidence that the book value cannot reflect the current best estimate, the book value shall be adjusted according to the current best estimate.

#### **(TWENTY ONE) Preference shares, perpetual bonds and other financial instruments**

The Group classifies the financial instrument or its components as financial assets, financial liabilities or equity instruments at the time of initial recognition according to the contract terms of the issued preferred shares / perpetual bonds and the economic essence reflected by them, rather than only in legal form.

Perpetual bonds/preferred stocks and other financial instruments issued by the Group meet one of the following conditions, the entire financial instrument or its components are classified as financial liabilities at the time of initial recognition:

- (1) There are contractual obligations that the group cannot unconditionally avoid fulfilling with the delivery of cash or other financial assets;
- (2) Contains the contractual obligation to deliver a variable amount of its own equity instruments for settlement;
- (3) Contains derivative instruments for which its own equity is settled (such as conversion of equity, etc.), and the derivative instruments are not settled with a fixed amount of their own equity instruments in exchange for a fixed amount of cash or other financial assets;
- (4) There are contract clauses that indirectly form contract obligations;
- (5) The perpetual bonds are in the same repayment order as the ordinary bonds and other debts issued by the issuer at the time of liquidation by the issuer.

For financial instruments such as perpetual bonds/preferred stocks that do not meet

any of the above conditions, the entire financial instrument or its components are classified as equity instruments at the time of initial recognition.

## **(TWENTY TWO) Income**

### **1. Interest income and expense**

The "interest income" and "interest expense" in the income statement of the group refer to the interest income and expense generated by the financial assets measured at amortized cost, measured at fair value and whose changes are included in other comprehensive income and financial liabilities measured at amortized cost recognized by the effective interest rate method.

The effective interest rate method refers to the method of calculating the amortized cost of financial assets or financial liabilities and allocating the interest income or interest expenditure of each period into each accounting period. The effective interest rate refers to the interest rate used to discount the estimated future cash flow of financial assets or financial liabilities during the expected duration into the book balance of the financial assets or the amortized cost of the financial liabilities. When determining the effective interest rate, the group estimates the expected cash flow on the basis of considering all contract terms of financial assets or financial liabilities, but does not consider the expected credit loss. All charges, transaction fees, premiums or discounts paid or received by the group as part of the effective interest rate shall be considered when determining the effective interest rate.

For the financial assets purchased or generated with credit impairment, the group shall calculate and determine the interest income according to the amortized cost of the financial assets and the effective interest rate adjusted by credit from the initial recognition. The effective interest rate adjusted by credit refers to the interest rate that discounts the estimated future cash flow of the purchased or generated financial asset with credit impairment in the expected duration into the amortized cost of the financial asset.

For the financial assets purchased or generated without credit impairment but become credit impairment in the subsequent period, the group shall calculate and determine the interest income according to the amortized cost and effective interest rate of the financial assets in the subsequent period.

### **2. Fee and commission income**

The group collects handling fees and commissions by providing various services to customers. Among them, the handling fees and commissions charged through the provision of services within a certain period shall be confirmed according to the performance progress within the corresponding period, and other handling fees and



commissions shall be confirmed at the completion of relevant transactions.

The group lists contract assets or contract liabilities in the balance sheet according to the relationship between performance obligations and customer payments. The group's right to receive consideration for the transfer of goods or provision of services to customers (and the right depends on factors other than the passage of time) is listed as contract assets. The impairment of contract assets shall be subject to the new financial instrument standards. The group's right to receive consideration from customers unconditionally (only depending on the passage of time) is listed separately as receivables.

The group's obligation to transfer goods or provide services to customers for consideration received or receivable from customers is listed as contract liabilities.

Contract assets and contract liabilities under the same contract are presented in net amount.

Contract cost includes contract performance cost and contract acquisition cost.

If the cost incurred by the group for performing the contract does not fall within the scope of relevant standards and specifications such as inventory, fixed assets or intangible assets, it shall be recognized as a contract performance cost when the following conditions are met:

- This cost is directly related to a current or expected contract.
- This cost increases the resources that the enterprise will use to fulfill its performance obligations in the future.
- The cost is expected to be recovered.

If the incremental cost incurred by the group to obtain the contract is expected to be recovered, it shall be recognized as an asset as the contract acquisition cost.

The assets related to the contract cost are amortized on the same basis as the recognition of the income from goods or services related to the assets; However, if the amortization period of contract acquisition cost does not exceed one year, the group will record it into the current profit and loss when it occurs.

## **(TWENTY THREE) Government subsidies**

### **1. Type**

Government subsidies are monetary and non-monetary assets obtained free of charge

by the group from the government. It is divided into government subsidies related to assets and government subsidies related to income.

Government subsidies related to assets refer to government subsidies obtained by the group for purchase and construction or to form long-term assets in other ways. Government subsidies related to income refer to government subsidies other than government subsidies related to assets.

## **2. Confirm the time**

Government subsidies are recognized when the group can meet the attached conditions and receive them.

## **3. Accounting treatment**

Government subsidies related to assets are used to offset the book value of related assets or be recognized as deferred income. If it is recognized as deferred income, it shall be included in the current profit and loss in a reasonable and systematic manner within the useful life of the relevant asset (those related to the daily activities of the group are included in other income; those not related to the daily activities of the group are included in non-operating income);

Government subsidies related to income that are used to compensate the related costs or losses of the group in future periods are recognized as deferred income, and are included in the current profit and loss during the period when the related costs or losses are recognized (Those related to the daily activities of the group shall be included in other income; those not related to the daily activities of the group shall be included in non- operating income). If it is used to compensate for the related costs or losses incurred by the group, it is directly included in the current profit and loss. (Those related to the daily activities of the group shall be included in other income; those not related to the daily activities of the group shall be included in non-operating income) or offset related costs or losses.

## **(TWENTY FOUR) Deferred tax assets and deferred tax liabilities**

Income tax includes current income tax and deferred income tax. Except for the income tax arising from business combinations and transactions or events directly included in the owner's equity (including other comprehensive income), the group includes the current income tax and deferred income tax into the current profit and loss.

Deferred tax assets and deferred tax liabilities are calculated and recognized

according to the difference (temporary difference) between the tax basis of assets and liabilities and their book value.

For deductible temporary differences to recognize deferred tax assets, the taxable income that is likely to be obtained in the future to deduct deductible temporary differences is limited. For the deductible losses and tax deductions that can be carried forward for subsequent years, the deferred income tax assets are confirmed to the limit of the future taxable income that is likely to be used to deduct the deductible losses and tax deductions.

For taxable temporary differences, except for special circumstances, deferred income tax liabilities are recognized.

Special circumstances that do not recognize deferred tax assets or deferred tax liabilities include:

- Initial recognition of goodwill;
- It is neither a business combination nor a transaction or event that affects the accounting profit and taxable income (or deductible loss) at the time of occurrence.

For taxable temporary differences related to investments in subsidiaries, associates, and joint ventures, deferred income tax liabilities are recognized, unless the group can control the timing of the reversal of the temporary differences and the temporary differences probably won't transferred back in the foreseeable future. For deductible temporary differences related to investments in subsidiaries, associates and joint ventures, when the temporary differences are likely to be reversed in the foreseeable future and are likely to be used to deduct the taxable income of deductible temporary differences in the future, then confirm it as deferred income tax assets.

On the balance sheet date, deferred tax assets and deferred tax liabilities shall be measured according to the applicable tax rate during the expected recovery of relevant assets or settlement of relevant liabilities in accordance with the provisions of the tax law.

On the balance sheet date, the Group reviews the book value of deferred tax assets. If it is unlikely to obtain sufficient taxable income to offset the benefits of deferred tax assets in the future, the book value of deferred tax assets shall be written down. When it is likely to obtain sufficient taxable income, the written down amount shall be reversed. When it has the legal right to settle on a net basis and intends to settle on a net basis or obtain assets and settle liabilities at the same time, the current income tax assets and current income tax liabilities are presented on a net basis after offset.

On the balance sheet date, deferred tax assets and deferred tax liabilities are presented at the net amount after offset when the following conditions are met at the same time:

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities with net amount;
- Deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax collection and management department on the same taxpayer or different taxpayers. However, in the future, during each period when the important deferred tax assets and liabilities are reversed, the involved taxpayers intend to settle the current income tax assets and liabilities with net amount, or obtain assets and settle liabilities at the same time.

## **(TWENTY FIVE) Lease**

Lease refers to a contract in which the lessor transfers the right to use assets to the lessee for consideration within a certain period of time. On the contract commencement date, the group evaluates whether the contract is a lease or includes a lease. If one party in the contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract is a lease or includes a lease.

If the contract contains multiple separate leases at the same time, the group will split the contract and conduct accounting treatment for each separate lease. If the contract includes both the leased and non leased parts, the lessee and the lessor shall separate the leased and non leased parts.

For rent concessions such as rent reduction, deferred payment, etc. directly caused by the COVID-19 and reached on the existing lease contract, and the following conditions are met, the group adopts a simplified method for all lease options without assessing whether there is a lease change or reassessing the lease classification.

### **1. The group as lessee**

#### **(1) Right of use assets**

At the beginning of the lease term, the Group recognizes the right to use assets for leases other than short-term leases and low value asset leases. The right of use assets are initially measured at cost. This cost includes:

- initial measurement amount of lease liabilities;
- for the lease payment paid on or before the beginning of the lease term, if there is lease incentive, the relevant amount of lease incentive enjoyed shall be deducted;
- initial direct expenses incurred by the lessee;
- the costs expected to be incurred by the lessee for dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the state agreed in the lease terms, but excluding the costs incurred for

the production of inventories.

The group subsequently depreciates the right of use assets using the straight-line method. If it can be reasonably determined that the ownership of the leased asset is obtained at the expiration of the lease term, the group accrues depreciation within the remaining service life of the leased asset; Otherwise, the leased asset is depreciated within the shorter of the lease term and the remaining service life of the leased asset. The Group determines whether the right of use assets have been impaired according to the principles described in "THREE. Impairment of long-term assets" in this note, and carries out accounting treatment for the identified impairment losses.

## (2) Lease liabilities

At the beginning of the lease term, the Group recognizes lease liabilities for leases other than short-term leases and low value asset leases. Lease liabilities are initially measured according to the present value of the unpaid lease payments. Lease payments include:

- fixed payment (including actual fixed payment). If there is lease incentive, the relevant amount of lease incentive shall be deducted;
- variable lease payments depending on index or ratio;
- the amount expected to be paid according to the guarantee residual value provided by the lessee;
- the exercise price of the purchase option, provided that the lessee reasonably determines that the option will be exercised;
- the amount to be paid for exercising the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease.

The group adopts the embedded interest rate of the lease as the discount rate, but if the embedded interest rate of the lease cannot be reasonably determined, the incremental borrowing interest 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 according to the fixed periodic interest rate and records it into the current profit and loss or the cost of relevant assets.

The amount of variable lease payments not included in the measurement of lease liabilities shall be included in the current profits and losses or relevant asset costs when actually incurred.

After the beginning date of the lease term, in case of the following circumstances, the group remeasures the lease liabilities and adjusts the corresponding right of use assets. If the book value of the right of use assets has been reduced to zero, but the lease



liabilities still need to be further reduced, the difference shall be included in the current profit and loss:

- when the evaluation results of purchase option, renewal option or termination option change, or the actual exercise of the above options is inconsistent with the original evaluation results, the group remeasures the lease liabilities according to the present value calculated by the changed lease payment amount and the revised discount rate;
- when the actual fixed payment amount changes, the expected payable amount of the guarantee residual value changes, or the index or ratio used to determine the lease payment amount changes, the group remeasures the lease liability according to the changed lease payment amount and the present value calculated by the original discount rate. However, if the change of lease payment comes from the change of floating interest rate, the revised discount rate shall be used to calculate the present value.

### (3) Short term leases and low value asset leases

The group chooses not to recognize the right of use assets and lease liabilities for short-term leases and low-value asset leases, and the relevant lease payments are included in the current profit and loss or relevant asset costs according to the straight-line method in each period of the lease term. Short term lease refers to a lease with a lease term of no more than 12 months and excluding the purchase option on the beginning date of the lease term. Low value asset lease refers to the lease with lower value when the single leased asset is a brand-new asset. Where the group sublets or expects to sublet leased assets, the original lease is not a low value asset lease.

### (4) Lease change

If the lease changes and meets the following conditions at the same time, the group will treat the lease change as a separate lease for accounting treatment:

- the lease change expands the lease scope by adding the right to use one or more leased assets;
- the increased consideration is equivalent to the amount adjusted according to the conditions of the contract after the separate price for most of the expanded scope of the lease.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the group will re allocate the consideration of the contract after the change, re determine the lease term, and re measure the lease liability according to the present value calculated by the lease payment after the change and the revised discount rate.

If the lease scope is reduced or the lease term is shortened due to the lease change, the

group will reduce the book value of the right to use assets accordingly, and include the relevant gains or losses of partial or complete termination of the lease into the current profit and loss. If the lease liabilities are remeasured due to other lease changes, the group shall adjust the book value of the right of use assets accordingly.

#### (5) Rent concessions related to the COVID-19

If the simplified method of rent reduction related to the COVID-19 is adopted, the group does not assess whether there is a lease change, continues to calculate the interest expense of the lease liability according to the discount rate consistent with that before the reduction and include it in the current profit and loss, and continues to accrue depreciation for the use right asset according to the method consistent with that before the reduction. In case of rent reduction, the group will treat the reduced rent as the amount of variable lease payment. When the original rent payment obligation is relieved by reaching a concession agreement, the cost or expense of relevant assets will be offset by the discount amount at the undiscounted or pre concession discount rate, and the lease liabilities will be adjusted accordingly; If the payment of rent is delayed, the group shall offset the lease liabilities recognized in the previous period at the time of actual payment.

For short-term leases and low value asset leases, the Group continues to include the original contract rent into the relevant asset costs or expenses in the same way as before the concession. In case of rent reduction, the group takes the reduced rent as the variable lease payment and offsets the relevant asset costs or expenses during the reduction period; If the payment of rent is delayed, the Group recognizes the rent payable as payable in the original payment period and offsets the payable recognized in the previous period when it is actually paid.

## **2. The group as the lessor**

On the lease commencement date, the group divides leases into financial leases and operating leases. Finance lease refers to a lease that essentially transfers almost all the risks and rewards related to the ownership of leased assets regardless of whether the ownership is finally transferred or not. Operating leases refer to leases other than finance leases. When the group acts as a sublessor, the sublease is classified based on the right to use assets generated from the original lease.

#### (1) Accounting treatment of operating lease

The lease receipts from operating leases are recognized as rental income on a straight-line basis in each period of the lease term. The group capitalizes the initial direct expenses related to the operating lease, allocates them on the same basis as the recognition of rental income during the lease term, and records them into the current profit and loss. The amount of variable lease payments not included in the lease

receipts shall be included in the current profits and losses when actually incurred. If the operating lease is changed, the group will treat it as a new lease for accounting from the effective date of the change, and the amount of lease receipts received in advance or receivable related to the lease before the change is regarded as the amount of new lease receipts.

## (2) Accounting treatment of financial leasing

On the lease commencement date, the Group recognizes the financial lease receivables for the financial lease and terminates the recognition of the financial lease assets. When the group initially measures the finance lease receivables, the net amount of the lease investment is taken as the entry value of the finance lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not received on the beginning date of the lease term discounted at the interest rate embedded in the lease.

The group calculates and recognizes the interest income of each period within the lease term at a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with "THREE. (TEN) financial instruments" in this note.

The amount of variable lease payments not included in the measurement of net lease investment shall be included in the current profit and loss when it actually occurs.

If the financial lease changes and meets the following conditions at the same time, the group will treat the change as a separate lease for accounting treatment:

- the change expands the lease scope by adding the right to use one or more leased assets;
- the increased consideration is equivalent to the amount adjusted according to the conditions of the contract after the separate price for most of the expanded scope of the lease.

If the change of financial lease is not accounted for as a separate lease, the group will deal with the changed lease under the following circumstances:

- If the change takes effect on the lease commencement date, the lease will be classified as an operating lease. The group will treat it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the leased asset;
- If the change takes effect on the lease commencement date, the lease will be classified as a financial lease, and the group will conduct accounting treatment in accordance with the policy on modifying or renegotiating the contract in "THREE. (TEN) financial instruments" in this note.

### (3) Rent concessions related to the COVID-19

For operating leases using the simplified method of rent reduction related to the COVID-19, the Group continues to recognize the original contract rent as lease income in the same way as before the reduction; In case of rent reduction, the group takes the reduced rent as the variable lease payment and offsets the lease income during the reduction period; If the collection of rent is delayed, the Group recognizes the rent receivable as accounts receivable in the original collection period and offsets the accounts receivable recognized in the previous period when it is actually received.

For financial leases using the simplified method of rent reduction related to the COVID-19, the Group continues to calculate interest at the discount rate consistent with that before the reduction and recognizes it as lease income. In case of rent reduction, the group takes the reduced rent as the amount of variable lease payment. When the original rent collection right is waived after reaching a concession agreement, the original recognized lease income is offset by the amount of discount at the discount rate before discount or concession. The part insufficient to offset is included in the investment income, and the finance lease receivables are adjusted accordingly; If the collection of rent is delayed, the group shall offset the finance lease receivables recognized in the previous period when actually received.

### 3. Sale and leaseback transaction

The group evaluates and determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the principles described in "THREE. (TWENTY TWO) income" in this note.

#### (1) As lessee

If the transfer of assets in the sale and leaseback transaction belongs to sales, the group, as the lessee, measures the right to use assets formed by the sale and leaseback according to the part of the book value of the original assets related to the right to use obtained by leaseback, and only recognizes the relevant gains or losses on the rights transferred to the lessor; If the asset transfer in the sale and leaseback transaction does not belong to sales, the group, as the lessee, continues to recognize the transferred asset and recognize a financial liability equal to the transfer income. For the accounting treatment of financial liabilities, see "THREE. (TEN) financial instruments" in this note.

#### (2) As lessor

If the asset transfer in the sale and leaseback transaction belongs to sales, the group will conduct accounting treatment for the asset purchase as the lessor and the asset

lease according to the above policy of "2. The group as the lessor"; If the asset transfer in the sale and leaseback transaction does not belong to sales, the group, as the lessor, does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income. For the accounting treatment of financial assets, see "THREE. (TEN) financial instruments" in this note.

#### **(TWENTY SIX) General risk reserve**

At the end of each year, the group should allocate a general risk reserve based on a certain percentage of the balance of assets that bear risks and losses through after-tax profits to make up for unidentified possible losses. On March 30, 2012, the Ministry of Finance promulgated the "Administrative Measures for the Provision of Reserve Funds for Financial Enterprises ." (Finance [2012] No. 20), requiring that the balance of general risk reserves provided by financial enterprises should not be less than 1.5% of the ending balance of risky assets in principle. The group have made general provisions in accordance with the above requirements.

#### **(TWENTY SEVEN) Changes in important accounting policies and accounting estimates**

##### **1. Changes in important accounting policies**

(1) Implement the 《Interpretation of accounting standards for Business Enterprises No. 15》

On December 30, 2021, the Ministry of Finance issued the "Interpretation of Accounting Standards for Business Enterprises No. 15" (Cai Kuai [2021] No. 35, hereinafter referred to as "Interpretation No. 15").

Regarding the judgment of loss-making contracts, Interpretation No. 15 clarifies that the "cost of performing the contract" considered by enterprises in determining whether the contract constitutes a loss-making contract should include both the incremental cost of performing the contract and the apportionment amount of other costs directly related to the performance of the contract. This provision shall be implemented as of January 1, 2022. Enterprises shall implement this provision for contracts that have not fulfilled all their obligations by January 1, 2022. The cumulative impact amount shall adjust the retained earnings and other related financial statement items at the beginning of the year on the implementation date, without adjusting the data in the previous comparative financial statements. The implementation of this provision did not have a significant impact on the Group's financial condition and operating results.

(2) Implement the 《Notice on Relevant Issues of Applying the <Regulations on Accounting Treatment of Rent Concessions Related to the COVID-19>》



On May 19, 2022, the Ministry of Finance issued the 《Notice on Relevant Issues of Applying the <Regulations on Accounting Treatment of Rent Concessions Related to the COVID-19>》 (Cai Kuai [2022] No. 13), which once again adjusted the scope of application of rent concessions related to COVID-19 that allowed the use of the simplified method, and removed the original restriction that "concessions only for lease payments payable before June 30, 2022" could apply the simplified method. For the reduction of lease payments payable after June 30, 2022 directly caused by the COVID-19, the lessee and the lessor can continue to choose the simplified accounting method specified in the Regulations on Accounting Treatment of Rent Reduction Related to the COVID-19, and other applicable conditions remain unchanged. The implementation of this provision did not have a significant impact on the Group's financial condition and operating results.

(3) Implement the 《Accounting Standards for Business Enterprises Interpretation No. 16》

On November 30, 2022, the Ministry of Finance promulgated the "Interpretation of Accounting Standards for Business Enterprises No. 16" (Cai Kuai [2022] No. 31, hereinafter referred to as "Interpretation No. 16").

① Accounting treatment of the income tax impact of dividends related to financial instruments classified as equity instruments by the issuer

Interpretation No. 16 stipulates that for financial instruments classified as equity instruments by enterprises, if the relevant dividend expenditures are deducted before corporate income tax in accordance with the relevant provisions of tax policies, the income tax impact related to dividends should be recognized when recognizing dividends payable. The income tax impact of dividends is included in the current profit and loss or owner's equity items (including other comprehensive income items) in a manner consistent with the accounting treatment used in transactions or events that generated distributable profits in the past.

The regulations shall come into effect as of the date of promulgation. If the relevant dividends payable occur between January 1, 2022 and the implementation date, adjustments shall be made in accordance with the regulations; Retroactive adjustments shall be made for financial instruments that occurred before January 1, 2022 and whose recognition has not been terminated on January 1, 2022. The implementation of this provision did not have a significant impact on the Group's financial condition and operating results.

② Accounting treatment for enterprises to modify cash settled share-based payments to equity settled share-based payments

Interpretation No. 16 clarifies that if an enterprise modifies the terms and conditions of a cash settled share-based payment agreement to make it an equity settled share-based payment, on the modification date (whether occurring within the waiting period or after the end), the equity settled share-based payment should be measured at the fair value on the date of modification of the granted equity instrument, and the services obtained should be included in the capital reserve, At the same time, the recognition of cash settled share-based payment liabilities that have been recognized on the modification date is terminated, and the difference between the two is included in the current profit and loss.

The regulations shall come into effect as of the date of promulgation, and new relevant transactions added from January 1, 2022 to the implementation date shall be adjusted in accordance with the regulations; If the relevant transactions occurred before January 1, 2022 have not been processed in accordance with this provision, a retrospective adjustment should be made, with the cumulative impact adjusted to retained earnings and other related items as of January 1, 2022, without adjusting the data in the previous comparative financial statements. The implementation of this provision did not have a significant impact on the Group's financial condition and operating results.

## **2. Changes in important accounting estimates**

There were no significant changes in accounting estimates during the reporting period.

## **FOUR. Taxation**

### **(ONE) Main taxes and tax rates**

### **(TWO) Tax incentives**

#### **1. Tax incentives for corporate income tax**

(1) According to the "Detailed Rules for the Implementation of the Interim Regulations on Enterprise Income Tax" (Order No. 50 of the Ministry of Finance), the interest income from the purchase of government bonds shall not be included in the taxable income.

(2) According to the "Notice on Certain Preferential Policies for Enterprise Income Tax" (Finance and Taxation [2008] No.1) issued by the Ministry of Finance and the State Administration of Taxation, the income obtained by investors from the distribution of securities investment funds will not be subject to corporate income tax temporarily.

## **2. Value-added tax preferential treatment**

(1) According to the "Notice on Expanding the Exemption Scope of Relevant Government Funds" (Finance and Taxation (2016) No. 12) of the Ministry of Finance and the State Administration of Taxation, from February 1, 2016, taxpayers whose amount of monthly sales or turnover do not exceed 100,000 yuan (quarterly sales or turnover do not exceed 300,000 yuan for quarterly taxes) are exempt from education surcharges, local education surcharges, and water conservancy construction Funds and cultural undertakings construction expenses. Some branches of the bank enjoy this preferential policy.

(2) In accordance with the "Notice on Comprehensively Launching the Pilot Reform of Business Tax to Value-Added Tax" (Finance and Taxation [2016] No. 36) from the Ministry of Finance and the State Administration of Taxation, since May 1, 2016, interest income from national debt and interest income from local government bonds and interest income from small loans to farmers are exempt from value-added tax.

(3) According to the "Notice on Further Clarifying the Relevant Policies of the Financial Industry for the Comprehensive Implementation of the Pilot Program of the VAT Reform" (Finance and Taxation [2016] No. 46) by the Ministry of Finance and the State Administration of Taxation, since May 1, 2016, the pledged purchase of financial products under resale agreements and the holding of policy financial bonds will be exempt from value-added tax.

(4) According to the "Supplementary Notice on Value-Added Tax Policies for Inter-bank Transactions of Financial Institutions" (Finance and Taxation [2016] No. 70) issued by the Ministry of Finance and the State Administration of Taxation, since May 1, 2016, interest income from interbank deposits, interbank loans, interbank payments, buy-out repurchase financial products, holding financial bonds, and interbank deposit certificates will be exempt from VAT.

(5) In accordance with the "Notice of the Ministry of Finance and the State Administration of Taxation on Further Clarifying the Relevant Policies of the Financial Industry to Promote the Pilot Program of the VAT Reform" (Finance and Taxation [2016] No. 46), The simple tax calculation method is applied in Jining Rushang Rural Bank Co., Ltd, and the value-added tax is calculated and paid according to the levy rate of 3%.

## **3. Tax incentives for stamp duty**

According to the "Notice on Tax Policies Supporting Financing of Small and Micro Enterprises" (Finance and Taxation (2017) No. 77) and "The announcement on extending the implementation period of some preferential tax policies" (Announcement No. 6 of the Ministry of Finance and the State Administration of

Taxation in 2021) issued by the Ministry of Finance and the State Administration of Taxation, from January 1, 2018 to December 31, 2023, the loan contracts signed by financial institutions with small and micro enterprises will be exempted from stamp tax.

## FIVE. Notes on Financial Statement

In the notes below, "Group" refers to consolidated financial statements, and "The Bank" refers to company's financial statements.

### (ONE) Cash and deposits with central banks

#### Group

Project	31, December, 2022	31, December, 2021
Cash	214,635,895.74	212,580,342.32
Deposit the central bank statutory reserve	7,249,851,331.36	6,598,006,460.07
Deposit the central bank surplus deposit reserve	4,384,796,762.94	4,662,826,240.06
Fiscal deposits in the central bank	245,000.00	2,251,000.00
Total	11,849,528,990.04	11,475,664,042.45

#### The Bank

Project	31, December, 2022	31, December, 2021
Cash	200,567,891.05	191,269,499.33
Deposit the central bank statutory reserve	6,740,208,287.30	6,089,739,092.98
Deposit the central bank surplus deposit reserve	3,942,080,744.52	3,158,323,711.42
Fiscal deposits in the central bank	245,000.00	2,251,000.00
Total	10,883,101,922.87	9,441,583,303.73

Description of cash and central bank deposits:

- ① The statutory reserve fund deposited with the central bank refers to the deposit

reserve fund paid by the Group to the People's Bank of China in accordance with regulations. The statutory reserves deposited with the People's Bank of China include RMB deposit reserves and foreign exchange deposit reserves. The reserves cannot be used for daily business and cannot be used without the approval of the People's Bank of China.

② On December 31, 2021 and December 31, 2022, the Bank's applicable RMB deposit reserve payment ratio was 6.00% and 5.25%, and the foreign currency deposit reserve payment ratio was 9.00% and 6.00% separately. The People's Bank of China does not calculate and pay interest on the foreign exchange deposit reserve. On December 31, 2021 and December 31, 2022, Jining Rushang Rural Bank Co., Ltd., a subsidiary of the Group, is applicable to the RMB deposit reserve deposit ratio of 5.00% and 5.00%.

③ The excess deposit reserve in the central bank includes funds deposited in the People's Bank of China for fund clearing purposes and other various unrestricted funds.

④ Fiscal deposits paid to the central bank refer to the fiscal deposits made by the Group to the People's Bank of China in accordance with regulations, including the local gold treasury deposits handled by the Group on behalf.

## (TWO) Deposits with interbanks

### Group

Project	31, December, 2022	31, December, 2021
Domestic interbank deposits	3,454,855,343.32	1,337,997,223.25
Overseas interbank deposit	39,725,842.87	182,169,776.52
Subtotal	3,494,581,186.19	1,520,166,999.77
Plus: accrued interest	13,812,014.02	
Less: Allowance for impairment losses	2,233,683.70	1,816,677.67
Total	3,506,159,516.51	1,518,350,322.10



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Credit risk and expected credit loss of interbank deposits

Project	31, December, 2022			Total
	Phase I	Phase II	Phase III	
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Book balance	3,505,493,261.77	2,899,938.44	0.00	3,508,393,200.21
Allowance for impairment losses	2,225,888.22	7,795.48	0.00	2,233,683.70
Book value	3,503,267,373.55	2,892,142.96	0.00	3,506,159,516.51

Statement of changes in provision for expected credit losses of deposits with banks

Allowance for impairment losses	31, December, 2022			Total
	Phase I	Phase II	Phase III	
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at the beginning of the year	1,814,993.31	1,684.36		1,816,677.67
Charge for the year	410,894.91	6,111.12		417,006.03
Ending balance	2,225,888.22	7,795.48		2,233,683.70

The Bank

Project	31, December, 2022	31, December, 2021
Domestic interbank deposits	2,451,591,682.70	1,337,250,641.13
Overseas interbank deposit	39,725,842.87	182,169,776.52
Subtotal	2,491,317,525.57	1,519,420,417.65
Plus: accrued interest	998.17	2,597.97
Less: Allowance for impairment losses	648,119.47	968,372.99
Total	2,490,670,404.27	1,518,454,642.63

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**Credit risk and expected credit loss of interbank deposits**

Project	31, December, 2022			Total
	Phase I	Phase II	Phase III	
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Book balance	2,489,047,415.73	2,271,108.01		2,491,318,523.74
Allowance for impairment losses	642,014.38	6,105.09		648,119.47
Book value	2,488,405,401.35	2,265,002.92		2,490,670,404.27

**Statement of changes in provision for expected credit losses of deposits with banks**

Allowance for impairment losses	31, December, 2022			Total
	Phase I	Phase II	Phase III	
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at the beginning of the year	968,372.99			968,372.99
Charge for the year	-326,358.61	6,105.09		-320,253.52
Ending balance	642,014.38	6,105.09		648,119.47

**(THREE) Financial assets held under resale agreements**

**Group and The Bank**

Project	31, December, 2022	31, December, 2021
Bonds		921,887,000.00
Bills		
Subtotal		921,887,000.00
Plus: accrued interest		374,183.72
Less: Allowance for impairment losses		
Book value		922,261,183.72

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Analysis by type of transaction party

**Group and The Bank**

Category	31, December, 2022	31, December, 2021
Interbanks		921,887,000.00
Other financial institutions		
Plus: accrued interest		374,183.72
Less: Allowance for impairment losses		
Total		922,261,183.72

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

**1. Distribution of loans and advances by measurement method**

**Group**

Project	31, December, 2022	31, December, 2021
(1) Measured at amortized cost		
Personal loans and advances	52,391,455,699.91	37,334,530,035.06
-Personal consumer loans	24,589,970,855.86	21,360,443,279.39
-Personal business loans	17,833,615,689.52	11,370,790,423.35
-Residential mortgages	9,940,652,220.96	4,565,831,772.10
-Others	27,216,933.57	37,464,560.22
Corporate loans and advances	47,939,366,017.35	41,077,977,278.95
-Loans	47,939,366,017.35	41,077,977,278.95
-Discount and Forfaiting		
Subtotal	100,330,821,717.26	78,412,507,314.01
(2) It is measured at fair value and its changes are included in other comprehensive income		
Corporate loans and advances	2,854,964,390.70	6,441,004,690.12
-Forfaiting	1,538,123,552.19	1,368,085,401.15

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Project	31, December, 2022	31, December, 2021
-Discounts	1,316,840,838.51	5,072,919,288.97
Subtotal	2,854,964,390.70	6,441,004,690.12
Total	103,185,786,107.96	84,853,512,004.13
Plus: accrued interest	459,694,257.53	335,685,548.97
Minus: allowances for impairment losses at amortized cost	3,041,128,739.45	2,512,885,852.39
Book value of loans and advances	100,604,351,626.04	82,676,311,700.71
Allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	1,748,207.74	6,792,342.54

## The Bank

Project	31, December, 2022	31, December, 2021
(1) Measured at amortized cost		
Personal loans and advances	50,034,748,886.22	35,217,736,520.73
-Personal consumer loans	24,463,345,586.47	21,283,840,443.20
-Personal business loans	16,443,629,190.23	10,218,272,504.06
-Residential mortgages	9,100,557,175.95	3,678,159,013.25
-Others	27,216,933.57	37,464,560.22
Corporate loans and advances	43,925,623,940.39	37,272,749,796.04
-Loans	43,925,623,940.39	37,272,749,796.04
-Discounts and Forfaiting		
Subtotal	93,960,372,826.61	72,490,486,316.77
(2) It is measured at fair value and its changes are included in other comprehensive income		
Corporate loans and advances	2,160,388,361.01	5,839,262,940.51
-Forfaiting	1,538,123,552.19	1,368,085,401.15
-Discounts	622,264,808.82	4,471,177,539.36
Subtotal	2,160,388,361.01	5,839,262,940.51

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Project	31, December, 2022	31, December, 2021
Total	96,120,761,187.62	78,329,749,257.28
Plus: accrued interest	446,891,655.65	323,067,531.79
Minus: allowances for impairment losses at amortized cost	2,804,909,646.04	2,287,162,241.50
Book value of loans and advances	93,762,743,197.23	76,365,654,547.57
Allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	1,068,480.32	6,257,201.54

## 2. Distribution of loans and advances by individuals and enterprises

### Group

Project	31, December, 2022	31, December, 2021
Personal loans and advances	52,391,455,699.91	37,334,530,035.06
-Personal consumer loans	24,589,970,855.86	21,360,443,279.39
-Personal business loans	17,833,615,689.52	11,370,790,423.35
-Residential mortgages	9,940,652,220.96	4,565,831,772.10
-Others	27,216,933.57	37,464,560.22
Corporate loans and advances	50,794,330,408.05	47,518,981,969.07
-Loans	49,477,489,569.54	42,446,062,680.10
-Discounts	1,316,840,838.51	5,072,919,288.97
Total loans and advances	103,185,786,107.96	84,853,512,004.13
Plus: accrued interest	459,694,257.53	335,685,548.97
Minus: allowance for impairment losses	3,041,128,739.45	2,512,885,852.39
Book value of loans and advances	100,604,351,626.04	82,676,311,700.71

### The Bank

Project	31, December, 2022	31, December, 2021
Personal loans and advances	50,034,748,886.22	35,217,736,520.73



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Project	31, December, 2022	31, December, 2021
-Personal consumer loans	24,463,345,586.47	21,283,840,443.20
-Personal business loans	16,443,629,190.23	10,218,272,504.06
-Residential mortgages	9,100,557,175.95	3,678,159,013.25
-Others	27,216,933.57	37,464,560.22
Corporate loans and advances	46,086,012,301.40	43,112,012,736.55
-Loans	45,463,747,492.58	38,640,835,197.19
-Discounts	622,264,808.82	4,471,177,539.36
Total loans and advances	96,120,761,187.62	78,329,749,257.28
Plus: accrued interest	446,891,655.65	323,067,531.79
Minus: allowance for impairment losses	2,804,909,646.04	2,287,162,241.50
Book value of loans and advances	93,762,743,197.23	76,365,654,547.57

### 3. Distribution of loans by industries

#### Group

Industry distribution	31, December, 2022	Percentage	31, December, 2021	Percentage
The construction industry	9,029,496,013.15	8.75%	8,886,740,201.70	10.47%
Leasing and business services	6,087,729,018.27	5.90%	5,670,438,515.42	6.68%
Water conservancy, environment and public facilities management	6,210,122,500.00	6.02%	5,794,653,333.34	6.83%
Manufacturing	6,390,704,838.63	6.19%	6,600,636,933.43	7.78%
Wholesale and Retail	9,504,073,633.19	9.21%	6,088,594,905.96	7.18%
The real estate industry	4,716,362,825.00	4.57%	2,653,840,000.00	3.13%
The mining industry	1,421,440,000.00	1.38%	1,901,450,000.00	2.24%
Electricity, heat, gas and water production and supply	1,393,156,000.00	1.35%	1,090,190,000.00	1.28%
Education	422,144,985.00	0.41%	430,089,985.00	0.51%
Transportation, warehousing and postal services	985,969,418.92	0.96%	724,012,958.44	0.85%

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Industry distribution	31, December, 2022	Percentage	31, December, 2021	Percentage
Finance	1,579,920,175.67	1.53%	1,100,023,117.82	1.30%
Health and social work	747,635,562.34	0.72%	415,155,392.15	0.49%
Agriculture, forestry, animal husbandry and fishery	137,649,806.95	0.13%	271,452,627.76	0.32%
Accommodation and Catering	92,109,192.53	0.09%	80,337,431.80	0.09%
Culture, sports and entertainment	258,000,000.00	0.25%	22,311,196.82	0.03%
Residential services, repairs and other services	310,874,141.83	0.30%	623,997,747.21	0.74%
Scientific research and technology services	36,021,249.76	0.03%	51,225,416.57	0.06%
Information transmission, software and information technology services	154,080,208.30	0.15%	40,912,916.68	0.05%
Subtotal of company loans and advances	49,477,489,569.54	47.94%	42,446,062,680.10	50.03%
A personal loan	52,391,455,699.91	50.78%	37,334,530,035.06	43.99%
Bill discount	1,316,840,838.51	1.28%	5,072,919,288.97	5.98%
Total loans and advances	103,185,786,107.96	100.00%	84,853,512,004.13	100.00%
Plus: accrued interest	459,694,257.53		335,685,548.97	
Minus: allowance for impairment losses	3,041,128,739.45		2,512,885,852.39	
Book value of loans and advances	100,604,351,626.04		82,676,311,700.71	

## The Bank

Industry distribution	31, December, 2022	Percentage	31, December, 2021	Percentage
The construction industry	8,398,166,511.15	8.74%	8,223,991,874.70	10.50%
Leasing and business services	5,757,614,018.27	5.99%	5,394,888,515.42	6.89%
Water conservancy, environment and public facilities management	6,069,132,500.00	6.31%	5,632,753,333.34	7.19%
Manufacturing	5,463,506,638.63	5.68%	5,698,417,733.43	7.27%
Wholesale and Retail	8,268,430,383.26	8.60%	4,937,573,575.70	6.30%
The real estate industry	4,716,362,825.00	4.91%	2,653,840,000.00	3.39%

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Industry distribution	31, December, 2022	Percentage	31, December, 2021	Percentage
The mining industry	1,421,440,000.00	1.48%	1,901,450,000.00	2.43%
Electricity, heat, gas and water production and supply	1,211,070,000.00	1.26%	983,190,000.00	1.26%
Education	364,199,985.00	0.38%	401,589,985.00	0.51%
Transportation, warehousing and postal services	750,164,293.89	0.78%	491,475,500.09	0.63%
Finance	1,579,920,175.67	1.64%	1,100,023,117.82	1.40%
Health and social work	650,435,562.34	0.68%	345,102,420.98	0.44%
Agriculture, forestry, animal husbandry and fishery	117,649,806.95	0.12%	219,352,627.76	0.28%
Accommodation and Catering	54,109,192.53	0.06%	50,127,537.78	0.06%
Culture, sports and entertainment	220,000,000.00	0.23%	19,902,894.71	0.03%
Residential services, repairs and other services	250,864,141.83	0.26%	538,897,747.21	0.69%
Scientific research and technology services	33,021,249.76	0.03%	24,625,416.57	0.03%
Information transmission, software and information technology services	137,660,208.30	0.14%	23,632,916.68	0.03%
Subtotal of company loans and advances	45,463,747,492.58	47.29%	38,640,835,197.19	49.33%
A personal loan	50,034,748,886.22	52.06%	35,217,736,520.73	44.96%
Bill discount	622,264,808.82	0.65%	4,471,177,539.36	5.71%
Total loans and advances	96,120,761,187.62	100.00%	78,329,749,257.28	100.00%
Plus: accrued interest	446,891,655.65		323,067,531.79	
Minus: allowance for impairment losses	2,804,909,646.04		2,287,162,241.50	
Book value of loans and advances	93,762,743,197.23		76,365,654,547.57	

#### 4. Distribution of loans and advances by regions

##### Group

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Regional distribution	31, December, 2022	Percentage (%)	31, December, 2021	Percentage (%)
East China area	103,185,786,107.96	100.00	84,853,512,004.13	100.00
Total loans and advances	103,185,786,107.96	100.00	84,853,512,004.13	100.00
Plus: accrued interest	459,694,257.53		335,685,548.97	
Minus: allowance for impairment losses	3,041,128,739.45		2,512,885,852.39	
Book value of loans and advances	100,604,351,626.04		82,676,311,700.71	

## The Bank

Regional distribution	31, December, 2022	Percentage (%)	31, December, 2021	Percentage (%)
East China area	96,120,761,187.62	100.00	78,329,749,257.28	100.00
Total loans and advances	96,120,761,187.62	100.00	78,329,749,257.28	100.00
Plus: accrued interest	446,891,655.65		323,067,531.79	
Minus: allowance for impairment losses	2,804,909,646.04		2,287,162,241.50	
Book value of loans and advances	93,762,743,197.23		76,365,654,547.57	

## 5. Distribution of loans and advances by guarantee method

### Group

Project	31, December, 2022	31, December, 2021
Unsecured loans	44,468,699,383.86	34,854,228,469.83
Guaranteed loans	31,588,966,027.01	26,201,648,146.19
Mortgaged loans	17,212,585,771.57	12,304,673,891.95
Pledged loans	8,598,694,087.01	6,420,042,207.19
Bill discounts	1,316,840,838.51	5,072,919,288.97

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Project	31, December, 2022	31, December, 2021
Total loans and advances	103,185,786,107.96	84,853,512,004.13
Plus: accrued interest	459,694,257.53	335,685,548.97
Minus: allowance for impairment losses	3,041,128,739.45	2,512,885,852.39
Book value of loans and advances	100,604,351,626.04	82,676,311,700.71

## The Bank

Project	31, December, 2022	31, December, 2021
Unsecured loans	44,162,714,438.46	34,774,409,597.03
Guaranteed loans	27,737,228,906.24	22,430,268,132.15
Mortgaged loans	15,034,139,995.45	10,259,555,662.54
Pledged loans	8,564,413,038.65	6,394,338,326.20
Bill discounts	622,264,808.82	4,471,177,539.36
Total loans and advances	96,120,761,187.62	78,329,749,257.28
Plus: accrued interest	446,891,655.65	323,067,531.79
Minus: allowance for impairment losses	2,804,909,646.04	2,287,162,241.50
Book value of loans and advances	93,762,743,197.23	76,365,654,547.57

## 6. Overdue loans

### Group

Project	31, December, 2022				Total
	1 day to 90 days overdue (including 90 days)	90 to 360 days overdue (including 360 days)	Overdue 360 days to 3 (including 3 years)	More than 3 years overdue	
Unsecured loans	262,217,701.29	324,795,663.02	6,884,686.49	299,896.18	594,197,946.98
Guaranteed loans	377,314,493.38	226,166,794.36	213,972,776.36	33,530,591.09	850,984,655.19
Mortgaged loans	166,614,272.84	100,769,011.65	41,553,180.91	7,908,886.92	316,845,352.32



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Project	31, December, 2022				Total
	1 day to 90 days overdue (including 90 days)	90 to 360 days overdue (including 360 days)	Overdue 360 days to 3 (including 3 years)	More than 3 years overdue	
Total	806,146,467.51	651,731,469.03	262,410,643.76	41,739,374.19	1,762,027,954.49

Project	31, December, 2021				Total
	1 day to 90 days overdue (including 90 days)	90 to 360 days overdue (including 360 days)	Overdue 360 days to 3 (including 3 years)	More than 3 years overdue	
Unsecured loans	216,856,867.22	245,369,311.50	10,057,388.68	594,510.71	472,878,078.11
Guaranteed loans	365,711,671.32	299,338,473.90	156,595,662.70	34,004,398.31	855,650,206.23
Mortgaged loans	41,626,830.97	45,329,639.49	54,644,481.78	15,320,015.40	156,920,967.64
Pledged loans	475,000.00				475,000.00
Total	624,670,369.51	590,037,424.89	221,297,533.16	49,918,924.42	1,485,924,251.98

## The Bank

Project	31, December, 2022				Total
	1 day to 90 days overdue (including 90 days)	90 to 360 days overdue (including 360 days)	Overdue 360 days to 3 (including 3 years)	More than 3 years overdue	
Unsecured loans	262,177,469.00	324,680,525.50	6,884,686.49	299,896.18	594,042,577.17
Guaranteed loans	370,943,457.69	183,714,722.10	204,820,520.47	33,530,591.09	793,009,291.35
Mortgaged loans	166,594,084.81	100,769,011.65	41,553,180.91	7,908,886.92	316,825,164.29
Total	799,715,011.50	609,164,259.25	253,258,387.87	41,739,374.19	1,703,877,032.81

Project	31, December, 2021				Total
	1 day to 90 days overdue (including 90 days)	90 to 360 days overdue (including 360 days)	Overdue 360 days to 3 (including 3 years)	More than 3 years overdue	
Unsecured loans	216,856,867.22	245,369,311.50	10,057,388.68	594,510.71	472,878,078.11
Guaranteed loans	360,736,182.26	270,092,923.11	114,238,520.20	34,004,398.31	779,072,023.88

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Project	31, December, 2021				Total
	1day to 90 days overdue (including 90 days)	90 to 360 days overdue (including 360 days)	Overdue 360 days to 3 (including 3 years)	More than 3 years overdue	
Mortgaged loans	38,691,830.97	45,073,655.28	50,924,481.78	15,320,015.40	150,009,983.43
Pledged loans	475,000.00				475,000.00
Total	616,759,880.45	560,535,889.89	175,220,390.66	49,918,924.42	1,402,435,085.42

## 7. Loan loss provision

(1) Analysis of expected credit losses on loans and advances by Econometric analysis

### Group

#### Credit risk and expected credit losses on loans and advances

Project	31, December, 2022			Total
	Phase I	Phase II	Phase III	
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Book balance of Loans and advances measured at amortized cost Book balance	97,464,892,306.08	1,633,908,868.12	1,691,714,800.59	100,790,515,974.79
Minus: loss reserve	1,260,733,633.27	478,261,067.71	1,302,134,038.47	3,041,128,739.45
Book value of loans and advances at amortized cost	96,204,158,672.81	1,155,647,800.41	389,580,762.12	97,749,387,235.34
Book value of Changes in provision for loan losses measured at fair value through other comprehensive income	2,854,964,390.70			2,854,964,390.70
Book value	99,059,123,063.51	1,155,647,800.41	389,580,762.12	100,604,351,626.04

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**The Bank**

Project	31, December, 2022			Total
	Phase I	Phase II	Phase III	
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Book balance of Loans and advances measured at amortized cost Book balance	91,283,015,181.06	1,581,877,280.04	1,542,372,021.16	94,407,264,482.26
Minus: loss reserve	1,163,078,212.30	465,628,911.94	1,176,202,521.80	2,804,909,646.04
Book value of loans and advances at amortized cost	90,119,936,968.76	1,116,248,368.10	366,169,499.36	91,602,354,836.22
Book value of Changes in provision for loan losses measured at fair value through other comprehensive income	2,160,388,361.01			2,160,388,361.01
Book value	92,280,325,329.77	1,116,248,368.10	366,169,499.36	93,762,743,197.23

(2) Statement of changes in reserve for expected credit losses on loans and advances measured at amortized cost

**Group**

Provision for Loan Loss	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at the beginning of the year	1,175,664,298.61	399,044,923.51	938,176,630.27	2,512,885,852.39
Opening balance in current period				
-Move to phase II	-3,847,000.98	3,847,000.98		
-Move to phase III	-6,516,921.88	-146,417,739.41	152,934,661.29	
-Back to phase II		7,511,982.34	-7,511,982.34	
-Back to phase I	707,402.58	-707,402.58		

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Provision for Loan Loss	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Charge for the year	94,725,854.94	214,982,302.87	1,538,804,123.54	1,848,512,281.35
Reversal in current period			163,996,463.09	163,996,463.09
—— Reversal caused by recovery of original write off loans and advances			175,231,211.26	175,231,211.26
—— Loans and advances are reversed due to the increase of discount			-11,234,748.17	-11,234,748.17
Write-off in current period			1,484,265,857.38	1,484,265,857.38
Ending balance	1,260,733,633.27	478,261,067.71	1,302,134,038.47	3,041,128,739.45

## The Bank

Provision for Loan Loss	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at the beginning of the year	1,058,696,016.84	358,171,533.57	870,294,691.09	2,287,162,241.50
Opening balance in current period				
-Move to phase II	-3,498,217.83	3,498,217.83		
-Move to phase III	-6,338,690.15	-128,229,296.52	134,567,986.67	
-Back to phase II		7,511,982.34	-7,511,982.34	
-Back to phase I	651,273.32	-651,273.32		
Charge for the year	113,567,830.12	225,327,748.04	1,423,661,188.20	1,762,556,766.36
Reversal in current period			155,712,766.93	155,712,766.93
—— Reversal caused by recovery of original write off loans and advances			165,990,615.11	165,990,615.11

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	Phase I	Phase II	Phase III	Total
Provision for Loan Loss	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
—— Loans and advances are reversed due to the increase of discount			-10,277,848.18	-10,277,848.18
Write-off in current period			1,400,522,128.75	1,400,522,128.75
Ending balance	1,163,078,212.30	465,628,911.94	1,176,202,521.80	2,804,909,646.04

(3) Changes in provision for loan losses measured at fair value through other comprehensive income

**Group**

	Phase I	Phase II	Phase III	Total
Provision for Loan Loss	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at the beginning of the year	6,792,342.54			6,792,342.54
Charge for the year	-5,044,134.80			-5,044,134.80
Ending balance	1,748,207.74			1,748,207.74

**The Bank**

	Phase I	Phase II	Phase III	Total
Provision for Loan Loss	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at the beginning of the year	6,257,201.54			6,257,201.54
Charge for the year	-5,188,721.22			-5,188,721.22
Ending balance	1,068,480.32			1,068,480.32



## (FIVE) Financial investments

### 1. Trading financial assets

#### Group and bank

Category	31, December, 2022	31, December, 2021
Bonds of banks and other financial institutions		382,795,181.65
Funds	7,632,701,427.63	7,589,969,866.37
Bank financial products		996,194,356.16
Asset management plans	305,778,450.90	306,267,671.24
Trust plans	18,512,772.53	480,108,782.65
Total	7,956,992,651.06	9,755,335,858.07

### 2. Debt investments

#### (1) Debt investment situation

#### Group

Project	31, December, 2022	31, December, 2021
National debts	14,625,211,612.08	6,678,413,699.65
Local debts	12,418,066,261.13	4,028,313,187.82
Bonds of banks and other financial institutions	400,498,238.25	6,912,249,189.83
Corporate debts	10,679,930,808.88	7,870,955,437.05
Interbank certificate of deposits	198,439,599.32	7,211,632,182.20
Trust plans	200,000,000.00	735,000,000.00
Asset backed securities	467,600,000.00	200,000,000.00
Debt financing plans	845,000,000.00	1,210,000,000.00
others	148,493,940.70	

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Project	31, December, 2022	31, December, 2021
Subtotal	39,983,240,460.36	34,846,563,696.55
Plus: accrued interest	623,765,458.72	576,599,929.86
Minus: provision for impairment	25,949,876.62	71,219,767.36
Total	40,581,056,042.46	35,351,943,859.05

## The Bank

Project	31, December, 2022	31, December, 2021
National debts	14,064,657,933.77	6,027,286,627.63
Local debts	12,418,066,261.13	4,028,313,187.82
Bonds of banks and other financial institutions	400,498,238.25	6,912,249,189.83
Corporate debts	10,679,930,808.88	7,870,955,437.05
Interbank certificate of deposits	198,439,599.32	7,073,318,938.55
Trust plans	200,000,000.00	735,000,000.00
Asset backed securities	467,600,000.00	200,000,000.00
Debt financing plans	845,000,000.00	1,210,000,000.00
others	148,493,940.70	
Subtotal	39,422,686,782.05	34,057,123,380.88
Plus: accrued interest	616,384,403.87	568,448,535.77
Minus: provision for impairment	25,949,876.62	71,114,479.64
Total	40,013,121,309.30	34,554,457,437.01

## (2) Provision for loss of debt investments

### Group

#### Credit risk and expected credit loss of debt investment

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Project	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Book balance	40,607,005,919.08			40,607,005,919.08
Loss reserve	25,949,876.62			25,949,876.62
Book value	40,581,056,042.46			40,581,056,042.46

Statement of changes in provision for expected credit losses of debt investment

Allowances for impairment losses	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at the beginning of the year	44,469,767.36		26,750,000.00	71,219,767.36
Charge for the year	-18,519,890.74			-18,519,890.74
Recovery after write off in the current period			26,750,000.00	26,750,000.00
Ending balance	25,949,876.62			25,949,876.62

The Bank

Credit risk and expected credit loss of debt investment

Allowances for impairment losses	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Book balance	40,039,071,185.92			40,039,071,185.92
Loss reserve	25,949,876.62			25,949,876.62
Book value	40,013,121,309.30			40,013,121,309.30

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Statement of changes in provision for expected credit losses of debt investment

	Phase I	Phase II	Phase III	Total
Allowances for impairment losses	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at the beginning of the year	44,364,479.64		26,750,000.00	71,114,479.64
Charge for the year	-18,414,603.02			-18,414,603.02
Recovery after write off in the current period			26,750,000.00	26,750,000.00
Ending balance	25,949,876.62			25,949,876.62

3. Other debt investments

(1) Other debt investments

Group

	31, December, 2022			
Project	Amortized cost	Changes in fair value	Book value	Accumulated impairment provision
The right to benefit from the L/C	519,009,858.19	-78,830.97	518,931,027.22	557,196.95
National debt	1,347,017,004.64	-2,526,973.57	1,344,490,031.07	
Total	1,866,026,862.83	-2,605,804.54	1,863,421,058.29	557,196.95

	31, December, 2021			
Project	Amortized cost	Changes in fair value	Book value	Accumulated impairment provision
The right to benefit from the L/C	2,578,451,068.08	-2,073,444.55	2,576,377,623.53	3,678,328.66
Interbank certificate of deposit	930,683,846.65	-16,495,006.65	914,188,840.00	128,632.70
National debt	88,231,289.40	695,222.92	88,926,512.32	

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Project	31, December, 2021			
	Amortized cost	Changes in fair value	Book value	Accumulated impairment provision
Total	3,597,366,204.13	-17,873,228.28	3,579,492,975.85	3,806,961.36

## The Bank

Project	31, December, 2022			
	Amortized cost	Changes in fair value	Book value	Accumulated impairment provision
The right to benefit from the L/C	519,009,858.19	-78,830.97	518,931,027.22	557,196.95
National debt	1,347,017,004.64	-2,526,973.57	1,344,490,031.07	
Total	1,866,026,862.83	-2,605,804.54	1,863,421,058.29	557,196.95

Project	31, December, 2021			
	Amortized cost	Changes in fair value	Book value	Accumulated impairment provision
The right to benefit from the L/C	2,578,451,068.08	-2,073,444.55	2,576,377,623.53	3,678,328.66
Interbank certificate of deposit	195,556,089.10	-780,289.10	194,775,800.00	26,802.72
National debt	88,231,289.40	695,222.92	88,926,512.32	
Total	2,862,238,446.58	-2,158,510.73	2,860,079,935.85	3,705,131.38

## (2) Other debt investments loss reserves

### Group

Credit risk and expected credit loss of other creditor's rights investment

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Project	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Book balance	1,863,421,058.29			1,863,421,058.29
Loss reserve	557,196.95			557,196.95

Statement of changes in provision for expected credit losses of other debt investments

Allowances for impairment losses	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at the beginning of the year	3,806,961.36			3,806,961.36
Charge for the year	-3,249,764.41			-3,249,764.41
Ending balance	557,196.95			557,196.95

**The Bank**

Credit risk and expected credit loss of other creditor's rights investment

Project	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Book balance	1,863,421,058.29			1,863,421,058.29
Loss reserve	557,196.95			557,196.95

Statement of changes in provision for expected credit losses of other debt investments

Allowances for impairment losses	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	



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	Phase I	Phase II	Phase III	Total
Allowances for impairment losses	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at the beginning of the year	3,705,131.38			3,705,131.38
Charge for the year	-3,147,934.43			-3,147,934.43
Ending balance	557,196.95			557,196.95

#### 4. Investment in other equity instruments

##### (1) Investment in other equity instruments

##### Group and The Bank

Investee	31, December, 2022			Reasons for designation as measured at fair value with changes included in other comprehensive income
	Initial cost	Book value	Dividend income recognized in the current period	
Yantai Bank Co., Ltd.	26,827,614.46	23,947,822.04		Non Tradable
Shandong City Commercial Bank Cooperation Alliance Co., Ltd.	63,900,000.00	75,282,263.12		Non Tradable
Shandong Tengzhou Rural Commercial Bank Co., Ltd.	12,635,650.00	10,278,400.00		Non Tradable
Zaozhuang Bank Co., Ltd.	2,078,209.94	717,082.00		Non Tradable
Total	105,441,474.40	110,225,567.16		

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Investee	31, December, 2021			Reasons for designation as measured at fair value with changes included in other comprehensive income
	Initial cost	Book value	Dividend income recognized in the current period	
Yantai Bank Co., Ltd.	26,827,614.46	27,300,000.00	1,400,000.00	Non Tradable
Shandong City Commercial Bank Cooperation Alliance Co., Ltd.	30,000,000.00	41,050,931.00		Non Tradable
Shandong Tengzhou Rural Commercial Bank Co., Ltd.	12,635,650.00	10,792,320.00		Non Tradable
Zaozhuang Bank Co., Ltd.	2,078,209.94	826,270.40		Non Tradable
Total	71,541,474.40	79,969,521.40	1,400,000.00	

**(SIX) Long-term equity investments**

**1. Investment in subsidiaries**

**The Bank**

Investee	31, December, 2021	Increase in current period	Decrease in current period	31, December, 2022	Impairment provision ending balance
Jining Rushang Rural Bank Co. LTD	87,911,000.00			87,911,000.00	
Total	87,911,000.00			87,911,000.00	

Jining Rushang Rural Bank Co., Ltd. was incorporated in Shandong Province, China on September 4, 2012, and as of December 31, 2022, with a registered capital of 382.586021 million yuan. At December 31, 2021 and December 31, 2022, the Bank held 35.73% and 35.73% interest in its subsidiary, Rushang Rural Bank.

The Bank holds 35.73% of the equity of Rushang Rural Bank, which is the initiator bank and the largest shareholder of the bank. The management of the Bank believes that it has actual control over Rushang Rural Bank, so it is included in the consolidated financial statements.

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**(SEVEN) Fixed assets**

**1. Situation of fixed assets**

**Group**

Project	Houses and Buildings	Transportation for business	Electronic equipment for business and others	Total
1.Original book value:				
(1) Balance at the beginning of the year	799,100,682.71	249,854,833.17	9,739,955.89	1,058,695,471.77
(2) Amount increased in the current period	2,451,272.14	27,234,133.42		29,685,405.56
- Purchase	2,451,272.14	27,234,133.42		29,685,405.56
(3) Amount reduced in the current period		12,415,039.37		12,415,039.37
-Disposal or scrapping		12,415,039.37		12,415,039.37
(4) Ending balance	801,551,954.85	264,673,927.22	9,739,955.89	1,075,965,837.96
2.Accumulated depreciation				
(1) Balance at the beginning of the year	136,436,756.01	184,156,745.19	7,318,408.64	327,911,909.84
(2) Amount increased in the current period	20,136,424.55	17,598,457.10	554,170.74	38,289,052.39
- Charge for the year	20,136,424.55	17,598,457.10	554,170.74	38,289,052.39
(3) Amount reduced in the current period		11,719,689.46		11,719,689.46
-Disposal or scrapping		11,719,689.46		11,719,689.46
(4) Ending balance	156,573,180.56	190,035,512.83	7,872,579.38	354,481,272.77
3. Provision for impairment				
(1) Balance at the beginning of the year				
(2) Amount increased in the current period				
(3) Amount reduced in the current period				
(4) Ending balance				
4.The book value				
(1) Ending book value	644,978,774.29	74,638,414.39	1,867,376.51	721,484,565.19
(2)Book value at the beginning of the year	662,663,926.70	65,698,087.98	2,421,547.25	730,783,561.93

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**The Bank**

Project	Houses and Buildings	Transportation for business	Electronic equipment for business and others	Total
<b>1.Original book value:</b>				
(1) Balance at the beginning of the year	700,103,433.36	237,615,993.44	8,871,922.80	946,591,349.60
(2) Amount increased in the current period	2,219,023.80	25,818,487.69		28,037,511.49
- Purchase	2,219,023.80	25,818,487.69		28,037,511.49
(3) Amount reduced in the current period		11,766,941.17		11,766,941.17
-Disposal or scrapping		11,766,941.17		11,766,941.17
(4) Ending balance	702,322,457.16	251,667,539.96	8,871,922.80	962,861,919.92
<b>2.Accumulated depreciation</b>				
(1) Balance at the beginning of the year	130,549,458.01	179,040,929.68	6,841,620.81	316,432,008.50
(2) Amount increased in the current period	17,803,268.12	15,675,855.01	455,460.00	33,934,583.13
- Charge for the year	17,803,268.12	15,675,855.01	455,460.00	33,934,583.13
(3) Amount reduced in the current period		11,154,711.14		11,154,711.14
-Disposal or scrapping		11,154,711.14		11,154,711.14
(4) Ending balance	148,352,726.13	183,562,073.55	7,297,080.81	339,211,880.49
<b>3. Provision for impairment</b>				
(1) Balance at the beginning of the year				
(2) Amount increased in the current period				
(3) Amount reduced in the current period				
(4) Ending balance				
<b>4.The book value</b>				
(1) Ending book value	553,969,731.03	68,105,466.41	1,574,841.99	623,650,039.43
(2)Book value at the beginning of the year	569,553,975.35	58,575,063.76	2,030,301.99	630,159,341.10

**2.Fixed assets without property right certificate**

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**Group and The Bank**

Project	Book value	Reasons for failure to complete the certificate of title
Weishan Office Building	24,982,744.61	The property right certificate is being handled
Jinxiang Sub-branch Office Building	23,182,749.16	The house property certificate has not been handled yet
Zoucheng Sub-branch Business Building	1,290,611.93	The property right certificate is being handled
Zaozhuang commercial house	548,820.16	The house property certificate has not been handled yet
Longhang Community	305,586.56	The foreclosed assets before the reorganization of Bank of Jining have no real estate certificate
Total	50,310,512.42	

**(EIGHT) Construction in progress**

**1. Construction in progress**

**Group and The Bank**

Project	31, December, 2022			31, December, 2021		
	Book balance	Provision for impairment	The book value	Book balance	Impairment loss	The book value
Yutai Office Building	44,335,558.79		44,335,558.79	20,427,956.73		20,427,956.73
Total	44,335,558.79		44,335,558.79	20,427,956.73		20,427,956.73

## 2. Changes in important construction projects in the current period

### Group and The Bank

The project name	Budget amount	31, December, 2021	Amount increased for the current period	Amount transferred to fixed assets in current period	Other reductions in the current period	31, December, 2022	Proportion of project accumulative input to budget	The progress of the subject	Accumulated amount of interest capitalization	Sources of funding
Yutai Office Building	69,318,800.00	20,427,956.73	23,907,602.06			44,335,558.79	63.96%	Main body completed		self-raised
Total	69,318,800.00	20,427,956.73	23,907,602.06			44,335,558.79				



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**(NINE) Right-of-use assets**

**Group**

Project	Houses and buildings	Other	Total
1.The original value of the book			
(1) Balance at the beginning of the year	186,385,114.91	1,627,249.33	188,012,364.24
(2) Amount increased in the current period	74,978,275.37	114,610.96	75,092,886.33
- New lease	74,978,275.37	114,610.96	75,092,886.33
(3) Amount reduced in the current period	10,254,667.79	1,095,529.17	11,350,196.96
- Disposal	10,254,667.79	1,095,529.17	11,350,196.96
(4) Ending balance	251,108,722.49	646,331.12	251,755,053.61
2.The accumulative amortization			
(1) Balance at the beginning of the year	45,655,035.32	245,903.04	45,900,938.36
(2) Amount increased in the current period	50,922,974.20	1,020,597.27	51,943,571.47
- Charge for the year	50,922,974.20	1,020,597.27	51,943,571.47
(3) Amount reduced in the current period	10,042,543.04	1,095,529.17	11,138,072.21
- Disposal	10,042,543.04	1,095,529.17	11,138,072.21
(4) Ending balance	86,535,466.48	170,971.14	86,706,437.62
3 Provision for impairment			
(1) Balance at the beginning of the year			
(2) Amount increased in the current period			
(3) Amount reduced in the current period			
(4) Ending balance			
4.The book value			
(1) Ending book value	164,573,256.01	475,359.98	165,048,615.99
(2) Book value at the beginning of the year	140,730,079.59	1,381,346.29	142,111,425.88

**The Bank**

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Project	Houses and buildings	Other	Total
1.The original value of the book			
(1) Balance at the beginning of the year	167,636,120.01	1,593,801.36	169,229,921.37
(2) Amount increased in the current period	78,115,413.86		78,115,413.86
- New lease	78,115,413.86		78,115,413.86
(3) Amount reduced in the current period	9,934,017.54	1,095,529.17	11,029,546.71
- Disposal	9,934,017.54	1,095,529.17	11,029,546.71
(4) Ending balance	235,817,516.33	498,272.19	236,315,788.52
2.The accumulative amortization			
(1) Balance at the beginning of the year	42,666,989.36	240,718.96	42,907,708.32
(2) Amount increased in the current period	47,773,329.22	989,758.93	48,763,088.15
- Charge for the year	47,773,329.22	989,758.93	48,763,088.15
(3) Amount reduced in the current period	9,934,017.54	1,095,529.17	11,029,546.71
- Disposal	9,934,017.54	1,095,529.17	11,029,546.71
(4) Ending balance	80,506,301.04	134,948.72	80,641,249.76
3 Provision for impairment			
(1) Balance at the beginning of the year			
(2) Amount increased in the current period			
(3) Amount reduced in the current period			
(4) Ending balance			
4.The book value			
(1) Ending book value	155,311,215.29	363,323.47	155,674,538.76
(2) Book value at the beginning of the year	124,969,130.65	1,353,082.40	126,322,213.05

**(TEN) Intangible assets**

**Group**

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Project	Houses and buildings	Trademark	Systems software	Total
1.The original value of the book				
(1) Balance at the beginning of the year	157,729,972.65	61,500.00	206,252,112.79	364,043,585.44
(2) Amount increased in the current period			55,427,098.06	55,427,098.06
- Purchase			55,427,098.06	55,427,098.06
(3) Amount reduced in the current period				
(4) Ending balance	157,729,972.65	61,500.00	261,679,210.85	419,470,683.50
2.The accumulative amortization				
(1) Balance at the beginning of the year	31,145,299.48	61,500.00	113,318,040.33	144,524,839.81
(2) Amount increased in the current period	3,951,123.42		31,779,116.36	35,730,239.78
- Charge for the year	3,951,123.42		31,779,116.36	35,730,239.78
(3) Amount reduced in the current period				
(4) Ending balance	35,096,422.90	61,500.00	145,097,156.69	180,255,079.59
3 Provision for impairment				
(1) Balance at the beginning of the year				
(2) Amount increased in the current period				
(3) Amount reduced in the current period				
(4) Ending balance				
4.The book value				
(1) Ending book value	122,633,549.75		116,582,054.16	239,215,603.91
(2) Book value at the beginning of the year	126,584,673.17		92,934,072.46	219,518,745.63

## The Bank

Project	Houses and buildings	Trademark	Systems software	Total
1.The original value of the book				
(1) Balance at the beginning of the year	120,550,017.65	61,500.00	201,572,112.79	322,183,630.44
(2) Amount increased in the current period			51,948,598.06	51,948,598.06
- Purchase			51,948,598.06	51,948,598.06

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Project	Houses and buildings	Trademark	Systems software	Total
(3) Amount reduced in the current period				
(4) Ending balance	120,550,017.65	61,500.00	253,520,710.85	374,132,228.50
2.The accumulative amortization				
(1) Balance at the beginning of the year	25,183,580.35	61,500.00	112,501,340.30	137,746,420.65
(2) Amount increased in the current period	3,021,548.10		30,625,395.71	33,646,943.81
- Charge for the year	3,021,548.10		30,625,395.71	33,646,943.81
(3) Amount reduced in the current period				
(4) Ending balance	28,205,128.45	61,500.00	143,126,736.01	171,393,364.46
3 Provision for impairment				
(1) Balance at the beginning of the year				
(2) Amount increased in the current period				
(3) Amount reduced in the current period				
(4) Ending balance				
4.The book value				
(1) Ending book value	92,344,889.20		110,393,974.84	202,738,864.04
(2) Book value at the beginning of the year	95,366,437.30		89,070,772.49	184,437,209.79

**(ELEVEN) Deferred tax assets/deferred tax liabilities**

**1. Deferred tax assets not offset**

**Group**

Project	31, December, 2022		31, December, 2021	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Asset impairment provision	5,958,828,457.46	1,489,707,114.37	4,819,648,501.49	1,204,912,125.37
Accrued unpaid employee compensation	84,732,398.74	21,183,099.69	89,176,871.76	22,294,217.95

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Project	31, December, 2022		31, December, 2021	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Changes in fair value of other debt investments	2,605,804.54	651,451.14	17,873,228.28	4,468,307.07
Changes in the fair value of other creditor's loans	3,754,025.60	938,506.40		
Others	62,054,924.14	15,513,731.04	100,952,926.72	25,238,231.68
Total	6,111,975,610.48	1,527,993,902.64	5,027,651,528.25	1,256,912,882.07

## The Bank

Project	31, December, 2022		31, December, 2021	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Asset impairment provision	5,675,664,440.66	1,418,916,110.17	4,617,700,871.61	1,154,425,217.90
Accrued unpaid employee compensation	75,991,508.39	18,997,877.10	80,740,230.26	20,185,057.57
Changes in fair value of other debt investments	2,605,804.54	651,451.14	2,158,510.73	539,627.68
Changes in the fair value of other creditor's loans	3,046,749.55	761,687.39		
Others	55,409,526.48	13,852,381.62	87,327,757.53	21,831,939.38
Total	5,812,718,029.62	1,453,179,507.42	4,787,927,370.13	1,196,981,842.53

## 2. Unoffset deferred tax liabilities

### Group

Project	31, December, 2022		31, December, 2021	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Depreciation of fixed assets	70,452,293.24	17,613,073.31	61,020,552.31	15,255,138.08

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Project	31, December, 2022		31, December, 2021	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Changes in fair value of trading financial assets	18,742,298.22	4,685,574.56	30,535,405.40	7,633,851.35
Changes in fair value of other equity instrument investments	4,784,092.76	1,196,023.19	8,428,047.00	2,107,011.75
Changes in fair value of other creditor's rights loans and advances			1,229,875.90	307,468.98
Total	93,978,684.22	23,494,671.06	101,213,880.61	25,303,470.16

### The Bank

Project	31, December, 2022		31, December, 2021	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Depreciation of fixed assets	70,452,293.24	17,613,073.31	61,020,552.31	15,255,138.08
Changes in fair value of trading financial assets	18,742,298.22	4,685,574.56	30,535,405.40	7,633,851.35
Changes in fair value of other equity instrument investments	4,784,092.76	1,196,023.19	8,428,047.00	2,107,011.75
Changes in fair value of other creditor's rights loans and advances			911,623.03	227,905.76
Total	93,978,684.22	23,494,671.06	100,895,627.74	25,223,906.94

### 3. Deferred tax assets shown on a net offset basis

#### Group



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Project	Closing offset amount of deferred tax assets and liabilities	Ending balance of deferred tax assets or liabilities after offset
Deferred tax assets	23,494,671.06	1,504,499,231.58
Deferred tax liabilities	23,494,671.06	

### The Bank

Project	Closing offset amount of deferred tax assets and liabilities	Ending balance of deferred tax assets or liabilities after offset
Deferred tax assets	23,494,671.06	1,429,684,836.36
Deferred tax liabilities	23,494,671.06	

## (TWELVE) Other assets

### 1. Other assets

#### Group

Project	31, December, 2022	31, December, 2021
Amount to be settled	74,586,731.39	253,910,867.16
accounts receivable	13,915,200.00	202,036,560.00
Prepayments	79,614,113.33	45,746,300.46
Other receivables	93,695,809.36	58,071,589.04
Debt paying assets		5,646,686.04
Long term deferred expenses	55,170,306.82	53,054,865.40
Input tax to be certified	8,752,326.48	35,823,664.44
Interest receivable	64,449,397.34	24,575,266.65
Other assets	339,825.00	339,825.00
Advance payment of taxes		7,490,540.76

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Project	31, December, 2022	31, December, 2021
Total	390,335,740.77	686,696,164.95

## The Bank

Project	31, December, 2022	31, December, 2021
Amount to be settled	74,586,731.39	253,910,867.16
accounts receivable	13,915,200.00	202,036,560.00
Prepayments	79,597,664.31	45,746,300.46
Other receivables	87,186,176.30	54,616,991.09
Debt paying assets		2,586,864.32
Long term deferred expenses	52,758,359.38	49,876,250.23
Input tax to be certified	8,752,326.48	35,823,664.44
Interest receivable	64,338,982.11	22,873,730.93
Total	381,135,439.97	667,471,228.63

## 2. Other receivables

Classification of other receivables according to the nature of the funds

### Group

Nature of money	31, December, 2022	31, December, 2021
Temporary payment of funds	41,428,092.40	36,318,945.91
Advance in lieu of payment	20,311,821.42	21,663,211.18
Collect payments on your behalf	41,634,239.44	18,863.90
Others	5,079,770.30	80,000.00
Minus: Loss provision	14,758,114.20	
Total	93,695,809.36	58,081,020.99

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**The Bank**

Nature of money	31, December, 2022	31, December, 2021
Temporary payment of funds	34,932,961.29	32,873,779.91
Advance in lieu of payment	20,311,821.42	21,663,211.18
Collect payments on your behalf	41,619,737.49	9,431.95
Others	5,079,770.30	80,000.00
Minus: Loss provision	14,758,114.20	
Total	87,186,176.30	54,626,423.04

**3. Advance payment**

**Group**

Project	31, December, 2022	31, December, 2021
Advance payment of funds	69,912,505.56	40,380,808.39
Other advance payment	9,701,607.77	5,365,492.07
Total	79,614,113.33	45,746,300.46

**The Bank**

Project	31, December, 2022	31, December, 2021
Advance payment of funds	69,912,505.56	40,380,808.39
Other advance payment	9,685,158.75	5,365,492.07
Total	79,597,664.31	45,746,300.46

**4. Long-term deferred expenses**

**Group**

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Project	31, December, 2022	31, December, 2021
Improvement of fixed assets	52,424,150.67	51,548,245.18
The rent in advance	2,265,651.43	665,773.57
Other prepaid expenses	480,504.72	840,846.65
Total	55,170,306.82	53,054,865.40

## The Bank

Project	31, December, 2022	31, December, 2021
Improvement of fixed assets	50,401,369.98	48,709,630.01
The rent in advance	2,265,651.43	665,773.57
Other prepaid expenses	91,337.97	500,846.65
Total	52,758,359.38	49,876,250.23

## 5. Interest receivable

### Group

Project	31, December, 2022	31, December, 2021
Loans and advances	19,190,821.94	23,626,845.67
Debt investment	61,711,328.04	9,840,166.67
Subtotal	80,902,149.98	33,467,012.34
Minus: loss reserves	16,452,752.64	8,891,745.69
Total book value of interest receivable	64,449,397.34	24,575,266.65

### The Bank

Project	31, December, 2022	31, December, 2021
Loans and advances	18,805,634.71	21,540,736.15
Debt investment	61,711,328.04	9,840,166.67

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Project	31, December, 2022	31, December, 2021
Subtotal	80,516,962.75	31,380,902.82
Minus: loss reserves	16,177,980.64	8,507,171.89
Total book value of interest receivable	64,338,982.11	22,873,730.93

## 6. Repossessed assets

### Group

Project	31, December, 2022	31, December, 2021
Houses and buildings		5,646,686.04
Subtotal		5,646,686.04
Minus: Provision for impairment of repossessed assets		
Total		5,646,686.04

### The Bank

Project	31, December, 2022	31, December, 2021
Houses and buildings		2,586,864.32
Subtotal		2,586,864.32
Minus: Provision for impairment of repossessed assets		
Total		2,586,864.32

**(THIRTEEN) Details of asset impairment reserves**

**Group**

Project	31, December, 2021	Increase in current period				Decrease in current period			31, December, 2022
		Accrual	Take back after write-off	Discount callback	Total	Reversal	write-off	Total	
Deposit with inter-banks	1,816,677.67	417,006.03			417,006.03				2,233,683.70
Loans and advances measured at amortized cost	2,512,885,852.39	1,848,512,281.35	175,231,211.26	-11,234,748.17	2,012,508,744.44		1,484,265,857.38	1,484,265,857.38	3,041,128,739.45
Other debt-type loans and advances	6,792,342.54	-5,044,134.80			-5,044,134.80				1,748,207.74
Debt investments	71,219,767.36	-18,519,890.74			-18,519,890.74		26,750,000.00	26,750,000.00	25,949,876.62
Other debt investments	3,806,961.36	-3,249,764.41			-3,249,764.41				557,196.95
Other assets	8,891,745.69	22,319,121.15			22,319,121.15				31,210,866.84
Credit commitments	128,706,667.65	-73,038,487.80			-73,038,487.80				55,668,179.85
Total	2,734,120,014.66	1,771,396,130.78	175,231,211.26	-11,234,748.17	1,935,392,593.87		1,511,015,857.38	1,511,015,857.38	3,158,496,751.15



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**The Bank**

Project	31, December, 2021	Increase in current period				Decrease in current period			
		Accrual	Take back after write-off	Discount callback	Total	Reversal	write-off	Total	31, December, 2022
Deposit with inter-banks	968,372.99	-320,253.52			-320,253.52				648,119.47
Loans and advances measured at amortized cost	2,287,162,241.50	1,762,556,766.36	165,990,615.11	-10,277,848.18	1,918,269,533.29		1,400,522,128.75	1,400,522,128.75	2,804,909,646.04
Other debt-type loans and advances	6,257,201.54	-5,188,721.22			-5,188,721.22				1,068,480.32
Debt investments	71,114,479.64	-18,414,603.02			-18,414,603.02		26,750,000.00	26,750,000.00	25,949,876.62
Other debt investments	3,705,131.38	-3,147,934.43			-3,147,934.43				557,196.95
Other assets	8,507,171.89	22,428,922.95			22,428,922.95				30,936,094.84
Credit commitments	124,830,954.77	-72,423,201.34			-72,423,201.34				52,407,753.43
Total	2,502,545,553.71	1,685,490,975.78	165,990,615.11	-10,277,848.18	1,841,203,742.71		1,427,272,128.75	1,427,272,128.75	2,916,477,167.67

**(FOURTEEN) Borrowings from central banks**

**Group**

Project	31, December, 2022	31, December, 2021
Central bank funds		
Among them: refinancing	1,659,596,499.87	3,710,547,922.97
rediscount	581,854,291.80	2,301,302,077.77
Subtotal	2,241,450,791.67	6,011,850,000.74
Accrued interest	657,231.67	1,017,041.88
Total	2,242,108,023.34	6,012,867,042.62

**The Bank**

Project	31, December, 2022	31, December, 2021
Central bank funds		
Among them: refinancing	1,659,596,499.87	3,629,247,922.97
rediscount	581,854,291.80	2,301,302,077.77
Subtotal	2,241,450,791.67	5,930,550,000.74
Accrued interest	657,231.67	992,246.88
Total	2,242,108,023.34	5,931,542,247.62

**(FIFTEEN) Deposits from inter-banks and other financial institutions**

**Group**

Project	31, December, 2022	31, December, 2021
Inter-bank deposit	24,163,467.84	53,191,902.88
Subtotal	24,163,467.84	53,191,902.88
Accrued interest	8,277.39	52,644.95

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Project	31, December, 2022	31, December, 2021
Total	24,171,745.23	53,244,547.83

**The Bank**

Project	31, December, 2022	31, December, 2021
Inter-bank deposit	1,572,955,680.28	1,181,574,399.80
Subtotal	1,572,955,680.28	1,181,574,399.80
Accrued interest	4,876,069.55	5,332,457.54
Total	1,577,831,749.83	1,186,906,857.34

**(SIXTEEN) Funds borrowed from other banks**

**Group and The Bank**

Project	31, December, 2022	31, December, 2021
Bank borrowing funds	2,348,752,200.00	1,790,265,400.00
Subtotal	2,348,752,200.00	1,790,265,400.00
Accrued interest	1,720,075.57	1,419,447.15
Total	2,350,472,275.57	1,791,684,847.15

**(SEVENTEEN) Financial assets sold under repurchase agreements**

**Group and The Bank**

Project	31, December, 2022	31, December, 2021
Bond	3,699,950,000.00	5,200,000,000.00
Accrued interest	1,572,528.71	2,710,355.10
Total	3,701,522,528.71	5,202,710,355.10

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**(EIGHTEEN) Deposits from customers**

**Group**

Project	31, December, 2022	31, December, 2021
Demand deposits		
The company	14,538,539,511.97	16,183,530,910.64
personal	251,781,614.33	367,871,320.31
Subtotal	14,790,321,126.30	16,551,402,230.95
Time deposits (including notice deposit)		
The company	33,113,304,710.98	26,427,938,754.93
personal	89,634,141,983.42	71,262,831,158.28
Subtotal	122,747,446,694.40	97,690,769,913.21
Other deposits (including remittances and remittances to be settled)	98,991,743.14	60,028,025.10
Accrued interest	3,445,584,301.39	2,137,638,318.56
Total	141,082,343,865.23	116,439,838,487.82

**The Bank**

Project	31, December, 2022	31, December, 2021
Demand deposits		
The company	12,673,682,354.55	13,713,094,232.74
personal	181,294,758.93	283,311,534.61
Subtotal	12,854,977,113.48	13,996,405,767.35
Time deposits (including notice deposit)		
The company	32,840,679,605.70	26,070,419,837.53
personal	81,672,926,814.85	63,973,907,653.82
Subtotal	114,513,606,420.55	90,044,327,491.35
Other deposits (including remittances and remittances to be	82,360,381.94	48,498,406.95

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Project	31, December, 2022	31, December, 2021
settled)		
Accrued interest	3,157,363,670.21	1,883,026,097.98
Total	130,608,307,586.18	105,972,257,763.63

**(NINETEEN) Employee compensation payable**

**1.List of employee compensation payable**

**Group**

Project	31, December, 2021	Increase in current period	Decrease in current period	31, December, 2022
Short-term compensation	146,301,474.94	545,004,558.27	497,298,010.32	194,008,022.89
(1) Wages, bonuses, allowances and subsidies	137,280,828.17	463,086,047.70	415,510,216.71	184,856,659.16
(2) Employee welfare		7,940,799.46	7,940,799.46	
(3) Social insurance premium	2,186,607.57	64,395,378.10	64,401,547.91	2,180,437.76
Including: medical insurance premium	227,517.00	23,736,899.82	23,758,799.08	205,617.74
Industrial injury insurance premium	85,025.78	468,873.28	453,143.83	100,755.23
Maternity insurance premium	54,978.10			54,978.10
(4) Housing accumulation fund	1,819,086.69	40,189,605.00	40,189,605.00	1,819,086.69
(5) Labor union funds and staff education funds	6,834,039.20	9,582,333.01	9,445,446.24	6,970,925.97
(6) Short term paid absence				
(7) Short term profit sharing plan				
Post employment benefits - defined contribution plan	555,046.75	82,324,582.51	81,457,863.54	1,421,765.72
Total	146,856,521.69	627,329,140.78	578,755,873.86	195,429,788.61

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## The Bank

Project	31, December, 2021	Increase in current period	Decrease in current period	31, December, 2022
Short-term compensation	132,879,182.18	484,377,448.82	438,406,236.46	178,850,394.54
(1) Wages, bonuses, allowances and subsidies	124,057,010.38	413,207,949.90	366,398,701.12	170,866,259.16
(2) Employee welfare		6,135,211.02	6,135,211.02	
(3) Social insurance premium	367,520.88	22,467,810.06	22,473,979.87	361,351.07
Including: medical insurance premium	227,517.00	22,032,164.72	22,054,063.98	205,617.74
Industrial injury insurance premium	85,025.78	435,645.34	419,915.89	100,755.23
Maternity insurance premium	54,978.10			54,978.10
(4) Housing accumulation fund	1,819,086.69	35,428,659.24	35,428,659.24	1,819,086.69
(5) Labor union funds and staff education funds	6,635,564.23	7,137,818.60	7,969,685.21	5,803,697.62
(6) Short term paid absence				
(7) Short term profit sharing plan				
Post employment benefits - defined contribution plan	555,046.75	76,029,383.46	75,162,664.49	1,421,765.72
Total	133,434,228.93	560,406,832.28	513,568,900.95	180,272,160.26

## 2.List of defined contribution plans

### Group

Project	31, December, 2021	Increase in current period	Decrease in current period	31, December, 2022
Basic retirement insurance	463,262.36	50,376,095.36	49,545,706.87	1,293,650.85
Unemployment Insurance Premium		29,745,599.05	29,745,599.05	
Enterprise annuity payment	91,784.39	2,202,888.10	2,166,557.62	128,114.87



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Project	31, December, 2021	Increase in current period	Decrease in current period	31, December, 2022
Total	555,046.75	82,324,582.51	81,457,863.54	1,421,765.72

## The Bank

Project	31, December, 2021	Increase in current period	Decrease in current period	31, December, 2022
Basic retirement insurance	463,262.36	46,584,783.00	45,754,394.51	1,293,650.85
Unemployment Insurance Premium		27,406,106.89	27,406,106.89	
Enterprise annuity payment	91,784.39	2,038,493.57	2,002,163.09	128,114.87
Total	555,046.75	76,029,383.46	75,162,664.49	1,421,765.72

## (TWENTY ) Taxes payable

### Group

Tax project	31, December, 2022	31, December, 2021
Corporate income tax	123,584,851.95	117,739,748.11
VAT	102,203,409.45	85,721,822.19
City construction tax	7,087,695.95	5,783,331.41
Education surcharge	3,122,098.36	2,600,209.05
Local education surcharge	2,081,398.93	1,733,472.74
Individual income tax	593,838.94	1,132,665.88
Stamp duty	2,788,957.67	1,817,595.30
The property tax	1,830,056.02	1,804,447.93
Land use tax	190,498.84	190,185.30
Other taxes	2.35	2.35
Total	243,482,808.46	218,523,480.26

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**The Bank**

Tax project	31, December, 2022	31, December, 2021
Corporate income tax	123,478,661.99	117,739,748.11
VAT	99,159,457.99	82,738,568.52
City construction tax	6,874,619.35	5,574,503.64
Education surcharge	3,030,779.79	2,510,711.42
Local education surcharge	2,020,519.91	1,673,807.67
Individual income tax	593,838.94	1,132,665.88
Stamp duty	2,766,143.87	1,795,311.00
The property tax	1,511,023.89	1,502,039.28
Land use tax	161,400.56	161,087.02
Other taxes	2.35	2.35
Total	239,596,448.64	214,828,444.89

**(TWENTY ONE) Estimated liabilities**

**Group**

Project	31, December, 2022	31, December, 2021
Off-balance sheet Loss provision for loan commitments	55,668,179.85	128,706,667.65
Total	55,668,179.85	128,706,667.65

**The Bank**

Project	31, December, 2022	31, December, 2021
Off-balance sheet Loss provision for loan commitments	52,407,753.43	124,830,954.77
Total	52,407,753.43	124,830,954.77

## (TWENTY TWO) Bonds payable

### 1. Details of bonds payable

#### Group and The Bank

Project	31, December, 2022	31, December, 2021
Issued interbank deposit certificates	6,467,850,115.86	6,040,233,269.21
Issued Tier 2 capital bonds	1,499,720,892.13	1,299,162,005.23
Subtotal	7,967,571,007.99	7,339,395,274.44
Accrued interest	16,052,054.79	16,301,369.92
Total	7,983,623,062.78	7,355,696,644.36

#### (1). Issued interbank deposit certificates

(i) In 2021, the group issued interbank certificates of deposit with a total face value of RMB 6,120,000,000 yuan for a period of 3-12 months. The annual interest rate is 2.60% to 3.10%, and the principal is repaid once at maturity.

(ii) The group issued interbank certificates of deposit with a total face value of RMB 9,950,000,000 yuan in 2022 for a period of 3-12 months. The yield to maturity is between 1.65% and 2.65%.

(iii) As of December 31, 2021 and December 31, 2022, the fair values of issued interbank certificates of deposit were RMB 6,038,545,900 and RMB 6,447,251,600 respectively.

#### (2). Issued Tier 2 capital bonds

(i) On August 28, 2017, the group issued a 10-year fixed interest rate Tier 2 capital bond with a face total value of RMB 800,000,000 yuan the name of the bond is "2017 Bank of Jining Co., Ltd. Tier 2 Capital Bond (Phase 1)". The annual coupon rate is 5.7%, and the interest is paid once a year. The bond was repaid on August 29, 2022;

(ii) The group issued a 10-year fixed interest rate Tier 2 capital bond with a face total value of RMB 500,000,000 yuan on December 22, 2017, the name of the bond is "2017 Bank of Jining Co., Ltd. Tier 2 Capital Bond (Phase 2)". The annual coupon rate is 5%, and the interest is paid once a year. The bond was repaid on 22 December 2022;

(iii) The group issued a 10-year fixed interest rate Tier 2 capital bond with a face total value of RMB 1,500,000,000 yuan on September 28, 2022, the name of the bond is "Jining Bank Co., Ltd. 2022 Secondary Capital Bonds (Phase I)". The annual coupon rate is 4.20%, and the interest is paid once a year.

(iv) As at December 31, 2021 and December 31, 2022, the fair values of the Tier 2 capital bonds issued by the Group were RMB 1,303,403,800 and RMB 1,430,245,500 respectively.

### (TWENTY THREE) Lease liabilities

#### Group

Project	House and Building	Others	Total
Lease liability at the beginning of the year	119,316,507.21	684,996.57	120,001,503.78
New increase in current period	74,737,774.62	114,610.96	74,852,385.58
Interest expense	3,267,898.09	20,494.84	3,288,392.93
Lease payment	51,075,570.14	372,201.80	51,447,771.94
Pull the plug in current period	177,207.94		177,207.94
Ending lease liabilities	146,069,401.84	447,900.57	146,517,302.41

#### The Bank

Project	House and Building	Others	Total
Lease liability at the beginning of the year	105,645,147.68	656,775.89	106,301,923.57
New increase in current period	78,115,413.86		78,115,413.86
Interest expense	2,982,412.06	18,492.29	3,000,904.35
Lease payment	47,859,940.52	330,201.80	48,190,142.32
Ending lease liabilities	138,883,033.08	345,066.38	139,228,099.46

### (TWENTY FOUR) Other liabilities

#### 1. Classification of other liabilities

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Project	31, December, 2022	31, December, 2021
Other payables	198,772,065.45	170,583,459.12
Dividends payable	30,556,028.86	10,758,597.68
Contingent liabilities	29,540,500.00	21,000,000.00
Tax on output to be transferred	14,297,231.86	10,838,911.88
settlement accounts	836,402.05	3,836,305.20
UnionPay fund transactions	16,626.30	16,626.30
Foreign exchange trading	0.07	0.08
Clearing accounts	861,154.85	936,546.15
Periodic payments	13,929,200.00	202,109,690.00
Total	288,809,209.44	420,080,136.41

**The Bank**

Project	31, December, 2022	31, December, 2021
Other payables	195,195,646.43	164,467,811.76
Dividends payable	30,556,028.86	10,758,597.68
Contingent liabilities	28,000,000.00	21,000,000.00
Tax on output to be transferred	14,156,963.76	10,672,805.31
settlement accounts	836,402.05	3,833,622.54
Foreign exchange trading	0.07	0.08
Clearing accounts	23,257.60	2,768.98
Periodic payments	13,929,200.00	202,109,690.00
Total	282,697,498.77	412,845,296.35

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## 2. Other payables

### Group

Project	31, December, 2022	31, December, 2021
Temporary payment	67,810,359.49	73,016,140.84
Pending payment	122,282,091.21	85,204,774.97
Party organization work funding payable	6,379,297.89	6,379,297.89
Agency business payable	2,488,285.81	5,983,245.42
Total	198,960,034.40	170,583,459.12

### The Bank

Project	31, December, 2022	31, December, 2021
Temporary payment	67,810,359.49	73,016,140.84
Pending payment	121,000,901.13	85,069,451.56
Party organization work funding payable	6,379,297.89	6,379,297.89
Agency business payable	5,087.92	2,921.47
Total	195,195,646.43	164,467,811.76



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(TWENTY FIVE) Capital stock

Project	31, December, 2021	Change in current period increase (+) decrease (-)					31, December, 2022
		Issuance of new shares	Share sending	Conversion of provident fund into shares	Other	Subtotal	
State capital	457,973,344.00						457,973,344.00
Corporate capital	2,344,776,829.20						2,344,776,829.20
Equity capital of natural	55,102,160.00						55,102,160.00
Total	2,857,852,333.20						2,857,852,333.20

(TWENTY SIX) Other equity instruments

Group and The bank

1. Basic information of perpetual bonds issued at the end of the period (division basis, main terms and setting mechanism of dividends or interests, etc.)

Financial instrument outstanding	Issuance date	Accounting classification	Dividend rate or interest rate	Issue price	Quantity	Amount	Expiration Date or Renewal Status	Share conversion conditions	Conversion situation
Perpetual bonds	2020/12/24	Other equity instruments	4.80%	100/hundred yuan face value	20,000,000.00	2,000,000,000.00	No fixed deadline		

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Financial instrument outstanding	Issuance date	Accounting classification	Dividend rate or interest rate	Issue price	Quantity	Amount	Expiration Date or Renewal Status	Share conversion conditions	Conversion situation
Total					20,000,000.00	2,000,000,000.00			

The increase and decrease of other equity instruments in the current period, the explanation of the reasons for the change, and the basis of relevant accounting treatment: on December 24, 2020, the non fixed term capital bonds issued by the group were RMB 2 billion and had no fixed maturity date. Therefore, RMB 1,999,324,000 yuan was included in the non fixed term capital bonds (after deducting the direct issuance cost of RMB 675,968.91 yuan). In addition, the group can choose to postpone the payment of dividends indefinitely.

2. Preference shares and perpetual bonds outstanding at the end of the year

Outstanding financial instruments	31, December, 2022		31, December, 2021	
	Quantity	Book value	Quantity	Book value
Perpetual bonds	20,000,000.00	1,999,324,031.09	20,000,000.00	1,999,324,031.09
Total	20,000,000.00	1,999,324,031.09	20,000,000.00	1,999,324,031.09

(TWENTY SEVEN) Capital Reserve

Group

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Project	31, December, 2021	Increase in current period	Decrease in current period	31, December, 2022
Capital premium (equity premium)	1,595,141,007.69			1,595,141,007.69
Other capital reserves	2,504,937.30			2,504,937.30
Total	1,597,645,944.99			1,597,645,944.99

**The Bank**

Project	31, December, 2021	Increase in current period	Decrease in current period	31, December, 2022
Capital premium (equity premium)	1,595,696,156.03			1,595,696,156.03
Other capital reserves	488,736.19			488,736.19
Total	1,596,184,892.22			1,596,184,892.22

**(TWENTY EIGHT) Other comprehensive income**

**Group**

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Project	31, December, 2021	2022				31, December, 2021
		Amount before income tax in the current period	Less: income tax expense	Total	Attributable to the company after tax	Attributable to minority shareholders after tax
1. Other comprehensive income that cannot be reclassified into profit and loss	6,321,035.25	-3,643,954.24	-910,988.56	-2,732,965.68	-2,732,965.68	3,588,069.57
Including: remeasurement of changes in defined benefit plans						
Changes in fair value of other equity instrument investments	6,321,035.25	-3,643,954.24	-910,988.56	-2,732,965.68	-2,732,965.68	3,588,069.57
2. Other comprehensive income reclassified into profit and loss	2,576,429.17	1,989,623.03	497,405.74	1,492,217.29	-5,609,386.21	-3,032,957.04
Including: other comprehensive income that can be converted to profit and loss under the equity method						
Changes in fair value of other debt investments	-5,834,985.54	15,267,423.74	3,816,855.92	11,450,567.82	3,875,214.22	7,575,353.60
Changes in fair value of other debt-type loans	768,991.63	-4,983,901.50	-1,245,975.38	-3,737,926.12	-3,243,565.07	-494,361.05
Provision for credit impairment of other debt investments	2,806,133.40	-3,249,764.41	-812,441.10	-2,437,323.31	-2,388,235.69	-49,087.62
Provision for credit impairment of other creditor's rights and loans	4,836,289.68	-5,044,134.80	-1,261,033.70	-3,783,101.10	-3,852,799.67	69,698.57
Total other comprehensive income	8,897,464.42	-1,654,331.21	-413,582.82	-1,240,748.39	-8,342,351.89	7,101,603.50

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**The Bank**

Project	31, December, 2021	2022		
		Amount before income tax in the current period	Less: income tax expense	Total
1. Other comprehensive income that cannot be reclassified into profit and loss	6,321,035.25	-3,643,954.24	-910,988.56	-2,732,965.68
Including: remeasurement of changes in defined benefit plans				
Changes in fair value of other equity instrument investments	6,321,035.25	-3,643,954.24	-910,988.56	-2,732,965.68
2. Other comprehensive income reclassified into profit and loss	6,536,583.90	-12,742,322.04	-3,185,580.52	-9,556,741.52
Including: other comprehensive income that can be converted to profit and loss under the equity method				
Changes in fair value of other debt investments	-1,618,883.07	-447,293.81	-111,823.47	-335,470.34
Changes in fair value of other debt-type loans	683,717.27	-3,958,372.58	-989,593.15	-2,968,779.43
Provision for credit impairment of other debt investments	2,778,848.54	-3,147,934.43	-786,983.60	-2,360,950.83
Provision for credit impairment of other creditor's rights and loans	4,692,901.16	-5,188,721.22	-1,297,180.30	-3,891,540.92
				801,360.24

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Project	31, December, 2021	2022			31, December, 2021
		Amount before income tax in the current period	Less:income tax expense	Total	
Total other comprehensive income	12,857,619.15	-16,386,276.28	-4,096,569.08	-12,289,707.20	567,911.95

**(TWENTY NINE) Surplus reserve**

**Group and The Bank**

Project	31, December, 2021	Increase in current period	Decrease in current period	31, December, 2022
Statutory surplus reserve	558,912,150.63	97,385,629.66		656,297,780.29
Discretionary surplus reserves	793,389,967.93			793,389,967.93
Total	1,352,302,118.56	97,385,629.66		1,449,687,748.22

Note: The statutory surplus reserve is calculated at 10% of the net profit of the year.

**(THIRTY) General risk reserve**

**Group**

Project	31, December, 2021	Accrued in the current period	Decrease in current period	31, December, 2022
General Risk reserve	1,883,845,968.75	56,823,113.36		1,940,669,082.11
Total	1,883,845,968.75	56,823,113.36		1,940,669,082.11

**The Bank**

Project	31, December, 2021	Accrued in the current period	Decrease in current period	31, December, 2022
General Risk reserve	1,837,352,018.89	51,000,000.00		1,888,352,018.89
Total	1,837,352,018.89	51,000,000.00		1,888,352,018.89

Explanation of general risk reserves: As of the date of each statement, the Group's general risk reserves have reached the requirement that the balance at the end of the period accounts for 1.5% of the risk assets.



### (THIRTY ONE) Undistributed profits

#### Group

Project	2022	2021
Undistributed profit at the end of the last year before adjustment	392,301,565.57	489,476,284.64
Adjust the total amount of undistributed profit at the beginning of the year (increase +, decrease -)		-318,893,579.79
Undistributed profit at the beginning of the year after adjustment	392,301,565.57	170,582,704.85
Plus: Net profit attributable to the owner of the company for the current period	979,957,231.55	905,305,663.14
Minus: withdrawal of statutory surplus reserve	97,385,629.66	88,411,009.62
Withdraw general risk reserve	56,823,113.36	284,299,677.69
Dividends payable on common stock	171,471,139.98	42,975,223.11
Dividends payable to holders of other equity instruments	96,000,000.00	96,000,000.00
Common stock dividends converted into capital stock		171,900,892.00
Undistributed profit at the end of the period	950,578,914.12	392,301,565.57

#### The Bank

Project	2022	2021
Undistributed profit at the end of the last year before adjustment	297,370,738.05	410,257,982.67
Adjust the total amount of undistributed profit at the beginning of the year (increase +, decrease -)		-317,710,216.16
Undistributed profit at the beginning of the year after adjustment	297,370,738.05	92,547,766.51
Plus: Net profit attributable to the owner of the company for the current period	973,856,296.58	884,110,096.27
Minus: withdrawal of statutory surplus reserve	97,385,629.66	88,411,009.62
Withdraw general risk reserve	51,000,000.00	280,000,000.00
Dividends payable on common stock	171,471,139.98	42,975,223.11
Dividends payable to holders of other equity instruments	96,000,000.00	96,000,000.00
Common stock dividends converted into capital stock		171,900,892.00

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Project	2022	2021
Undistributed profit at the end of the period	855,370,264.99	297,370,738.05

Note: At the seventh meeting of the fifth board of directors of Jining Bank held on April 26, 2022 and the 2021 shareholders' meeting of Jining Bank held on June 10, 2022, the meeting deliberated and approved the "Jining Bank 2021 Profit Distribution Plan". Based on 2,857,852,300 shares at the end of 2021, a cash dividend of 0.6 yuan (including tax) will be distributed for every 10 shares, and a total cash dividends had been distributed of 171,471,100 yuan.

**(THIRTY TWO) Minority shareholders' equity**

**Group**

Name of Subsidiary	Minority shareholding ratio	31, December, 2022	31, December, 2021
Jining Rushang Rural Bank Co., Ltd	64.27%	426,192,811.90	408,097,069.13
Total	64.27%	426,192,811.90	408,097,069.13

**(THIRTY THREE) Net interest income**

**Group**

Project	2022	2021
Interest income	8,580,319,093.79	7,784,524,639.68
Deposit with inter-banks	28,090,103.56	16,398,299.60
Deposit with central banks	120,054,012.66	122,269,025.22
Lending money	266,000.00	
Disburse loans and advances	6,904,056,089.11	6,272,256,822.73
Among them: personal loans and advances	4,254,827,473.68	3,942,998,912.45
Company loans and advances	2,516,920,314.09	2,153,055,762.48
Bill discounts	132,308,301.34	176,202,147.80
Financial assets held under resale agreements	22,760,838.10	22,332,984.11

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Project	2022	2021
Debt investment interest income	1,440,579,807.44	1,226,969,138.46
Interest income from other debt investments	64,512,242.92	124,298,369.56
The interest payments	3,955,191,914.03	3,214,626,309.26
Interbank deposits	2,415,992.34	815,379.53
Borrowings from central banks	65,895,899.12	73,233,112.10
Borrowed funds	53,108,983.35	42,615,052.51
deposits	3,507,221,635.29	2,783,356,497.04
Issuance of bonds	256,911,906.53	254,022,351.31
Financial assets sold under repurchase agreements	69,637,497.40	60,583,916.77
Turn the discount		
Net interest income	4,625,127,179.76	4,569,898,330.42

Explanation of net interest income: In 2021 and 2022, the interest income from impaired loans was RMB 25,575,414.53 and RMB 11,234,748.17 respectively.

## The Bank

Project	2022	2021
Interest income	8,135,878,209.64	7,342,128,549.78
Deposit with inter-banks	9,977,084.12	15,530,769.85
Deposit with central banks	111,640,462.53	112,896,774.33
Lending money	266,000.00	
Disburse loans and advances	6,511,192,150.36	5,880,707,386.24
Among them: personal loans and advances	4,121,949,496.67	3,807,892,311.25
Company loans and advances	2,272,506,878.38	1,914,306,945.58
Bill discounts	116,735,775.31	158,508,129.41
Financial assets held under resale agreements	20,448,434.81	22,332,984.11
Debt investment interest income	1,422,714,077.35	1,211,697,590.06

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Project	2022	2021
Interest income from other debt investments	59,640,000.47	98,963,045.19
The interest payments	3,749,068,847.77	3,037,297,749.91
Interbank deposits	43,435,874.24	51,726,651.55
Borrowings from central banks	65,534,494.74	71,543,695.48
Borrowed funds	53,108,983.35	42,615,052.51
deposits	3,260,440,091.51	2,556,806,082.29
Issuance of bonds	256,911,906.53	254,022,351.31
Financial assets sold under repurchase agreements	69,637,497.40	60,583,916.77
Net interest income	4,386,809,361.87	4,304,830,799.87

Explanation of net interest income: In 2021 and 2020, the interest income from impaired loans was RMB 24,215,474.67 and RMB 10,277,848.18 respectively.

**(THIRTY FOUR) Net fee and commission income**

**Group**

Project	2022	2021
Fees and commissions income	129,187,909.73	85,032,918.47
Income from domestic settlement business	30,160,924.18	22,885,522.80
Debit card revenue	9,541,089.52	8,739,305.22
Income from international settlement business	6,071,193.13	6,393,928.78
E-banking revenue	11,455,019.09	6,678,060.68
Income from wealth management business	62,069,333.08	28,004,229.01
Income from collection and payment services	106,203.51	171,695.28
Revenue from agency business	3,552,732.93	3,669,007.59
Foreign exchange business fee income	298,795.46	450,058.24
Others	5,932,618.83	8,041,110.87
Fees and commissions expenses	1,224,502,317.15	1,293,542,634.00

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Project	2022	2021
Online loan business platform fees	1,090,916,790.87	1,093,947,244.72
Agency service fee expenditure	14,839,828.30	11,658,356.63
Payment of settlement service fees	25,005,830.43	21,873,454.71
Electronic banking service fee expenses	34,054,996.59	23,149,425.21
Foreign exchange transaction fee expenses	1,439,411.47	2,134,494.17
Expenses for paid service fees for bills	542,295.30	473,650.73
Others	57,703,164.19	140,306,007.83
Net fees and commissions income	-1,095,314,407.42	-1,208,509,715.53

## The Bank

Project	2022	2021
Fees and commissions income	129,567,645.13	83,636,786.65
Income from domestic settlement business	29,728,442.13	22,365,031.43
Debit card revenue	9,541,089.52	8,739,305.22
Income from international settlement business	6,071,193.13	6,393,928.78
E-banking revenue	11,454,456.02	6,524,218.15
Income from wealth management business	62,069,333.08	28,004,229.01
Income from collection and payment services	106,203.51	171,695.28
Revenue from agency business	2,951,550.24	3,666,677.19
Foreign exchange business fee income	298,795.46	450,058.24
Others	7,346,582.04	7,321,643.35
Fees and commissions expenses	1,221,172,941.03	1,290,648,436.61
Online loan business platform fees	1,090,507,629.91	1,093,947,244.72
Agency service fee expenditure	14,767,628.30	11,631,556.63
Payment of settlement service fees	23,503,998.00	20,213,476.01
Electronic banking service fee expenses	34,054,696.59	23,149,075.21

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Project	2022	2021
Foreign exchange transaction fee expenses	1,439,411.47	2,134,494.17
Expenses for paid service fees for bills	542,295.30	473,650.73
Others	56,357,281.46	139,098,939.14
Net fees and commissions income	-1,091,605,295.90	-1,207,011,649.96

Description of net fee and commission income: Other fee expenses are mainly loan insurance expense.

**(THIRTY FIVE) Investment income**

**1. Investment income**

**Group**

Project	2022	2021
Income from investment in trading financial assets	243,741,941.65	189,956,766.94
Investment income from debt investments	97,894,308.90	6,747,737.36
Investment income from other debt investments	2,337,893.68	222,152.71
Investment income from other equity instruments		1,400,000.00
Investment income from loans and advances for other debt investments	61,594,696.88	19,557,893.90
Total	405,568,841.11	217,884,550.91

**The Bank**

Project	2022	2021
Income from investment in trading financial assets	243,741,941.65	189,956,766.94
Investment income from debt investments	97,894,308.90	6,747,737.36
Investment income from other debt investments	2,337,893.68	222,152.71
Investment income from other equity instruments		1,400,000.00

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Project	2022	2021
Investment income from loans and advances for other debt investments	60,284,115.23	19,225,537.38
Long term equity investment income	5,467,313.20	2,614,977.00
Total	409,725,572.66	220,167,171.39

**(THIRTY SIX) Other income**

**Group**

Project	2022	2021
Government grants	38,960,219.91	9,396,927.78
Withholding personal income tax fees	444,147.99	709,711.01
Total	39,404,367.90	10,106,638.79

**Government grants included in other income**

Subsidy Program	2022	2021	Asset-Related / Income-Related
Venture secured loan incentives	110,446.60	422,750.49	Income-Related
Provincial award and subsidy funds for credit creation		747,572.82	Income-Related
Enterprise support fund		877,559.00	Income-Related
Loan compensation	36,758,770.79	1,120,947.58	Income-Related
Talent introduction subsidy of youth talent support plan	85,500.00	429,700.00	Income-Related
Guiding funds for financial innovation and development in Shandong Province	4,528.30	900,000.00	Income-Related
Reward for phased deferred repayment of principal and interest	1,772,106.30	4,898,397.89	Income-Related
The Financial Services Bureau awards subsidies	228,867.92		Income-Related
Total	38,960,219.91	9,396,927.78	



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**The Bank**

Project	2022	2021
Government grants	36,323,738.36	6,646,756.89
Withholding personal income tax fees	384,313.43	658,440.96
Total	36,708,051.79	7,305,197.85

**Government grants included in other income**

Subsidy Program	2022	2021
Venture secured loan incentives		341,100.00
Enterprise support fund	34,232,735.84	877,559.00
Talent introduction subsidy of youth talent support plan	85,500.00	429,700.00
Reward for phased deferred repayment of principal and interest	1,772,106.30	4,898,397.89
Guiding funds for financial innovation and development in Shandong Province	4,528.30	100,000.00
The Financial Services Bureau awards subsidies	228,867.92	
Total	36,323,738.36	6,646,756.89

**(THIRTY SEVEN) Gains or losses from changes in fair value**

**Group and bank**

Project	2022	2021
Transactional financial instruments	-11,793,107.19	42,180,104.97
Among them: secondary capital instruments	-1,322,020.00	17,706,920.00
Asset-backed securities		-28,800.00
Asset management plan investment	-4,660,453.22	8,557,092.72
Funds	-5,810,633.97	15,944,892.25
Total	-11,793,107.19	42,180,104.97

**(THIRTY EIGHT) Exchange gains**

**Group and The Bank**

Project	2022	2021
Income from foreign exchange business	14,832,250.13	8,046,983.15
Foreign exchange business expenses	-6,250,007.69	-2,373,635.19
Total	8,582,242.44	5,673,347.96

**(THIRTY NINE) Other operating income**

**Group**

Project	2022	2021
Income from leasing fixed assets	5,082,182.35	5,177,884.51
Management fees	24,371.07	143,474.84
Total	5,106,553.42	5,321,359.35

**The Bank**

Project	2022	2021
Income from leasing fixed assets	4,231,813.84	4,582,045.41
Management fees	24,371.07	143,474.84
Total	4,256,184.91	4,725,520.25

**(FORTY) Income from disposal of assets**

**Group**

Project	2022	2021
Gains from disposal of non current assets	12,191.00	296,123.74

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Project	2022	2021
Loss on disposal of assets	213,692.47	-69,162.53
Total	-201,501.47	226,961.21

**The Bank**

Project	2022	2021
Gains from disposal of non current assets	11,214.30	182,788.95
Loss on disposal of assets	197.77	
Total	11,016.53	182,788.95

**(FORTY ONE) Taxes and surcharges**

**Group**

Project	2022	2021
Urban construction and maintenance tax	21,477,717.16	20,827,385.92
Education surcharge	9,611,695.56	9,320,232.28
Local Education Surcharge	6,407,796.33	6,213,488.26
The property tax	7,781,105.69	7,422,538.05
Stamp duty	9,120,377.12	7,126,604.48
Land use tax	763,438.30	801,470.04
Vehicle and boat use tax	27,360.00	31,872.42
Other additional taxes		-3,257.43
Total	55,189,490.16	51,740,334.02

**The Bank**

Project	2022	2021
Urban construction and maintenance tax	20,646,018.00	20,006,421.05

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Project	2022	2021
Education surcharge	9,255,253.06	8,968,390.19
Local Education Surcharge	6,170,168.00	5,978,926.87
The property tax	6,505,976.21	6,351,457.40
Stamp duty	9,031,478.94	7,047,093.08
Land use tax	647,045.18	681,792.44
Vehicle and boat use tax	27,360.00	30,495.00
Other additional taxes		-3,257.43
Total	52,283,299.39	49,061,318.60

**(FORTY TWO) Operating and administrative expenses**

**Group**

Project	2022	2021
Employee compensation	630,106,699.56	582,707,415.20
Business operating expenses	236,316,879.28	235,250,520.35
Depreciation expense	38,220,680.90	32,196,803.14
Amortization of intangible assets	35,730,239.78	25,063,516.38
Amortization of long-term deferred expenses	18,642,076.25	20,187,079.96
Operating expenses of electronic equipment	72,698,541.23	69,461,363.96
Security precaution fee	10,596,001.21	7,885,881.27
Property management fee	7,167,024.35	7,342,541.80
Operating rental fees	1,737,844.01	9,734,784.34
Depreciation of right of use assets	51,943,571.47	45,900,938.36
Amortization of interest expense	3,288,392.93	3,024,572.32
Total	1,106,447,950.97	1,038,755,417.08

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Project	2022	2021
Employee compensation	561,972,161.71	520,060,175.45
Business operating expenses	214,711,552.02	205,828,164.57
Depreciation expense	33,882,163.33	28,379,470.44
Amortization of intangible assets	33,646,943.81	23,745,241.09
Amortization of long-term deferred expenses	17,702,238.12	19,130,443.79
Operating expenses of electronic equipment	64,222,127.20	61,545,444.22
Security precaution fee	8,095,992.03	7,251,958.77
Property management fee	6,635,088.19	6,403,767.58
Operating rental fees	1,720,063.57	8,763,341.09
Depreciation of right of use assets	48,763,088.15	42,907,708.32
Amortization of interest expense	3,000,904.35	2,751,986.41
Total	994,352,322.48	926,767,701.73

**(FORTY THREE) Credit impairment loss**

**Group**

Project	2022	2021
Impairment loss of interbank deposits	417,006.03	600,711.78
Impairment loss of loans and advances issued at amortized cost	1,848,512,281.35	1,494,280,690.22
Impairment loss on other debt loans	-5,044,134.80	-11,585,779.53
Impairment loss of debt investment	-18,519,890.74	-85,619,561.60
Impairment loss of other debt investments	-3,249,764.41	968,223.76
Impairment loss on other assets	22,319,121.15	-2,527,022.35
Impairment loss on credit commitments	-73,038,487.80	-6,066,885.02
Total	1,771,396,130.78	1,390,050,377.26

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Project	2022	2021
Impairment loss of interbank deposits	-320,253.52	325,390.56
Impairment loss of loans and advances issued at amortized cost	1,762,556,766.36	1,429,456,819.14
Impairment loss on other debt loans	-5,188,721.22	-11,423,111.87
Impairment loss of debt investment	-18,414,603.02	-85,724,849.32
Impairment loss of other debt investments	-3,147,934.43	921,437.01
Impairment loss on other assets	22,428,922.95	-2,335,309.40
Impairment loss on credit commitments	-72,423,201.34	-4,631,742.78
Total	1,685,490,975.78	1,326,588,633.34

**(FORTY FOUR) Non-operating income**

**Group**

Project	2022	2021
Gain on disposal of non-current assets	15,997.21	16,704.50
Income from cleaning up lingering accounts	486,626.51	2,434,126.52
Income from fines and confiscations	2,952,584.15	175,783.09
Other non-operating income	231,200.21	1,079,123.77
Revenue from clearing overdue bills	727,150.00	
Total	4,413,558.08	3,705,737.88

**The Bank**

Project	2022	2021
Gain on disposal of non-current assets	5,494.37	16,704.50
Income from cleaning up lingering accounts	481,378.49	2,429,273.25
Income from fines and confiscations	2,952,584.15	175,783.09

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Project	2022	2021
Other non-operating income	225,200.21	1,079,123.77
Revenue from clearing overdue bills	727,150.00	
Total	4,391,807.22	3,700,884.61

**(FORTY FIVE) Non-operating expense**

**Group**

Project	2022	2021
Loss on disposal of non current assets	1,010,688.77	564,577.97
Penalty expenditure	1,226,440.61	1,772,079.16
Donate expenditure	2,455,000.00	6,350,668.84
Payment of compensation and liquidated damages	5,000.00	
Long suspended households return spending	58,743.55	38,748.69
Redemption of expiry note expenditures	166,500.00	
Other non-operating expenses	258,880.48	575,674.51
Total	5,181,253.41	9,301,749.17

**The Bank**

Project	2022	2021
Loss on disposal of non current assets	1,010,688.77	518,415.00
Penalty expenditure	1,218,500.00	1,319,609.00
Donate expenditure	2,455,000.00	5,150,668.84
Payment of compensation and liquidated damages	5,000.00	
Long suspended households return spending	58,130.60	38,522.71
Redemption of expiry note expenditures	166,500.00	
Other non-operating expenses	258,880.48	575,674.51
Total	5,172,699.85	7,602,890.06



## (FORTY SIX) Income tax expense

### 1. Income tax expense table

#### Group

Project	2022	2021
Current income tax expense	314,367,639.71	347,229,656.99
Deferred income tax expense	-272,476,236.86	-138,732,928.51
Total	41,891,402.85	208,496,728.48

#### The Bank

Project	2022	2021
Current income tax expense	289,760,571.95	334,440,727.06
Deferred income tax expense	-253,830,331.70	-146,817,201.17
Total	35,930,240.25	187,623,525.89

### 2. Accounting profit and income tax expense adjustment process

#### Group

Project	2022
Total profit	1,042,678,901.31
Income tax expense at statutory/applicable rates	260,669,725.33
Impact of the non-deductible costs, expenses and losses	11,454,336.56
The impact of non-taxable income	-230,235,170.90
No deductible temporary differences in deferred tax assets were recognized in the current period	2,511.86
Income tax expense	41,891,402.85

## The Bank

Project	2022
Total profit	1,009,786,536.83
Income tax expense at statutory/applicable rates	252,446,634.21
Impact of the non-deductible costs, expenses and losses	10,884,410.80
The impact of non-taxable income	-227,400,804.76
Income tax expense	35,930,240.25

## (FORTY SEVEN) Supplementary Information on Cash Flow Statement

### 1. Supplementary information on cash flow statement

#### Group

Additional information	2022	2021
<b>1. Adjust net profit to cash flow of operating activities:</b>		
Net profit	1,000,787,498.46	948,142,709.95
Plus: Credit impairment loss	1,771,396,130.78	1,390,050,377.26
Depreciation of fixed assets	38,289,052.39	32,196,803.14
Amortization of intangible assets	35,730,239.78	25,063,516.38
Amortization of long-term deferred expenses	20,529,665.70	20,187,079.96
Depreciation of right of use assets	51,943,571.47	45,900,938.36
Interest expense of lease liabilities	3,288,392.93	3,024,572.32
Loss on disposal of fixed assets, intangible assets and other long-term assets (income marked with "-")	201,501.47	-226,961.21
Loss from scrapping of fixed assets (income marked with "-")	994,691.56	547,873.47
Loss on changes in fair value (marked with "-" for gains)	-16,518,895.50	-42,180,104.97
Interest expense	256,911,906.53	254,022,351.31
Investment loss (income marked with "-")	-317,224,144.23	-217,884,550.91
Interest income on financial investment	-1,461,883,716.92	-1,351,267,508.02

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Additional information	2022	2021
Decrease in deferred income tax assets (marked with "-" for increase)	-248,391,224.23	-140,703,076.63
Increase in deferred income tax liabilities (marked with "-" for decrease)	-24,085,012.63	1,970,148.12
Reduction in loans (marked with "-" for increase)	-19,821,523,862.72	-15,268,711,810.36
Increase in deposits (marked with "-" for decrease)	23,305,530,959.54	19,264,255,143.61
Decrease in deposit reserves (marked with "-" for increase)	-649,838,871.29	40,162,754.76
Decrease of operating receivable items (marked with "-" for increase)	312,760,014.94	-397,507,906.59
Increase of operational payable items (marked with "-" for decrease)	-3,524,550,476.65	3,818,135,734.38
Net cash flows from operating activities	734,347,421.38	8,425,178,084.33
<b>2. Major investment and financing activities that do not involve cash receipts and expenditures:</b>		
<b>3. Net changes in cash and cash equivalents:</b>		
Ending balance of cash	8,090,820,578.60	6,387,791,248.08
Minus: starting balance of cash	6,387,791,248.08	9,902,947,375.10
Plus: ending balance of cash equivalents		921,887,000.00
Minus: starting balance of cash equivalents	921,887,000.00	1,988,860,000.00
Net increase in cash and cash equivalents	781,142,330.52	-4,582,129,127.02

## The Bank

Additional information	2022	2021
<b>1. Adjust net profit to cash flow of operating activities:</b>		
Net profit	973,856,296.58	884,110,096.27
Plus: Credit impairment loss	1,685,490,975.78	1,326,588,633.34
Depreciation of fixed assets	33,934,583.13	28,379,470.44
Amortization of intangible assets	33,646,943.81	23,745,241.09
Amortization of long-term deferred expenses	19,488,994.31	19,130,443.79

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Additional information	2022	2021
Depreciation of right of use assets	48,763,088.15	42,907,708.32
Interest expense of lease liabilities	3,000,904.35	2,751,986.41
Loss on disposal of fixed assets, intangible assets and other long-term assets (income marked with "-")	-11,016.53	-182,788.95
Loss from scrapping of fixed assets (income marked with "-")	1,005,194.40	501,710.50
Loss on changes in fair value (marked with "-" for gains)	-16,518,895.50	-42,180,104.97
Interest expense	256,911,906.53	254,022,351.31
Investment loss (income marked with "-")	-322,691,457.43	-220,167,171.39
Interest income on financial investment	-1,439,145,744.38	-1,310,660,635.25
Decrease in deferred income tax assets (marked with "-" for increase)	-229,745,319.07	-148,787,349.29
Increase in deferred income tax liabilities (marked with "-" for decrease)	-24,085,012.63	1,970,148.12
Reduction in loans (marked with "-" for increase)	-19,195,492,431.67	-15,005,267,794.32
Increase in deposits (marked with "-" for decrease)	23,753,093,530.80	18,717,877,897.43
Decrease in deposit reserves (marked with "-" for increase)	-648,463,194.32	-20,850,408.52
Decrease of operating receivable items (marked with "-" for increase)	307,999,646.89	-386,987,803.14
Increase of operational payable items (marked with "-" for decrease)	-3,476,414,298.47	3,878,797,258.29
Net cash flows from operating activities	1,764,624,694.73	8,045,698,889.48
<b>2. Major investment and financing activities that do not involve cash receipts and expenditures:</b>		
<b>3. Net changes in cash and cash equivalents:</b>		
Ending balance of cash	6,630,972,894.87	4,861,431,294.33
Minus: starting balance of cash	4,861,431,294.33	7,636,576,059.29
Plus: ending balance of cash equivalents		921,887,000.00
Minus: starting balance of cash equivalents	921,887,000.00	1,988,860,000.00
Net increase in cash and cash equivalents	847,654,600.54	-3,842,117,764.96

## 2. Composition of cash and cash equivalents

### Group

Project	31, December, 2022	31, December, 2021
ONE. cash	8,090,820,578.60	6,387,791,248.08
Among them: Cash in stock	214,635,895.74	212,580,342.32
Money deposited with the central bank that is available for payments	4,384,796,762.94	4,662,826,240.06
Interbank deposits	3,491,387,919.92	1,512,384,665.70
TWO. Cash equivalents		921,887,000.00
THREE. Balance of cash and cash equivalents at the end of the period	8,090,820,578.60	7,309,678,248.08

### The Bank

Project	31, December, 2022	31, December, 2021
ONE. cash	6,630,972,894.87	4,861,431,294.33
Among them: Cash in stock	200,567,891.05	191,269,499.33
Money deposited with the central bank that is available for payments	3,942,080,744.52	3,158,323,711.42
Interbank deposits	2,488,324,259.30	1,511,838,083.58
TWO. Cash equivalents		921,887,000.00
THREE. Balance of cash and cash equivalents at the end of the period	6,630,972,894.87	5,783,318,294.33

## (FORTY EIGHT) Assets with restricted ownership or use rights

### Group

Project	31, December, 2022	Restricted reason
Cash and deposit of central bank funds	7,250,096,331.36	Statutory deposit reserve and fiscal deposits
Deposits with banks	3,193,266.27	Margin
Debt investments	5,480,125,910.55	Financial assets sold under repurchase agreements, re-lending bond pledge
Total	12,733,415,508.18	

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Project	31, December, 2022	Restricted reason
Cash and deposit of central bank funds	6,740,453,287.30	Statutory deposit reserve and fiscal deposit
Deposits with banks	2,993,266.27	Margin
Debt investments	5,480,125,910.55	Financial assets sold under repurchase agreements, re-lending bond pledge
Total	12,223,572,464.12	

**(FORTY NINE) Foreign currency monetary items**

**Group and The Bank**

Project	Ending foreign currency balance	Discount rate	Balance converted into RMB at the end of the period
Cash and deposit of central bank funds			3,946,438.47
Including: USD	565,300.00	6.9646	3,937,088.38
EUR	1,250.00	7.4229	9,278.63
HKD	80.00	0.8933	71.46
Interbank deposit			57,283,196.59
Including: USD	5,919,298.54	6.9646	41,225,546.61
EUR	1,013,365.04	7.4229	7,522,107.36
HKD	151,134.22	0.8933	135,003.66
GBP	364,376.34	8.3941	3,058,611.44
JPY	102,026,959.00	0.0524	5,341,927.52
Borrowing funds			410,316,518.21
Including: US dollars	7,019,055.56	6.9646	48,884,914.35
Loans and advances to customers			112,109,475.85

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Project	Ending foreign currency balance	Discount rate	Balance converted into RMB at the end of the period
Including: USD	16,097,044.46	6.9646	112,109,475.85
Deposits			68,606,326.08
Including: USD	8,154,543.02	6.9646	56,793,130.32
JPY	84,850,891.00	0.0524	4,446,186.69
EUR	696,320.35	7.4229	5,168,716.33
HKD	201.95	0.8933	180.40
GBP	261,863.97	8.3941	2,198,112.35

## SIX. Changes in the scope of consolidation

There was no change in the scope of consolidation during the reporting period.

## SEVEN. Equity in other entities

### (ONE) Entities in subsidiaries

#### 1. The composition of enterprise groups

Name of Subsidiary	Main place of business	Registered	Nature of the business	Shareholding Ratio (%)		Way of obtaining
				directly	indirectly	
Jining Rushang Rural Bank Co., Ltd	Jining, Shandong Province	Jining, Shandong Province	Financial banking	35.73		To set up

#### 2. Important non-wholly-owned subsidiaries

Name of Subsidiary	Minority shareholders' shareholding ratio	Profit and loss attributable to minority shareholders in the current period	Dividend to be declared to minority shareholders during the current period	Balance of minority shareholders' equity at the end of the period



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Name of Subsidiary	Minority shareholders' shareholding ratio	Profit and loss attributable to minority shareholders in the current period	Dividend to be declared to minority shareholders during the current period	Balance of minority shareholders' equity at the end of the period
Jining Rushang Rural Bank Co., Ltd	64.27%	20,830,266.91 yuan	Cash dividend 9,836,127.64 yuan	426,192,811.90

### 3. Main financial information of important non-wholly-owned subsidiaries

Name of Subsidiary	31, December, 2022		
	The total assets of	The total amount of liabilities	Total owner's equity
Jining Rushang Rural Bank Co., Ltd	11,179,803,682.30	10,516,715,857.28	663,087,825.02

Name of Subsidiary	31, December, 2022		
	The total assets of	The total amount of liabilities	Total owner's equity
Jining Rushang Rural Bank Co., Ltd	11,225,962,273.88	10,591,028,529.33	634,933,744.55

Name of Subsidiary	2022			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Jining Rushang Rural Bank Co., Ltd	241,790,411.54	32,408,562.50	43,457,521.31	-606,068,522.02

Name of Subsidiary	2021			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Jining Rushang Rural Bank Co., Ltd	267,343,273.80	66,647,590.68	60,348,375.32	746,165,302.27

## **EIGHT. Risks related to financial instruments**

### **(ONE) Overview of financial instrument risk management**

#### **1. Major financial risks**

The financial risks faced by the Group in the course of its operations mainly include credit risk, liquidity risk and market risk.

#### **2. Financial risk management goal**

The Group's financial risk management goal is to optimize capital allocation within acceptable risk ranges and maximize shareholder benefits while meeting the requirements of regulatory authorities, depositors and other stakeholders for the bank's steady operation.

#### **3. Financial risk management framework**

The board of directors of the Group is responsible for formulating overall risk appetite, reviewing and approving risk management goals and strategies, and assuming the ultimate responsibility for financial risk management.

The senior management of the Group is responsible for the implementation of risk management, including the implementation of risk management strategies, measures and credit policies, and assumes responsibility for the implementation of financial risk management.

Related functional departments such as the Risk Compliance Department and the Planning and Finance Department are responsible for the specific management of financial risks.

The Group manages the risks of branches through the mode of direct reporting from branches to the risk management functional department of the head office; through the establishment of a dedicated risk management team within the business department, the risk status of the business lines is monitored and managed; monitor the risk management of the subsidiary by appointing certain members of the board of directors or risk management committee to the subsidiary.

### **(TWO) Credit risk**

Credit risk refers to the possibility that the borrower of the group or the counterparty of the contract cannot perform its obligations in accordance with the contract. The Group's credit risk is mainly distributed in credit, investment and other on- and off-balance sheet credit risks. The Group mainly prevents and controls credit risks from the following aspects:

## **1. Credit risk management mechanism**

The first is to establish a bank-wide credit risk management authorization mechanism; the second is to build a risk management structure that separates audits and loans, and establish a responsibility system for credit risk management; the third is to establish a professional credit risk management team; the fourth is to establish a sound independent and professional credit granting business approval decision-making mechanism.

## **2. Credit risk management**

The first is to strengthen the construction of the credit system and improve the credit risk policy system. Formulate an annual credit policy guidance mechanism, unify risk appetite, and build a good credit culture across the bank. At the same time, establish and improve credit policy systems, accelerate the process and standardization of credit business operations, and strengthen responsibility management and accountability; the second is to strengthen credit risk management, take multiple measures to effectively deal with the current situation. Reduce existing credit business risks through the implementation of credit structure adjustments; through strengthening internal control management to strengthen credit risk management violations and negligence accountability; through special risk investigations, reduce credit risk management hidden dangers; through detailed credit approval policies, strengthen credit risk management and control; the third is to accelerate the construction of credit risk management projects and improve the level of credit risk management; the fourth is to continue to promote the optimization of credit business processes and the transformation of the credit system; the fifth is to promote systematic innovation management, strengthen risk control, and improve work efficiency; sixth, strengthen the team building to strengthen the line of defense against credit risks.

### **(1) Risk concentration**

The Group diversifies risks through centralized management and control. If the counterparties are concentrated in a certain industry or region, or share certain economic characteristics, their credit risk will usually increase accordingly.

### **(2) Credit business**

The Group adopts loan risk classification method to manage loan portfolio risk. Loans are classified into five categories according to the degree of risk: normal, special mention, substandard, suspicious and loss.

The main definitions are listed as follows:

**Normal:** The borrower is able to perform the contract and there is no sufficient reason to suspect that the principal and interest of the loan cannot be repaid in full and on time.

Special mention: Although the borrower currently has the ability to repay the principal and interest of the loan, there are some factors that may adversely affect the repayment.

Substandard: Obvious problems occur in the borrower's ability to repay, and he cannot repay the principal and interest of the loan in full by relying solely on his normal operating income. Even if the guarantee is implemented, certain losses may be caused.

Suspicious: The borrower is unable to repay the principal and interest of the loan in full, and even if the guarantee is executed, it will definitely cause a large loss.

Loss: After taking all possible measures or all necessary legal procedures, the principal and interest still cannot be recovered, or only a small part of it can be recovered.

### (3) Debt investments

The financial market business department is responsible for centralized monitoring and evaluation of the credit risk of debt investments, and regularly reports to the risk management department, senior management and the board of directors.

The Group compares debt investment to loan management, and divides receivables investments into normal, special mention, substandard, suspicious and loss according to the risk of assets and the degree of expected loss.

### (4) Bonds and other bills

The credit risk of bonds comes from the changes of credit spread, default rate, loss rate and the credit quality of underlying assets.

The group manages the credit risk of bonds by monitoring the credit rating of bonds by external institutions, the internal credit rating of bond issuers and the credit quality of the underlying assets of securitization products (including checking the default rate and repayment rate), industry and regional conditions, loss coverage and counterparty risk, so as to identify the credit risk exposure.

The Group sets credit lines for each fund transaction client (including counterparties, bond issuers, etc.), and conducts corresponding line adjustment management based on the credit status of the Group and counterparties.

Bond investment mainly includes national bonds issued by the Ministry of Finance of my country, bills issued by the People's Bank of China on the open market, and financial bonds issued by national policy banks; other bond credit entities must meet the relevant requirements of the regulatory authorities and the basic conditions stipulated by the Group.

### (5) Other business

Other businesses mainly include inter-bank business, acceptance and other payment commitments. The Group sets credit lines for business counterparties, and conducts corresponding line adjustment management based on the credit status of the Group and counterparties.

### **3. Credit asset reserve provision policy**

#### **(1) Risk stage division of financial instruments**

The Group adopts a three stage expected credit loss model for impairment provision of financial assets, which is summarized as follows:

Stage 1: Financial assets with no significant increase in credit risk since initial recognition or with low credit risk at the reporting date are classified into Stage 1, and the Group continuously monitors their credit risk;

Stage 2: Financial assets with significant increases in credit risk since initial recognition (excluding the relatively low credit risk of such financial instruments on the reporting date), but without objective evidence of impairment, are classified into Stage 2. The Group's judgment criteria for significant increases in credit risk are shown in Note THREE, (TEN);

Stage 3: Financial assets with objective evidence proving impairment at the reporting date are classified as Stage 3. For the Group's definitions of credit impairment and default, see Note THREE, (TEN);

The expected credit losses caused by possible default events within 12 months after the reporting date for the accrual of financial assets classified into the first stage, while the expected credit losses for the entire duration of the accrual of financial assets classified into the second and third stages; The calculation of interest income on financial assets classified into the first and second stages is based on the total carrying amount of the asset, while the calculation of interest income on financial assets classified into the third stage is based on the net amount after deducting the provision for credit losses. For the parameters, assumptions, and estimation techniques used in the measurement of expected credit losses, see Measuring Expected Credit Losses - a description of parameters, assumptions, and estimation techniques.

The Group fully considers forward-looking information when measuring expected credit losses. For instructions on how the Group considers incorporating forward-looking information into the expected credit loss model, see the forward-looking information included in the expected credit loss model;

Financial assets purchased or derived from which credit impairment has occurred refer to financial assets that have credit impairment at the time of initial recognition. The loss provision for these assets is the cumulative change in expected credit losses over the entire duration of the asset after initial recognition.

#### **(2) Description of parameters, assumptions, and estimation techniques**

According to whether the credit risk has significantly increased and whether the asset is credit-impaired, the Group accrues expected credit loss provisions for different financial assets for the next 12 months or the entire duration according to their risk stage. The expected credit losses adopted by the Group are obtained through probability of default (PD), exposure at default (EAD), and loss at default (LGD), and discounted by discount factors. The relevant definitions are as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or over the remaining lifetime;
- LGD refers to the Group's expectation of the extent of the loss resulting from the defaulted exposure. The LGD varies depending on the type of counterparty, the method and priority of the recourse, and the type of collateral;
- EAD is based on the amount that the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. The above input values are derived from statistical models and historical data developed by the Group, taking into account forward-looking information.

The expected credit loss is obtained by multiplying the default probability, default risk exposure, and default loss rate estimated above and discounting them to the reporting time point. The discount rate used in the calculation of expected credit loss is the initial effective interest rate.

The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses. During the reporting period, there were no significant changes in estimated techniques or key assumptions.

### (3) Forward-looking information

The Group divides assets into different asset groups based on their different risk characteristics, and collects external authoritative data and internal risk related data for modeling within a reasonable cost and time range based on the risk characteristics of the asset groups.

The Group has preset three economic scenarios: benchmark scenario, optimistic scenario, and pessimistic scenario. The Group assigns different weights to each scenario based on the average forecast, with the benchmark scenario accounting for the highest proportion of weight.

The assessment of whether the credit risk of financial instruments has significantly increased since initial recognition and the measurement of expected credit losses involve forward-looking information. Through historical data analysis, the Group identifies key economic indicators that affect the credit risk and expected credit losses of various business types, such as GDP, consumer price index, production price index, etc. The Group regularly forecasts these economic indicators. For other macroeconomic indicators, the Group uses internal expert perspectives, statistical analysis models, expert judgment, and other methods to calculate the predicted values of each indicator under various scenarios, and ultimately predicts the default



probability determined by future economic indicators by constructing an econometric model.

The Group's forecast for the future year-on-year growth rate of gross domestic product (GDP) in 2022 is around 4.8%. The Group has fully considered the macroeconomic forecast and made prudent adjustments when evaluating the forecast information used in the impairment model.

Similar to other economic forecasts, estimates of expected economic indicators and likelihood of occurrence have inherent uncertainties that are overestimated, so actual results may differ significantly from forecasts. The Group believes that these forecasts reflect the Group's best estimate of possible outcomes.

#### (4) Classification based on the same risk characteristics

The Group divides its main businesses into corporate business, retail business, and credit consumption business. The models are grouped based on similar risk characteristics. Currently, the main grouping reference indicators include asset quality classification, business type, mortgage and pledge methods, etc.

### 4. Credit quality analysis of financial instruments

As of December 31, 2022, the balance of corporate loans and advances was 50.794 billion yuan, and the provision for impairment losses was 2.232 billion yuan. Among them, the loan balance (excluding accrued interest) of corporate loans and advances classified as Phase II (loans that are overdue for more than 30 days and not more than 60 days or loans classified as special-mentioned at 5 categories) is RMB 1.324 billion; The balance of corporate loans and advances classified into the third stage (overdue and classified as non-performing at 5 categories) is 1.062 billion yuan; The balance of corporate loans and advances classified as the first stage (not overdue) is 48.408 billion yuan. The balance of personal loans and advances was 52.391 billion yuan, and the provision for impairment losses was 810 million yuan.

As of December 31, 2021, the balance of corporate loans and advances was 47.519 billion yuan, and the provision for impairment losses was 1.762 billion yuan. Among them, the loan balance of corporate loans and advances classified as stage 2 (loans that are overdue for more than 30 days and no more than 90 days, or loans classified as special-mentioned at 5 categories) is RMB 1.211 billion; The balance of corporate loans and advances classified into the third stage (overdue and classified as non-performing at 5 categories) is RMB 861 million; The balance of corporate loans and advances classified as the first stage (not overdue) is 45.447 billion yuan. The balance of personal loans and advances was 37.335 billion yuan, and the provision for impairment losses was 751 million yuan.

### 5. Credit risk exposure

Without considering any mortgage, guarantee or other credit enhancement measures,



the maximum credit risk exposure on the balance sheet date is equal to the book value of the asset.

## **6. Repossessed assets**

The debt paying assets obtained by the group due to the debtor's default are detailed in "FIVE. (TWELVE) Repossessed assets" in this note.

### **(THREE) Liquidity risk**

Liquidity risk refers to the risk that the group is unable to obtain sufficient funds in time at a reasonable cost to repay maturing debts, fulfill other payment obligations and meet other capital needs for normal business.

The group has established a relatively perfect liquidity risk management system suitable for the business scale, nature and complexity, and defined the roles, responsibilities and reporting lines of the board of directors, the board of supervisors, senior management and relevant departments in the organizational structure of liquidity risk management, so as to ensure the effective implementation of liquidity risk management policies and procedures within the group.

The group strictly implements the guidance of various regulatory policies of the regulatory authorities, formulates and improves the relevant systems of liquidity risk management, operates prudently, adheres to the prudent risk preference, continuously strengthens the liquidity risk management system, strengthens the management of capital position and the monitoring and analysis of liquidity risk indicators, reasonably optimizes the term matching of asset liability structure, and continuously strengthens the liquidity risk management ability, the level of liquidity risk management continued to improve.

### **(FOUR) Interest rate risk for banking book**

The banking book records related on- and off-balance sheet businesses that commercial banks have not included in the transaction book. Interest rate risk in the banking book refers to the risk of loss of the economic value and overall income of the banking book due to adverse changes in interest rate levels and term structure.

In order to strengthen the management of interest rate risk in the bank book, effectively identify and control the interest rate risk in the bank book, and improve the Group's ability to resist the interest rate risk in the bank book, in accordance with the "PRC Commercial Bank Law" and " Guidelines for the Management of Interest Rate Risk in Bank Accounts of Commercial Banks " issued by the Banking Regulatory

Commission and other relevant policies and systems, and the “Jining Bank Bank Book Interest Rate Risk Management Measures” were formulated, which clarified the bank book interest rate risk management governance structure and the relevant responsibilities of each management, and the identification, measurement and stress testing and others of interest rate risk in the bank book. At the same time, according to the regulatory requirements, based on the repricing period of interest rate sensitive assets and liabilities in the bank account book on a regular basis, the impact of interest rate fluctuation on economic value and net interest income within one year under a specific interest rate shock scenario is calculated by using repricing gap analysis, duration analysis, net interest income simulation analysis and other methods to measure the interest rate risk level of the bank account book.

## **(FIVE) Market risk**

Market risk refers to the risk of losses in the Group's on- and off-balance sheet businesses occurred due to adverse changes in market prices (interest rates, exchange rates, commodity prices, stock prices, etc.).

The exchange rate risk of the Group mainly includes the risk that the foreign exchange exposure caused by the imbalance of the currency structure between foreign exchange assets and foreign exchange liabilities will suffer losses due to adverse changes in the exchange rate.

### **1. Exchange rate risk**

Exchange rate risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in foreign exchange rates.

Most of the Group's business is RMB business, in addition to a little of US dollar, Hong Kong dollar and other foreign currency businesses. The current foreign exchange business of the Group is mainly the business of foreign exchange settlement and sale. Therefore, the exchange rate risk of the Group mainly comes from the currency position mismatch caused by the currency mismatch of the assets and liabilities of the agency business.

In order to manage exchange rate risks, the Group adopted reasonable arrangements to maximize the matching of borrowing and lending in each currency, and at the same time evaded and controlled the exchange rate risk generated by foreign exchange exposure by setting foreign exchange exposure limits and equalizing foreign exchange positions on the same day. The Group monitors its exchange rate risk exposure on a daily basis and regularly reports exchange rate risks to the senior management and the

risk management committee of the board of directors.

### **(SIX) Capital management**

The Group's capital management is centered on capital adequacy ratio and core capital adequacy ratio. The goal is to make it meet the requirements of external supervision, credit rating, risk compensation and shareholder return, and to promote the group's risk management, in close integration with development plans, to achieve coordination of scale expansion and profitability, total capital and structure optimization, optimal capital scale and capital return.

The Group regularly monitors the capital adequacy ratio and the use of regulatory capital in accordance with the China Banking Regulatory Commission Order No. 1 of 2012 "Commercial Bank Capital Management Measures (for Trial Implementation)" and other relevant regulations. Provide the necessary information to the banking regulatory authorities in the end of yearly and quarterly, and ensure that the regulatory standards are used as the minimum capital requirements, the core tier 1 capital adequacy ratio  $\geq 7.5\%$ , the tier 1 capital adequacy ratio  $\geq 8.5\%$ , and the capital adequacy ratio  $\geq 10.5\%$ . The Group adopts measures of "total amount control, quota management, and return constraints" to allocate capital to various business lines, and strengthen measurement, monitoring, adjustment and control to improve the efficiency of capital use.

The Group takes the following measures to manage capital accounts:

The first is to continuously strengthen capital planning and management. The Group will take into consideration short-term and medium- to long-term capital needs, fully consider the long-term sustainability of capital replenishment sources, and keep capital planning in line with operating conditions, risk changes and development strategies. At the same time, the capital plan is dynamically adjusted in accordance with the needs of the economic environment, regulatory policies, market conditions, and business development to keep the Group's capital stable and sufficient.

The second is to focus on improving the efficiency of capital use. Implement the work requirements of the central "six guarantees" and "six stability", further strengthen capital monitoring and evaluation, continuously optimize capital management methods, increase support for small, medium and micro enterprises and the real economy, and promote business transformation under the premise of actively preventing risks, optimize the evaluation system, realize the reasonable matching of capital level and risk level, and improve the efficiency of capital use.

The third is to continuously improve the level of refined capital management. The

Group will improve the internal capital adequacy assessment procedures and reporting system, while continuing to improve the stress testing mechanism and capital contingency plans, improve the level of refined management, identify, measure, monitor and report key risks in a timely and accurate manner, and keep the capital level commensurate with the risk appetite and risk management level.

## **(SEVEN) Anti money laundering**

The group earnestly implements the anti money laundering laws, regulations and regulatory requirements, improves the construction of anti money laundering internal control mechanism, promotes the self-assessment of money laundering and terrorist financing risks, optimizes the function of monitoring system, strengthens business assessment management, improves the quality of data submission, completes publicity and training, improves the professional skills of all staff in anti money laundering, and all work is carried out in an orderly manner.

### **1. Organizational structure and internal control mechanism**

The group has set up a leading group for anti money laundering. The group leader is the president, and the deputy leader is the president in charge of business. The leading group office is set up in the risk compliance department, and the heads of all departments and branches are the members of the group.

《The measures of Jining Bank Co.,Ltd on money laundering and terrorist financing risk management》 defined the responsibilities of all relevant departments and offices of the bank, and the overall anti money laundering line of the bank was clear, which laid a solid foundation for effective anti money laundering.

### **2. Specific performance of legal obligations against money laundering**

#### **(1) Customer identification**

The core business system embeds the anti money laundering customer identification requirements into process design, business management and specific operation. Individual customers have realized the dual recognition of identity authenticity and authenticity of identity documents through online verification, face recognition and other technologies. For the identification of corporate customers, access to information data such as industry and commerce, industry and information technology and enterprise network verification, and use the beneficiary identification results based on big data analysis to identify the beneficiaries in the case of complex ownership or control structure. The system automatically determines the validity period of the customer's certificate. On the day when the validity period of the customer's certificate expires, the system will give an early warning prompt. The control period of the overdue customer's certificate is 90 days, that is, the overdue

customer's certificate will automatically take business control.

## (2) Preservation of customer data and transaction records

The core business system realizes the paperless counter, electronically stores various traditional paper vouchers printed on the counter and various retained materials through the comprehensive file management system, realizes the free filling of personal business, electronization of vouchers, electronization of signature and electronization of storage, the storage information is consistent with the paper materials, and ensures the data security at the same time.

## (3) Large and suspicious transaction reports

The screening and submission of the group's large transaction and suspicious transaction reports are a combination of system and manual. The anti money laundering monitoring system sets up multiple types of large value and suspicious transaction monitoring models to monitor, screen and warn customers of full volume transactions every day. In daily business monitoring, if it is found or there is reasonable reason to suspect that the customer, the customer's funds or other assets, the customer's transaction or attempted transaction is related to money laundering, terrorist financing and other criminal activities, and the anti money laundering monitoring system fails to meet the early warning standard, a suspicious report can be created in time. The full cooperation of personnel at all posts ensures the comprehensive screening and analysis of suspicious cases from multiple angles and levels, and the operation is in good condition.

## 3. Carry out anti money laundering publicity

Actively organize and carry out centralized publicity work. The publicity themes include but are not limited to "implementing laws and regulations, preventing and curbing money laundering crimes", "guarding the money bag, protecting the happy family", "not forgetting the original intention to do practical things, and promoting anti money laundering by the whole people", etc. Popularize anti money laundering knowledge and the harmfulness of money laundering to the public, and enhance their enthusiasm for participating in anti money laundering and preventing illegal fund-raising.

## 4. Organize anti money laundering training

Carefully organize and carry out training work, including the responsibilities and content of anti money laundering work, suspicious transaction screening analysis and submission, etc; At the same time, I participated in external training such as the People's Bank of China Training Center, which covered money laundering and

terrorist financing inspection, customer due diligence, and other content.

## 5. Internal inspection

In order to strengthen the understanding of the implementation of the anti money laundering work of each branch, strengthen the management of the anti money laundering work, carry out special inspections on all anti money laundering businesses throughout the bank, issue inspection notifications, impose penalties and accountability on relevant responsible persons, deduct the compliance assessment scores of relevant responsible institutions, effectively improve the importance of the anti money laundering work of each branch, and solidly promote the effective implementation of various work requirements.

## NINE. Disclosure of fair value

The input value used in fair value measurement is divided into three levels:

The input value of the first level is the unadjusted quotation of the same asset or liability in the active market that can be obtained on the measurement date.

The input value of the second level is the directly or indirectly observable input value of related assets or liabilities other than the first-level input value.

The input value of the third level is the unobservable input value of the related asset or liability.

The level of the fair value measurement result is determined by the lowest level of the input value that is important to the fair value measurement as a whole.

### (ONE)The ending fair value of assets and liabilities measured at fair value

Project	Ending fair value			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
ONE, continuous fair value measurement				
(ONE) Trading financial assets		7,632,701,427.63	324,291,223.43	7,956,992,651.06
(1) Bonds of banks and other financial institutions				
(2) Asset backed securities				
(3) Funds		7,632,701,427.63		7,632,200,974.41
(4) Bank financial products				
(5) Asset management plans			305,778,450.90	305,778,450.90
(6) Trust plans			18,512,772.53	18,512,772.53



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Project	Ending fair value			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
(TWO) Other debt investment		1,344,490,031.07	518,931,027.22	1,863,421,058.29
(1) Bonds of banks and other financial institutions				
(2) L / C usufruct			518,931,027.22	518,931,027.22
(3) Government Bonds		1,344,490,031.07		1,344,490,031.07
(THREE) Investment in other equity instruments			110,225,567.16	110,225,567.16
(FOUR) Other creditor's rights loans and advances			2,854,964,390.70	2,854,964,390.70
Total assets measured at fair value continuously		8,977,191,458.70	3,808,412,208.51	12,785,603,667.21

**(TWO) Basis for determining the market price of continuous and non continuous first level fair value measurement items**

None

**(THREE) For continuous and non continuous second level fair value measurement items, the valuation technology adopted and the qualitative and quantitative information of important parameters**

The Group's financial instruments classified into the second level are mainly RMB bond investment, wealth management products and asset-backed securities. The fair value of such investments is determined according to the valuation of the Central treasury bond Depository and Clearing Co., Ltd. and the valuation results of the manager. All major valuation parameters adopt the valuation technology of observable market information.

**(FOUR) For continuous and non continuous third level fair value measurement items, the valuation technology adopted and the qualitative and quantitative information of important parameters**

Project	Fair value at the end of the period	Valuation Technology	Unobservable input value
(ONE) Trading financial assets			
—Asset management plans	305,778,450.90	Discounted cash flow	Risk adjusted discount rate
—Trust plans	18,512,772.53	Discounted cash flow	Risk adjusted discount rate



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Project	Fair value at the end of the period	Valuation Technology	Unobservable input value
(TWO) Other debt investments			
——L / C usufruct	518,931,027.22	Discounted cash flow method	Bond yield curve
(THREE) Investment in other equity instruments	110,225,567.16	Comparable company method	
(FOUR) Other creditor's rights loans and advances	2,854,964,390.70	Discounted cash flow method	Bond yield curve

**(FIVE) For continuous fair value measurement items, if there is conversion between different levels in the current period, the reasons for conversion and the policies to determine the time point of conversion**

During the reporting period, there was no conversion between levels of the group.

**(SIX) Valuation technology changes and reasons for changes in the current period**

There was no change in valuation technology during the reporting period of the group.

## TEN. Related parties and related transactions

### (ONE) Major shareholders

#### 1. Basic information of major shareholders

Name of the entity	The registered address	Registered capital (ten thousand yuan)	Relationship with the bank	The enterprise type	Legal representative
Jining Municipal Bureau of Finance	Jining, Shandong Province		Major shareholders	Administrative units	Zhenhua Gong
Qilu Bank Co., LTD	Jinan, Shandong Province	458,083.33	Major shareholders	Company limited by shares	Jiadong Huang
Jining Chengtou Holding Group Co., Ltd.	Jining, Shandong Province	584,732.18	Major shareholders	Limited liability company	Mingtao Li

## 2. Shares held by major shareholders of the bank and their changes

Corporate name	2022		2021	
	Number of shares held (yuan)	Shareholding ratio	Number of shares held (yuan)	Shareholding ratio
Jining Municipal Bureau of Finance	457,973,344.00	16.03%	457,973,344.00	16.03%
Qilu Bank Co., LTD	374,383,118.00	13.10%	374,383,118.00	13.10%
Jining Chengtong Holding Group Co., Ltd.	373,377,244.00	13.06%	373,377,244.00	13.06%

### (TWO) Situation of the Bank's subsidiaries

For details of the Bank's subsidiaries, please refer to "SEVEN. Interests in Other Entities" in this note.

### (THREE) Other related parties

#### 1. Other affiliated legal persons

Names of other related parties	Relationship between other related parties and the bank
Jining Xincheng Development Investment Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Chenghui Energy Co., LTD	Affiliated enterprises of the Bank's major shareholders
Jining Qufu Airport Co. LTD	Affiliated enterprises of the Bank's major shareholders
Jining City Chengtong Culture tourism Industry Co. LTD	Affiliated enterprises of the Bank's major shareholders
Jining Dongfang Construction Project Supervision Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Shandong Jingzhen Landscape Development Group Co. LTD	Affiliated enterprises of the Bank's major shareholders
Jining Chengtong Jiahua Real Estate Development Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Chengtong Biguiyuan Real Estate Development Co. LTD	Affiliated enterprises of the Bank's major shareholders
Shandong Jining Grand Canal Cultural Industry Development Investment Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Shandong Huasheng Ruide Municipal Engineering Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Chengtong Petrochemical Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Transportation Investment Co. LTD	Affiliated enterprises of the Bank's major shareholders
Jining City chengtong Property Service Co. LTD	Affiliated enterprises of the Bank's major shareholders

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Names of other related parties	Relationship between other related parties and the bank
Ji'ning Security Service General Company	Affiliated enterprises of the Bank's major shareholders
Jining Airport Construction investment Co. LTD	Affiliated enterprises of the Bank's major shareholders
Jining Chengtou Commercial Operation management Co. LTD	Affiliated enterprises of the Bank's major shareholders
Shandong Nanwei Information Technology Co. LTD	Affiliated enterprises of the Bank's major shareholders
Jining Chengtou Lvcheng Real Estate Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Housing Financing Guarantee Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Construction Engineering Quality Supervision, Inspection and Testing Center Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Railway Investment Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Water Conservancy Project Construction Supervision Center Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Shengdu International Conference Center Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining City investment Huijin Small Loan Co. LTD	Affiliated enterprises of the Bank's major shareholders
Jining Chengtou Jinfu Enterprise Management Group Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Shandong Chuanglian 3d Technology Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Xincheng Landscaping Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Caixin Asset Management Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Kaicai Investment Service Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Chengtou Huanghuai Hotel Management Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining City Investment Culture and Tourism Development Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining City Investment Cultural Tourism Industry Investment Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Yuanyun Engineering Management Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Jinghao Horticulture Plan & Design Institute	Affiliated enterprises of the Bank's major shareholders
Jining Chengtou Municipal Garden Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Chengtou Jiahua Commercial Development Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Jiarui Real Estate Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Shandong Chengtou YONGGU Heavy Steel Structure Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Huarui New Material Co., Ltd.	Affiliated enterprises of the Bank's major shareholders

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Names of other related parties	Relationship between other related parties and the bank
Jining Water Conservancy Investment Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Municipal Investment Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Chengtou Intelligent Parking Operation Management Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Chengtou Trading Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Shandong Aikeduo Commerce and Trade Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Weiyi Supply Chain Management Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining High Tech Housing Guarantee Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Shengdu Car Rental Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Chengtou Huijin Asset Management Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Shandong Jixiang Kangyang Cultural Tourism Development Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Salt Industry Company	Affiliated enterprises of the Bank's major shareholders
Hainan Chengtou Chuanglian Industrial Development Co., Ltd.	Affiliated enterprises of the Bank's major shareholders
Jining Shende Taihe Management Consulting Co., Ltd. (Note 1)	Other related parties
Jining Century Tangren Management Consulting Co., Ltd. (Note 2)	Other related parties
Jining Transworld Textile Co., Ltd.	Other related parties
Jining Transworld Economic Development Textile Co., Ltd.	Other related parties
Jining Transworld Technical Corporation	Other related parties
Shandong Shuyue Vehicles Co., Ltd.	Other related parties
Liangshan Dongyue Small Loan Co., Ltd.	Other related parties
Shandong Boyi Automobile Co., Ltd.	Other related parties
Shandong STAR Trailer Manufacturing Co., Ltd.	Other related parties
Shandong HUATAI Xinggang Co., Ltd.	Other related parties
Jiangling Group Shandong Huayue VEHICLE PARTS Co., Ltd.	Other related parties
Shandong Leijin Trailer Manufacturing Co., Ltd.	Other related parties
Jining Education Library Management Supply Station	Other related parties
Jining Yunhe Machinery Co., Ltd.	Other related parties
Hengnuo Industrial Co., Ltd.	Other related parties
Shandong Jinyu Auto City Co., Ltd.	Affiliated legal person of Jining Rushang Rural Bank Co., Ltd.
Jining Jinyu Storage Co., Ltd.	Affiliated legal person of Jining Rushang Rural Bank Co., Ltd.

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Names of other related parties	Relationship between other related parties and the bank
Shandong Jinyu Commerce & Trade Co., Ltd.	Affiliated legal person of Jining Rushang Rural Bank Co., Ltd.
Shandong Yunhe Cold Chain Group Co., Ltd.	Affiliated legal person of Jining Rushang Rural Bank Co., Ltd.
Jining Canal Aquatic Products Co., Ltd.	Affiliated legal person of Jining Rushang Rural Bank Co., Ltd.
Jining Canal Pump Co., Ltd.	Affiliated legal person of Jining Rushang Rural Bank Co., Ltd.
Jining Shangru Education Technology Co., Ltd.	Affiliated legal person of Jining Rushang Rural Bank Co., Ltd.
Wenshang Wofu Kindergarten Co., Ltd.	Affiliated legal person of Jining Rushang Rural Bank Co., Ltd.
Shandong Yongxu Fuxing Education Technology Co., Ltd.	Affiliated legal person of Jining Rushang Rural Bank Co., Ltd.
Wenshang Yongxu Kindergarten Co., Ltd.	Affiliated legal person of Jining Rushang Rural Bank Co., Ltd.
Wenshang Ruile Kindergarten Co., Ltd.	Affiliated legal person of Jining Rushang Rural Bank Co., Ltd.
Shandong Sauhoe Fine Chemical Co., Ltd.	Affiliated legal person of Jining Rushang Rural Bank Co., Ltd.

Note1:Jining Shende Taihe Private Capital Management Co., Ltd. was renamed as Jining Shende Taihe Management Consulting Co., Ltd. in May 2022;

Note2:Jining Century Tang Ren Private Capital Management Co., Ltd. was renamed as Jining Century Tang Ren Management Consulting Co., Ltd. in May 2022.

## 2. Key natural person

Key natural persons of the group: ① key management personnel (including directors, supervisors and senior managers) and their close family members; ②Directors, supervisors and senior managers of controlling shareholders.

### (FOUR) Signing of agreement

The group is not recognized as a related party after it takes effect due to the signing of agreements and arrangements with related parties of the group.

### (FIVE) Pricing of related party transactions

Various related party transactions of the group are negotiated by both parties and carried out on terms no better than those of similar transactions with non related parties. The interest rates of deposits and loans are implemented in accordance with

the interest rates and floating ranges issued by the people's Bank of China.

### (SIX) Related party transactions

The bank has normal banking transactions with related parties in the daily business process, including deposits absorbed and loans issued. The bank's transactions with related parties are conducted in accordance with general commercial terms and normal business procedures, and its pricing principle is consistent with that of independent third-party transactions.

1. The related party transactions between the bank and Jining Rushang Rural Bank Co., Ltd., a subsidiary of the bank, have been offset at the consolidation level.

2. The amount of related party transactions between the bank and legal persons is as follows:

Entry name	Name of related party	2022	Proportion in similar transactions	2021	Proportion in similar transactions
Interest income					
	Jining Chengtuo Holding Group Co., Ltd.	15,632,284.72	0.23%	7,340,131.98	0.12%
	Jining Chengtuo Cultural Tourism Industry Co., Ltd.	14,592,895.83	0.21%	36,768,034.72	0.59%
	Jining Chengtuo Trading Co., Ltd.	9,718,500.00	0.14%		
	Jining Yunhe Machinery Co., Ltd.	1,765,271.12	0.03%	1,485,655.45	0.02%
	Jining Transworld Textile Co., Ltd.	1,739,540.86	0.03%	2,265,310.83	0.04%
	Jining Shende Taihe Management Consulting Co., Ltd.	1,323,878.14	0.02%	1,469,224.85	0.02%
	Shandong Canal Cold Chain Group Co., Ltd.	1,223,572.84	0.02%	1,517,062.50	0.02%
	Jiangling Group Shandong Huayue VEHICLE PARTS Co., Ltd.	597,222.21	0.01%		
	Shandong Jinyu Commerce & Trade Co., Ltd.	574,844.43	0.01%		
	Shandong Shuyue Vehicles Co., Ltd.	455,300.00	0.01%	1,563,825.00	0.02%
	Jining Canal Machinery Co., Ltd.	331,687.50	0.00%		
	Shandong STAR Trailer Manufacturing Co., Ltd.	329,555.57	0.00%	27,550.00	0.00%
	Shandong HUATAI Xinggang Co., Ltd.	4,861.11	0.00%		
	Jining Jiarui Real Estate Co., Ltd.			6,122,277.78	0.10%
	Hengnuo Industrial Co., Ltd.			400,200.00	0.01%
Interest expense					
	Jining Jiarui Real Estate Co., Ltd.	945,625.94	0.03%	1,475,363.81	0.05%
	Jining Dongfang Construction Project Supervision Co., Ltd.	490,161.30	0.01%	441.12	0.00%
	Jining Chengtuo Lvcheng Real Estate Co., Ltd.	467,673.02	0.01%	2,022,142.77	0.07%



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Entry name	Name of related party	2022	Proportion in similar transactions	2021	Proportion in similar transactions
	Jining Chengtou Huijin Micro Loan Co., Ltd.	414,872.26	0.01%	56,149.68	0.00%
	Jining Chengtou Commercial Operation Management Co., Ltd.	244,534.90	0.01%	69,619.35	0.00%
	Liangshan Dongyue Small Loan Co., Ltd.	193,136.85	0.01%	84,963.87	0.00%
	Shandong STAR Trailer Manufacturing Co., Ltd.	57,967.19	0.00%	5,952.23	0.00%
	Jining Chengtou Cultural Tourism Industry Co., Ltd.	56,848.73	0.00%	14,899.06	0.00%
	Jining Salt Industry Company	46,099.31	0.00%		
	Jining Chengtou Holding Group Co., Ltd.	35,708.40	0.00%	63,858.64	0.00%
	Shandong Shuyue Vehicles Co., Ltd.	23,455.81	0.00%	75,896.94	0.00%
	Jining City Investment Property Service Co., Ltd.	22,939.31	0.00%	19,041.73	0.00%
	Jining Xincheng Development Investment Co., Ltd.	16,064.28	0.00%	2,077,946.90	0.07%
	Weiyi Supply Chain Management Co., Ltd.	14,821.86	0.00%	2,918.88	0.00%
	Shandong HUATAI Xinggang Co., Ltd.	13,265.55	0.00%		
	Jining Housing Financing Guarantee Co., Ltd.	12,484.10	0.00%	18,904.61	0.00%
	Jining Transworld Economic Development Textile Co., Ltd.	11,691.55	0.00%	12,314.12	0.00%
	Jining Chengtou Huijin Asset Management Co., Ltd.	11,612.57	0.00%	20,165.35	0.00%
	Jining Chengtou Trading Co., Ltd.	9,102.99	0.00%	15,319.74	0.00%
	Jining Qufu Airport Co., Ltd.	8,411.13	0.00%	11,176.89	0.00%
	Shandong Chengtou YONGGU Heavy Steel Structure Co., Ltd.	8,263.43	0.00%	1,741.09	0.00%
	Jining Chengtou Municipal Garden Co., Ltd.	7,823.97	0.00%	57,601.18	0.00%
	Jining Chengtou Jiahua Real Estate Development Co., Ltd.	7,629.15	0.00%	277,635.33	0.01%
	Jining Transworld Textile Co., Ltd.	7,578.21	0.00%	9,453.52	0.00%
	Jining Chengtou Jinfu Enterprise Management Group Co., Ltd.	6,520.49	0.00%	28,794.49	0.00%
	Jining Transworld Technical Corporation	5,731.35	0.00%	4,278.89	0.00%
	Jining Airport Construction Investment Co., Ltd.	5,685.04	0.00%	698,999.02	0.03%
	Shandong Jining Grand Canal Cultural Industry Development Investment Co., Ltd.	5,258.09	0.00%	14,852.09	0.00%
	Shandong Boyi Automobile Co., Ltd.	4,955.52	0.00%	1,405.84	0.00%
	Wenshang Zhongdu Street Wofu Kindergarten Co., Ltd.	4,092.39	0.00%	3,063.21	0.00%
	Jining Yunhe Machinery Co., Ltd.	4,055.33	0.00%	4,287.85	0.00%
	Jining Education Library Management Supply Station	3,862.87	0.00%	2,156.99	0.00%
	Wenshang County Zhongdu Street Yongxu	3,527.43	0.00%	856.92	0.00%



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Entry name	Name of related party	2022	Proportion in similar transactions	2021	Proportion in similar transactions
	Kindergarten Co., Ltd.				
	Jining Municipal Investment Co., Ltd.	3,105.36	0.00%	3,079.55	0.00%
	Jining Torch Printing Co., Ltd.	3,006.92	0.00%	16,363.57	0.00%
	Jiangling Group Shandong Huayue VEHICLE PARTS Co., Ltd.	2,982.95	0.00%		
	Shandong Sauhoe Fine Chemical Co., Ltd.	2,844.92	0.00%	2,135.32	0.00%
	Jining Water Conservancy Project Construction Supervision Center Co., Ltd.	2,744.85	0.00%	129,558.51	0.00%
	Shandong Jinyu Commerce & Trade Co., Ltd.	2,591.25	0.00%		
	Jining Xincheng Landscaping Co., Ltd.	2,569.44	0.00%	8,416.57	0.00%
	Ruile Kindergarten Co., Ltd., Wenshang Street, Wenshang County	2,393.26	0.00%	931.49	0.00%
	Shandong Jixiang Kangyang Cultural Tourism Development Co., Ltd.	2,209.05	0.00%		
	Jining Caixin Asset Management Co., Ltd.	2,002.81	0.00%	3,007.81	0.00%
	Shandong Nanwei Information Technology Co., Ltd.	1,632.43	0.00%	1,775.81	0.00%
	Shandong Canal Cold Chain Group Co., Ltd.	1,579.53	0.00%	2,821.48	0.00%
	Jining Century Tangren Management Consulting Co., Ltd.	1,451.01	0.00%	444.17	0.00%
	Shandong Aikeduo Commerce and Trade Co., Ltd.	1,440.49	0.00%	1,616.70	0.00%
	Jining Chenghui Energy Co., Ltd.	1,357.11	0.00%	1,559.62	0.00%
	Jining Shengdu Car Rental Co., Ltd.	607.26	0.00%	1,250.93	0.00%
	Shandong Jingzhen Garden Development Group Co., Ltd.	403.14	0.00%	1,027.39	0.00%
	Jining Water Conservancy Investment Co., Ltd.	399.58	0.00%	339.73	0.00%
	Jining Shende Taihe Management Consulting Co., Ltd.	377.77	0.00%	314.42	0.00%
	Jining Chengtuo Intelligent Parking Operation Management Co., Ltd.	360.33	0.00%	815.55	0.00%
	Shandong Yongxu Fuxing Education Technology Co., Ltd.	338.89	0.00%	672.36	0.00%
	Jining Chengtuo Huanghuai Hotel Management Co., Ltd.	333.81	0.00%	61,946.51	0.00%
	Hengnuo Industrial Co., Ltd.	216.83	0.00%	1,756.92	0.00%
	Jining City Investment Cultural Tourism Industry Investment Co., Ltd.	151.59	0.00%	255.94	0.00%
	Jining Yuanyun Engineering Management Co., Ltd.	128.49	0.00%	132.32	0.00%
	Jining Jinyu Storage Co., Ltd.	122.91	0.00%		
	Jining Chengtuo Petrochemical Co., Ltd.	111.5	0.00%	243.89	0.00%
	Jining Chengtuo Jiahua Commercial Development Co., Ltd.	109.48	0.00%	19.08	0.00%

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Entry name	Name of related party	2022	Proportion in similar transactions	2021	Proportion in similar transactions
	Jining Kaicai Investment Service Co., Ltd.	103.21	0.00%	23.67	0.00%
	Jining Shengdu International Conference Center Co., Ltd.	90.69	0.00%	371.18	0.00%
	Jining Canal Machinery Co., Ltd.	55.34	0.00%		
	Jining City Investment Culture and Tourism Development Co., Ltd.	43.41	0.00%	36.94	0.00%
	Jining High Tech Housing Guarantee Co., Ltd.	42.33	0.00%	165.51	0.00%
	Shandong Jinyu Auto City Co., Ltd.	32.78	0.00%		
	Jining Shangru Education Technology Co., Ltd.	24.05	0.00%	23.96	0.00%
	Jining Jinghao Horticulture Plan & Design Institute	23.87	0.00%	52.43	0.00%
	Jining Construction Engineering Quality Supervision, Inspection and Testing Center Co., Ltd.	17.37	0.00%	96.42	0.00%
	Jining Railway Investment Co., Ltd.	0.83	0.00%	0.01	0.00%
	Shandong Leijin Trailer Manufacturing Co., Ltd.	0.29	0.00%	0.59	0.00%
	Hainan Chengtou Chuanglian Industrial Development Co., Ltd.	0.11	0.00%		
	Jining Huarui New Material Co., Ltd.	0.31	0.00%	0.26	0.00%
	Jining Transportation Investment Co., Ltd.	0.65	0.00%	0.69	0.00%
	Jining Chengtou Biguiyuan Real Estate Development Co. LTD			199,045.46	0.01%
	Shandong Bingdong Van Type Vehicle Co., Ltd.			1,133.67	0.00%
	Shandong Chuanglian 3d Technology Co., Ltd.			0.14	0.00%
	Jining Security Service General Company			0.1	0.00%
	Jining Canal Pump Co., Ltd.			0.03	0.00%
	Shandong Huasheng Ruide Municipal Engineering Co., Ltd.			0.01	0.00%
Fee and commission income					
	Jining Chengtou Commercial Operation Management Co., Ltd.			13,466.23	0.02%
	Jining Transworld Economic Development Textile Co., Ltd.			746.11	0.00%
	Shandong Shuyue Vehicles Co., Ltd.			19,198.28	0.02%
	Jining Airport Construction Investment Co., Ltd.			355.20	0.00%
	Shandong STAR Trailer Manufacturing Co., Ltd.			3,594.52	0.00%

**(SEVEN) Related party accounts receivable and payable**

**1. Items receivable**

Entry name	Name of related party	2022	Proportion in similar transactions	2021	Proportion in similar transactions
Deposits with banks					
	QILU BANK Co., Ltd.	80,004,452.36	2.28%	80,009,324.38	5.26%
Loans and advances to customers					
	Jining Chengtuo Cultural Tourism Industry Co., Ltd.	385,423,805.56	0.37%	695,699,951.39	0.82%
	Jining Chengtuo Trading Co., Ltd.	300,313,500.00	0.29%		
	Jining Chengtuo Holding Group Co., Ltd.	185,214,805.56	0.18%	195,229,395.83	0.23%
	Jining Yunhe Machinery Co., Ltd.	28,753,405.91	0.03%	28,753,405.92	0.03%
	Jining Transworld Textile Co., Ltd.	21,041,445.83	0.02%	23,042,799.16	0.03%
	Jiangling Group Shandong Huayue VEHICLE PARTS Co., Ltd.	20,030,555.56	0.02%		
	Jining Shende Taihe Management Consulting Co., Ltd.	15,802,974.12	0.02%	18,365,011.96	0.02%
	Shandong Jinyu Commerce & Trade Co., Ltd.	10,015,277.78	0.01%		
	Shandong Canal Cold Chain Group Co., Ltd.	9,873,566.13	0.01%	20,047,850.00	0.02%
	Jining Canal Aquatic Products Co., Ltd.	9,873,566.13	0.01%		
	Shandong Shuyue Vehicles Co., Ltd.			30,047,850.00	0.04%
	Shandong STAR Trailer Manufacturing Co., Ltd.			10,015,950.00	0.01%

**2. Items payable**

Entry name	Name of related party	2022	Proportion in similar transactions	2021	Proportion in similar transactions
Deposits from customers					
	Jining Jiarui Real Estate Co., Ltd.	58,534,884.33	0.04%	79,094,264.39	0.07%
	Jining Chengtuo Cultural Tourism Industry Co., Ltd.	50,498,120.87	0.04%	394,092.68	0.00%
	Jining Salt Industry Company	39,390,325.30	0.03%		
	Jining Chengtuo Holding Group Co., Ltd.	29,096,279.64	0.02%	302,702,836.67	0.26%
	Jining Chengtuo Lvcheng Real Estate Co., Ltd.	18,771,854.99	0.01%	22,713,314.91	0.02%

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Entry name	Name of related party	2022	Proportion in similar transactions	2021	Proportion in similar transactions
	Jining Dongfang Construction Project Supervision Co., Ltd.	12,284,872.33	0.01%	13,111,696.33	0.01%
	Jining Chengtou Huijin Micro Loan Co., Ltd.	10,359,095.33	0.01%	12,388,222.98	0.01%
	Jining Housing Financing Guarantee Co., Ltd.	8,431,583.48	0.01%	5,350,369.39	0.00%
	Shandong STAR Trailer Manufacturing Co., Ltd.	6,997,729.18	0.00%	2,318,078.64	0.00%
	Jiangling Group Shandong Huayue VEHICLE PARTS Co., Ltd.	2,694,591.43	0.00%		
	Shandong Jining Grand Canal Cultural Industry Development Investment Co., Ltd.	2,310,581.71	0.00%	2,810,185.12	0.00%
	Jining Qufu Airport Co., Ltd.	2,273,072.35	0.00%	2,412,778.94	0.00%
	Weiyi Supply Chain Management Co., Ltd.	1,876,860.51	0.00%	1,073,272.18	0.00%
	Shandong Chengtou YONGGU Heavy Steel Structure Co., Ltd.	1,771,203.79	0.00%	7,342.79	0.00%
	Jining Education Library Management Supply Station	1,617,790.67	0.00%	1,137,614.77	0.00%
	Jining City Investment Property Service Co., Ltd.	1,395,727.09	0.00%	7,701,109.40	0.01%
	Jining Yunhe Machinery Co., Ltd.	1,148,945.85	0.00%	1,664,391.16	0.00%
	Jining Transworld Economic Development Textile Co., Ltd.	987,526.33	0.00%	11,009,237.03	0.01%
	Jining Chengtou Municipal Garden Co., Ltd.	957,523.52	0.00%	21,787.31	0.00%
	Jining Shengdu Car Rental Co., Ltd.	897,419.29	0.00%	84,554.56	0.00%
	Jining Chenghui Energy Co., Ltd.	772,115.08	0.00%	121,318.86	0.00%
	Jining Xincheng Landscaping Co., Ltd.	687,099.59	0.00%	2,353,084.39	0.00%
	Jining Chengtou Huijin Asset Management Co., Ltd.	600,198.65	0.00%	45,647.39	0.00%
	Jining Century Tangren Management Consulting Co., Ltd.	468,422.32	0.00%	342,268.00	0.00%
	Shandong Boyi Automobile Co., Ltd.	304,767.78	0.00%	80,944.18	0.00%
	Jining Chengtou Jiahua Commercial Development Co., Ltd.	300,105.42	0.00%	11,040.26	0.00%
	Wenshang Yongxu Kindergarten Co., Ltd.	267,774.83	0.00%	2,523,539.60	0.00%
	Jining Torch Printing Co., Ltd.	262,566.22	0.00%	3,009,438.49	0.00%
	Jining Transworld Textile Co., Ltd.	213,942.95	0.00%	228,326.06	0.00%
	Shandong Sauhoe Fine Chemical Co., Ltd.	188,585.50	0.00%	3,137,841.91	0.00%
	Jining Xincheng Development Investment Co., Ltd.	180,372.30	0.00%	14,587,639.56	0.01%
	Jining Airport Construction Investment Co., Ltd.	143,991.79	0.00%	427,582.41	0.00%
	Wenshang Wofu Kindergarten Co., Ltd.	135,027.78	0.00%	3,718,289.77	0.00%
	Shandong Jixiang Kangyang Cultural Tourism Development Co., Ltd.	64,269.68	0.00%		

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	Jining Municipal Investment Co., Ltd.	52,320.45	0.00%	46,990.77	0.00%
	Jining Water Conservancy Project Construction Supervision Center Co., Ltd.	50,016.31	0.00%	801,378.23	0.00%
	Shandong Nanwei Information Technology Co., Ltd.	50,010.69	0.00%	346,897.45	0.00%
	Jining Chengtuo Commercial Operation Management Co., Ltd.	50,005.57	0.00%	27,065,505.66	0.02%
	Jining Yuanyun Engineering Management Co., Ltd.	50,005.48	0.00%	45,998.21	0.00%
	Jining Chengtuo Huanghuai Hotel Management Co., Ltd.	50,005.45	0.00%	50,021.34	0.00%
	Jining Kaicai Investment Service Co., Ltd.	50,005.35	0.00%	24,460.21	0.00%
	Jining Chengtuo Intelligent Parking Operation Management Co., Ltd.	50,005.24	0.00%	50,048.63	0.00%
	Jining Transworld Technical Corporation	47,092.77	0.00%	22,478.68	0.00%
	Jining Jinyu Storage Co., Ltd.	46,272.48	0.00%		
	Jining Shende Taihe Management Consulting Co., Ltd.	43,211.41	0.00%	34,496.17	0.00%
	Jining Chengtuo Petrochemical Co., Ltd.	40,855.20	0.00%	50,005.85	0.00%
	Shandong Canal Cold Chain Group Co., Ltd.	40,334.11	0.00%	575,540.44	0.00%
	Shandong Yongxu Fuxing Education Technology Co., Ltd.	30,887.91	0.00%	284,964.02	0.00%
	Jining Water Conservancy Investment Co., Ltd.	26,479.44	0.00%	1,670.23	0.00%
	Jining High Tech Housing Guarantee Co., Ltd.	24,332.98	0.00%	6,822.91	0.00%
	Jining Chengtuo Jinfu Enterprise Management Group Co., Ltd.	23,231.84	0.00%	43,274.22	0.00%
	Shandong Aikedom Commerce and Trade Co., Ltd.	21,516.28	0.00%	682,096.86	0.00%
	Jining Caixin Asset Management Co., Ltd.	20,060.88	0.00%	7,822.32	0.00%
	Wenshang Ruile Kindergarten Co., Ltd.	18,607.11	0.00%	1,071,331.38	0.00%
	Jining Shengdu International Conference Center Co., Ltd.	15,191.70	0.00%	21,253.41	0.00%
	Jining Chengtuo Trading Co., Ltd.	14,371.79	0.00%	50,230.53	0.00%
	Shandong Jinyu Commerce & Trade Co., Ltd.	12,885.90	0.00%		
	Shandong Shuyue Vehicles Co., Ltd.	11,207.18	0.00%	36,980,801.12	0.03%
	Hengnuo Industrial Co., Ltd.	10,223.20	0.00%	13,383.77	0.00%
	Shandong Jinyu Auto City Co., Ltd.	9,259.89	0.00%		
	Jining Canal Aquatic Products Co., Ltd.	8,597.84	0.00%		
	Jining Shangru Education Technology Co., Ltd.	6,793.29	0.00%	6,769.24	0.00%

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Entry name	Name of related party	2022	Proportion in similar transactions	2021	Proportion in similar transactions
	Jining City Investment Culture and Tourism Development Co., Ltd.	2,536.87	0.00%	50,000.59	0.00%
	Jining Chengtou Jiahua Real Estate Development Co., Ltd.	2,404.06	0.00%	48,661.52	0.00%
	Jining City Investment Cultural Tourism Industry Investment Co., Ltd.	2,031.78	0.00%	2.92	0.00%
	Shandong HUATAI Xinggang Co., Ltd.	858.15	0.00%		
	Jining Jinghao Horticulture Plan & Design Institute	764.15	0.00%	19,180.40	0.00%
	Jining Transportation Investment Co., Ltd.	200.34	0.00%	200.74	0.00%
	Jining Huarui New Material Co., Ltd.	100.22	0.00%	77.27	0.00%
	Hainan Chengtou Chuanglian Industrial Development Co., Ltd.	100.11	0.00%		
	Shandong Leijin Trailer Manufacturing Co., Ltd.	86.32	0.00%	86.03	0.00%
	Jining Construction Engineering Quality Supervision, Inspection and Testing Center Co., Ltd.	57.91	0.00%	116.33	0.00%
	Jining Canal Pump Co., Ltd.	5.71	0.00%	5.71	0.00%
	Shandong Jingzhen Garden Development Group Co., Ltd.	1.47	0.00%	20.00	0.00%
	Shandong Chuanglian 3d Technology Co., Ltd.	0.14	0.00%	0.14	0.00%
	Liangshan Dongyue Small Loan Co., Ltd.			6,404,102.84	0.01%
	Shandong Bingdong Van Type Vehicle Co., Ltd.			41,253.36	0.00%
	Jining Chengtou Biguiyuan Real Estate Development Co. LTD			1,149.78	0.00%

**(EIGHT) Commitments of related parties**

The following are the commitments related to related parties signed by the bank on the balance sheet date but not yet listed on the balance sheet:

Project name	Name of related party	2022	Proportion in similar transactions	2021	Proportion in similar transactions
Letter of Guarantee					
	Jining Airport Construction Investment Co., Ltd.	141,800.00	0.01%	141,800.00	0.02%
	Jining Water Conservancy Project Construction Supervision Center Co., Ltd.			727,925.00	0.08%
Bank acceptance bill					
	Jining Chengtou Cultural Tourism Industry Co., Ltd.	50,000,000.00	0.20%		

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Project name	Name of related party	2022	Proportion in similar transactions	2021	Proportion in similar transactions
	Jining Salt Industry Company	36,671,997.16	0.15%		
	Shandong STAR Trailer Manufacturing Co., Ltd.	14,306,340.00	0.06%	38,396,568.91	0.20%
	Jiangling Group Shandong Huayue VEHICLE PARTS Co., Ltd.	4,648,570.00	0.02%		
	Shandong Shuyue Vehicles Co., Ltd.			38,396,568.91	0.20%
	Jining Chengtuo Commercial Operation Management Co., Ltd.			26,932,451.21	0.14%
	Jining Airport Construction Investment Co., Ltd.			285,000.00	0.00%

## ELEVEN. Commitments and contingencies

### (ONE) Important commitments

#### 1. Important commitments existing on the balance sheet date

##### Group

Project	31, December, 2022	31, December, 2021
Banker's acceptance bill	24,494,577,323.90	19,169,660,496.41
Issuing of credit	2,035,195,184.76	1,585,470,521.87
Open a letter of guarantee/SBLC payable	1,164,763,483.38	904,979,977.17
Total	27,694,535,992.04	21,660,110,995.45

##### The Bank

Project	31, December, 2022	31, December, 2021
Banker's acceptance bill	24,130,166,664.24	18,803,204,863.86
Issuing of credit	2,035,195,184.76	1,585,470,521.87
Open a letter of guarantee/SBLC payable	1,159,128,083.38	886,517,086.07
Total	27,324,489,932.38	21,275,192,471.80



## 2. Trusted business

### (1) Entrusted loan business

#### Group

Project	31, December, 2022	31, December, 2021
Entrusted deposits	1,875,534,679.90	2,196,939,652.09
Entrusted loans	1,875,534,679.90	2,196,939,652.09

Note: Entrusted deposit refers to the money deposited by the depositor in the Group, which is only used to issue loans to a third party designated by the depositor. The credit risk associated with the loan is borne by the depositor.

#### The Bank

Project	31, December, 2022	31, December, 2021
Entrusted deposits	1,380,757,990.85	1,702,162,963.04
Entrusted loans	1,380,757,990.85	1,702,162,963.04

### (2) Entrusted financial management

#### Group and The Bank

Project	31, December, 2022	31, December, 2021
Entrusted wealth management funds	6,871,975,430.10	7,941,175,130.16
Entrusted financial assets	6,898,057,351.46	8,041,614,069.06

Note: Entrusted financial management business refers to the business in which the Group conducts investment and asset management based on the principal paid by the customer in accordance with the investment plan and method agreed with the customer in advance, and pays income to the customer according to the agreed conditions and actual investment income. The investment risk is borne by the customer. Only non breakeven financial products are included here. During the year, the Group actively promoted the net worth transformation of financial services and issued net worth financial products that met the requirements of regulators. At the end of 2022, the Group's product system includes closed end financing products, regular

open end financing products, and cash management type financing products, among which regular open end financing products include fixed opening in January, fixed opening in March, and fixed opening in June. In 2022, the group issued 52 phases of financial products in total, and the total amount raised in the whole year was 11.636 billion yuan, including 2.903 billion yuan for closed net worth financial products, 4.892 billion yuan for regular open-ended financial products, 3.841 billion yuan for cash management products. As of the end of the reporting period, the scale of various financial products existing in the group's financial management was 6.891 billion yuan, an decrease of 14.05% compared to the end of the previous year.

## **(TWO) Contingencies**

### **1. Important contingencies existing on the balance sheet date**

During the reporting period, the group has no important contingencies to be disclosed.

## **TWELVE. Events after the balance sheet date**

The Group has no subsequent events that need to be disclosed.

