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

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

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(A joint stock company incorporated in the People's Republic of China with limited liability)
(stock code: 2558)

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR 2022**
- (2) WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2022**
- (3) PROFIT DISTRIBUTION PLAN FOR 2022**
- (4) REPORT OF FINAL FINANCIAL ACCOUNTS FOR 2022**
- (5) FINANCIAL BUDGET FOR 2023**
- (6) REPORT OF THE BOARD OF SUPERVISORS ON SUPERVISION AND ASSESSMENT ON THE PERFORMANCE OF DUTIES BY DIRECTORS DURING 2022**
- (7) REPORT OF THE BOARD OF SUPERVISORS ON ASSESSMENT ON THE PERFORMANCE OF DUTIES BY SUPERVISORS DURING 2022**
- (8) REPORT OF THE BOARD OF SUPERVISORS ON SUPERVISION AND ASSESSMENT ON THE PERFORMANCE OF DUTIES BY SENIOR MANAGEMENT DURING 2022**
- (9) APPOINTMENT OF AUDITORS TO AUDIT FINANCIAL STATEMENTS FOR 2023**
- (10) PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES ON WRITE-OFF OF BAD DEBTS OF JINSHANG BANK CO., LTD.**
- (11) ISSUANCE OF BONDS AS CAPITAL INSTRUMENTS**
- (12) REPORT ON RELATED PARTY TRANSACTIONS FOR 2022 AND**
- (13) NOTICE OF THE 2022 ANNUAL GENERAL MEETING**

The letter from the Board is set out on pages 3 to 10 of this circular.

The Bank will convene the AGM at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC at 10:00 a.m. on Friday, June 9, 2023. The notice of the AGM is set out on pages 76 to 79 of this circular and was despatched by the Bank on Wednesday, May 10, 2023.

Whether or not you intend to attend and/or vote at the AGM in person, you are requested to complete the proxy form in accordance with the instructions printed thereon and H shareholders shall return the proxy form to our Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event, not later than 24 hours before the scheduled time (10:00 a.m. on Thursday, June 8, 2023) for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending in person and voting at the AGM should you so wish, in this case, the instrument appointing the proxy should be deemed withdrawn. The proxy forms for the AGM were despatched on Wednesday, May 10, 2023.

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

May 10, 2023

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DEFINITIONS

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

“AGM” or “2022 AGM” or “Annual General Meeting”	the annual general meeting of the Bank to be held at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC at 10:00 a.m. on Friday, June 9, 2023, or any adjournment thereof
“Articles of Association”	the Articles of Association of the Bank, as amended, modified or otherwise supplemented from time to time
“Bank” or “our Bank”	Jinshang Bank Co., Ltd.* (晉商銀行股份有限公司), a joint stock company established on October 16, 1998 in the PRC with limited liability pursuant to the relevant PRC laws and regulations, and, if the context requires, includes its predecessors, branches and sub-branches, excluding its subsidiary
“Board” or “Board of Directors”	the Board of Directors of the Bank
“Board of Supervisors”	the Board of Supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), a regulatory authority formed via the merger of the CBRC and CIRC according to the Notice of the State Council regarding the Establishment of Organizations (Guo Fa [2018] No. 6) (《國務院關於機構設置的通知》(國發[2018]6號)) issued by the State Council on March 24, 2018, and, if the context requires, includes its predecessors, namely the CBRC and CIRC
“China” or “PRC”	the People’s Republic of China
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Bank
“Domestic Shares”	the ordinary shares issued by the Bank with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi

DEFINITIONS

“H Shares”	the ordinary shares issued by the Bank with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed and traded on the Hong Kong Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HK\$” or “HKD” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Reporting Period”	the year ended December 31, 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the Shares
“Shares”	the Domestic Share(s) and H Share(s) of the Bank
“substantial shareholder(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules
“Supervisor(s)”	the supervisor(s) of the Bank
“%”	per cent

LETTER FROM THE BOARD



JINSHANG BANK CO., LTD.*
晉商銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(stock code: 2558)

Executive Directors:

Ms. HAO Qiang (郝強) (*Chairwoman*)
Mr. ZHANG Yunfei (張雲飛) (*Vice Chairman*)

Non-executive Directors:

Mr. LI Shishan (李世山)
Mr. MA Hongchao (馬洪潮) (*Vice Chairman*)^{Δ#}
Mr. LIU Chenhang (劉晨行)
Mr. LI Yang (李楊)
Mr. WANG Jianjun (王建軍)

Independent non-executive Directors:

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

*Registered Address and Address
of Head Office:*

No. 59 Changfeng Street
Xiaodian District
Taiyuan
Shanxi Province, the PRC

*Principal Place of Business
in Hong Kong:*

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

Δ Subject to the approval of vice chairman qualification by the banking regulatory authorities.

Subject to the approval of their qualifications as directors by the banking regulatory authorities. Until these persons' qualifications as directors are approved, Mr. XIANG Lijun, Mr. JIN Haiteng, Mr. SUN Shihu and Mr. YE Xiang continue to perform their duties as non-executive Directors or independent non-executive Directors.

LETTER FROM THE BOARD

To the Shareholders

Dear Sir or Madam,

- (1) **WORK REPORT OF THE BOARD OF DIRECTORS FOR 2022**
- (2) **WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2022**
- (3) **PROFIT DISTRIBUTION PLAN FOR 2022**
- (4) **REPORT OF FINAL FINANCIAL ACCOUNTS FOR 2022**
- (5) **FINANCIAL BUDGET FOR 2023**
- (6) **REPORT OF THE BOARD OF SUPERVISORS ON SUPERVISION AND ASSESSMENT ON THE PERFORMANCE OF DUTIES BY DIRECTORS DURING 2022**
- (7) **REPORT OF THE BOARD OF SUPERVISORS ON ASSESSMENT ON THE PERFORMANCE OF DUTIES BY SUPERVISORS DURING 2022**
- (8) **REPORT OF THE BOARD OF SUPERVISORS ON SUPERVISION AND ASSESSMENT ON THE PERFORMANCE OF DUTIES BY SENIOR MANAGEMENT DURING 2022**
- (9) **APPOINTMENT OF AUDITORS TO AUDIT FINANCIAL STATEMENTS FOR 2023**
- (10) **PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES ON WRITE-OFF OF BAD DEBTS OF JINSHANG BANK CO., LTD.**
- (11) **ISSUANCE OF BONDS AS CAPITAL INSTRUMENTS**
- (12) **REPORT ON RELATED PARTY TRANSACTIONS FOR 2022 AND**
- (13) **NOTICE OF THE 2022 ANNUAL GENERAL MEETING**

I. INTRODUCTION

The AGM will be held at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC at 10:00 a.m. on Friday, June 9, 2023. The following resolutions will be proposed at the AGM for the Shareholders to consider and, if thought fit, to approve: (1) the Work Report of the Board of Directors for 2022; (2) the Work Report of the Board of Supervisors for 2022; (3) the Profit Distribution Plan for 2022; (4) the Report of Final Financial Accounts for 2022; (5) the Financial Budget for 2023; (6) the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Directors during 2022; (7) the Report of the Board of Supervisors on Assessment on the Performance of Duties by Supervisors during 2022; (8) the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Senior Management during 2022; (9) Appointment of Auditors to Audit Financial Statements for 2023; (10) Proposed Amendments to the Administrative Measures on Write-off of Bad Debts of Jinshang Bank Co., Ltd.; and (11) Issuance of Bonds as Capital Instruments. In the meantime, Shareholders will listen to the Report on Related Party Transactions for 2022. The notice of the AGM is set out on pages 76 to 79 of this circular.

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

LETTER FROM THE BOARD

II. MATTERS TO BE RESOLVED AT THE AGM

1. Work Report of the Board of Directors for 2022

For the Work Report of the Board of Directors for 2022, please refer to Appendix I to this circular.

2. Work Report of the Board of Supervisors for 2022

For the Work Report of the Board of Supervisors for 2022, please refer to Appendix II to this circular.

3. Profit Distribution Plan for 2022

On March 28, 2023, the Board resolved to submit to the Shareholders for their consideration and approval of the following profit distribution plan for the year ended December 31, 2022:

- (i) Appropriation of statutory surplus reserve. RMB184,154,505.95 or 10% of the net profit for 2022 will be appropriated to the statutory surplus reserve;
- (ii) Appropriation of general risk reserve. RMB581,055,467.63 will be appropriated to the general reserve pursuant to the requirements of the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) (《金融企業準備金計提管理辦法》(財金[2012]20號)) and the Articles of Association of the Bank;
- (iii) Appropriation of discretionary surplus reserve. Pursuant to the requirements of the Company Law of the PRC, RMB184,154,505.95 or 10% of the net profit for 2022 will be appropriated to the discretionary surplus reserve;
- (iv) Based on 5,838,650,000 paid-up shares, including 4,868,000,000 Domestic Shares and 970,650,000 H Shares, at the end of 2022, a cash dividend of RMB10 (tax inclusive) for every 100 Shares for 2022 will be distributed to all Shareholders, amounting to RMB583,865,000 in aggregate. Dividends for H Shares will be paid in Hong Kong dollars, applicable to the average middle exchange rate of RMB to HKD as announced by the People's Bank of China prevailing five business days preceding the date of declaration of such dividends at the AGM (including the date thereof);
- (v) The balance of RMB2,485,007,780.26 will be carried forward to the subsequent year.

LETTER FROM THE BOARD

The final dividends, if approved by the 2022 AGM, are expected to be paid on July 28, 2023.

The Bank's register of members of Domestic Shares and register of members of H Shares will be closed from Friday, June 16, 2023 to Wednesday, June 21, 2023 (both days inclusive). Shareholders whose names appear on the H share register of members and domestic share register of members of the Bank on Wednesday, June 21, 2023 will be entitled to receive the final dividends. The holders of H Shares who qualify for receiving the final dividends shall lodge all transfer documents accompanied by the relevant H share certificates with the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong to process the registration no later than 4:30 p.m. on Thursday, June 15, 2023.

4. Report of Final Financial Accounts for 2022

For details of the audited final financial accounts for the year ended December 31, 2022 prepared in accordance with the International Financial Reporting Standards, please refer to the financial statements in the annual results announcement of the Bank for the year ended December 31, 2022 dated March 28, 2023 and the annual report of the Bank for the year ended December 31, 2022.

5. Financial Budget for 2023

Based on the demand for the Bank's strategic development and business expansion, the Bank plans to arrange capital expenditure of approximately RMB526.07 million in 2023, details of which are as follows:

- (1) Purchases, construction and renovation of business premises of approximately RMB249.69 million, mainly used for expenditure on projects such as purchases, decoration and renovation and optimization of layout of new outlets and original properties for business and office, etc.;
- (2) Purchases of equipment of approximately RMB64.95 million, mainly used for construction of science and technology such as database expansion and security equipment, as well as for purchases of electronic equipment for business and office uses, machinery equipment, and business vehicles; and
- (3) Investment in IT construction of approximately RMB211.43 million, mainly used for expenditure on construction-based, demand development-based and auxiliary tool-based IT projects and others.

LETTER FROM THE BOARD

6. Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Directors during 2022

For the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Directors during 2022, please refer to Appendix III to this circular.

7. Report of the Board of Supervisors on Assessment on the Performance of Duties by Supervisors during 2022

For the Report of the Board of Supervisors on Assessment on the Performance of Duties by Supervisors during 2022, please refer to Appendix IV to this circular.

8. Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Senior Management during 2022

For the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Senior Management during 2022, please refer to Appendix V to this circular.

9. Appointment of Auditors to Audit Financial Statements for 2023

An ordinary resolution will be proposed at the 2022 AGM to consider and, where appropriate, approve the appointment of Ernst & Young Hua Ming LLP as the domestic auditor of the Bank for the year 2023, and the appointment of Ernst & Young as the international auditor of the Bank for the year 2023, to hold office until the conclusion of the next annual general meeting of the Bank. The audit fees for the domestic and international financial statements for 2023 and the review fee for the international half-yearly financial statements are expected to be approximately RMB3.98 million.

10. Proposed Amendments to the Administrative Measures on Write-off of Bad Debts of Jinshang Bank Co., Ltd.

To further strengthen the Bank's management of writing off bad debts and better regulate and guide the write-off of bad debts of the Bank, the Board has proposed amendments to the Administrative Measures on Write-off of Bad Debts of Jinshang Bank Co., Ltd., which deal with (i) further improvement in the responsibilities of relevant functional departments; (ii) further specification of the supporting materials for write-offs; (iii) further standardization of the write-off procedures; and (iv) refinement of the wording. For the revised administrative measures for the write-off of bad debts, please refer to Appendix VI to this circular.

LETTER FROM THE BOARD

11. Issuance of Bonds as Capital Instruments

On March 28, 2023, the Board resolved to propose a plan to issue bonds as capital instruments to the Shareholders for their consideration and approval:

(1) Total issue size

The total issue size is no more than RMB10 billion.

(2) Type of instruments

The bonds to be issued may be write-down undated capital bonds, which can be used to replenish other tier-one capital of a commercial bank, or may be a qualified tier-two capital instrument with a write-down clause but no share conversion clause.

(3) Market of issuance

The market of issuance will be the domestic interbank bond market.

(4) Duration of bonds

The duration of the undated capital bonds is as long as the subsisting of the Bank on a going concern basis; and the duration of the tier-two capital bonds shall be no less than five years.

(5) Means of loss absorption

When the trigger event set out in the offering document occurs, the loss will be absorbed by means of write-down.

(6) Interest rate

The interest rate will be determined with reference to the market interest rate.

(7) Use of proceeds

The proceeds will be used to replenish other tier-one and tier-two capital of the Bank.

(8) Authorization to the Board

The Board of Directors is authorized to delegate the matters concerning the above issue of capital instruments to the senior management; provided that applicable national policies are followed, as well as market conditions and needs of the Bank's asset and liability management are taken into account, the senior management is authorized to make appropriate adjustments to the terms (including but not limited to the determination of the amount on current issue, duration and interest rate, and retention arrangements) of the issue as specifically required by the regulators and to the extent that the issue plan

LETTER FROM THE BOARD

determined by the Board of Directors allows; the senior management is authorized to take other necessary actions (including but not limited to engaging necessary bond underwriters, credit rating agencies, law firms, accounting firms, third-party appraisers, or other professionals) to complete the issue of the above capital instruments; and the senior management is authorized to handle all relevant matters such as interest payment, redemption, and write-down in accordance with the regulations and approval requirements stipulated by the relevant regulators during the term to maturity of the above capital instruments. The authorizations shall be valid for 36 months from the date of approval at the AGM.

III. OTHERS

In addition, the Shareholders will listen to the report on related party transactions of the Bank for 2022 at the 2022 AGM, the text of which is set out in Appendix VII to this circular.

IV. THE AGM

The AGM will be held at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC at 10:00 a.m. on Friday, June 9, 2023, to consider and, if thought fit, approve the resolutions relating to the matters set out in the notice of the AGM. The proxy form has been despatched to the Shareholders on Wednesday, May 10, 2023. The notice of the AGM is set out on pages 76 to 79 of this circular.

The Bank's register of members of H Shares will be closed from Tuesday, June 6, 2023 to Friday, June 9, 2023 (both days inclusive), during which no transfer of H Shares will be effected. The Shareholder(s) whose name(s) appear(s) in the Bank's register of Shareholders as at the close of business on Monday, June 5, 2023 shall be entitled to attend and vote at the AGM. H shareholders of the Bank who intend to attend and vote at the 2022 AGM shall deliver all transfer documents together with relevant share certificates and other appropriate documents for registration to the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by 4:30 p.m. on Monday, June 5, 2023.

If the instrument appointing the proxy is signed by a person authorized by the appointer, the power of attorney or other authorization documents under which the instrument is signed must be notarized and shall be deposited together and at the same time with the instrument appointing the proxy. To be valid, the proxy form together with a copy of the notarized power of attorney or other authorization documents must be delivered by H shareholders to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 24 hours before the scheduled time for the commencement of the AGM (i.e. 10:00 a.m. on Thursday, June 8, 2023) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish, only in such event, the instrument appointing a proxy will be deemed to be revoked.

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

V. RECOMMENDATIONS

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

VI. ADDITIONAL INFORMATION

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

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

Taiyuan, May 10, 2023

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

In 2022, facing a complex and severe market situation and the ongoing impact of COVID-19, the Board of the Bank, under the strong leadership of the Party Committee of the head office, always adhered to the guidance of “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era”, resolutely persevered the spirits of the 20th CPC National Congress, comprehensively implemented the decision-making and arrangement of the provincial party committee and the provincial government, firmly adhered to the two themes of security, stability and high-quality development, maintained strategic focus, adhered to the transformation direction, continued to improve corporate governance, strictly stuck to risk management, maintained a good momentum of healthy, stable and sustained development throughout the year, and achieved good operating results. The Board hereby reports its work performance in 2022 as follows:

I. OPERATING RESULTS ACHIEVED (RELEVANT FIGURES ARE FROM THE BANK)

As of the end of 2022, the Bank’s total assets reached RMB336.214 billion, increased by RMB33.563 billion or 11.09% as compared to the beginning of the year, while each type of deposits from customers reached RMB247.878 billion, increased by RMB52.768 billion or 27.05% as compared to the beginning of the year; and each balance of loans reached RMB186.383 billion, increased by RMB30.363 billion or 19.46% as compared to the beginning of the year. The Bank’s net profit in 2022 was RMB1.842 billion, representing an increase of 8.83% from RMB1.692 billion in 2021. As of the end of 2022, the Bank’s non-performing loans rate was 1.80%, decreased by 0.03 percentage point as compared to the beginning of the year; return on capital was 8.15%, increased by 0.31 percentage point as compared to the beginning of the year; capital adequacy ratio reached 12.38% with tier-one capital adequacy ratio and core tier-one capital adequacy ratio of 10.47%, and allowance coverage ratio of 176.86%. All the main regulatory indicators were in line with the regulatory requirements. The Bank ranked 391st among the “Top 1000 World Banks 2022” issued by the British magazine The Banker in terms of tier-one capital and ranked 74th in the China Banking Association’s “List of Top 100 Banking Industry of China in 2022”. In the regulatory ratings by the CBIRC, the regulatory rating of the Bank continued to maintain good, with the corporate credit rating reaching AAA, and new accomplishments have been achieved in various tasks, and maintained a good momentum with sustained, steady and healthy development.

II. MAIN WORK PERFORMED

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

Focusing on high-quality development, adhering to the general keynote of seeking progress in a stable manner, the Board strengthened the guidance of the 2021-2025 Development Strategic Plan and oversaw and promoted the implementation of the strategies with the focus on strategy vision and development goal. Firstly, the Board strengthened strategic goals and conducted initiatives to meet the standards of advanced peers in the industry in every aspect and in depth by discovering gaps, eliminating drawbacks, as well as promoting the achieving of strategic goals while enhancing quality and increasing efficiency to align with

first class. Secondly, the Board strengthened strategy implementation, improved strategic assessment and supervision mechanism, made every effort to support senior management and to promote the implementation of the strategies, meanwhile, it increased the tracking and valuation of the progress of strategy implementation. Thirdly, the Board strengthened strategy coaching, carried out strategy coaching in the process of strategy implementation, enhanced professional capabilities, and effectively promoted the implementation of the strategies, Fourthly, the Board strengthened the digital transformation, responded to new trends in financial and technological development, strengthened its strategic presence in financial and technological areas, firmly promoted the strategy of digitalized transformation, developed and implemented strategic plans for data governance and approve major matters such as regulatory statistics and data quality management.

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

The Board conscientiously implemented the requirements of the Three-Year Action Plan for Improving Corporate Governance in the Banking and Insurance Industry (2020-2022) (《健全銀行業保險業公司治理三年行動方案(2020–2022年)》) published by the CBIRC, continued to enhance corporate governance and further improved the compliance and effectiveness in corporate governance. Firstly, the Board continuously promoted the organic integration of the leadership of the Party and corporate governance, and strictly put the study of the Party Committee in first place, to ensure the role of the Communist Party in direction guidance, priority management and plan implementation. Secondly, the Board made amendments to the rules of the Bank, such as the Articles of Association, the Rules of Procedures for the Shareholders' General Meeting and the Rules of Procedures for the Board of Directors, pursuant to the newly released Corporate Governance Standards for Banking and Insurance Institutions and the latest changes in the requirements of regulatory policies, and improved corporate governance systems. Thirdly, the Board convened and held Shareholders' general meetings and Board meetings in accordance with the law and regulations. A total of 2 shareholders' general meetings, 8 Board meetings and 29 meetings of the special committees under the Board were convened throughout 2022, at which a total of 64 proposals were considered, and 57 reports were debriefed. All the Directors are diligent and dedicated and the function of scientific decision-making was effectively leveraged. Fourthly, the Board organized the replacement of the Board on schedule, held a shareholders' general meeting on December 22, 2022 to elect the sixth session Board of Directors, supplemented and strengthened the diversity and professionalism of the members of the Board of Directors, continuously improved the composition of the Board of Directors and enhanced the effectiveness of the Directors in performing their duties. Fifthly, the Board strengthened the shareholders and equity management, continuously optimized the shareholding structure and carried out the verification of shareholder shareholding penetration information, prudently assessed the qualifications and performance of substantial shareholders and regulated the conducting of connected transactions and continuously regulated conducts of substantial shareholders.

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

The Board firmly implemented the philosophy of saving capital, emphasized improving the efficiency of capital uses, and urged the Bank to maintain a reasonable level of capital adequacy. Firstly, the Board practically fulfilled its capital management obligations, reviewed and formulated plans for annual capital adequacy ratio management, heard reports on capital adequacy ratio management and internal capital adequacy assessment on a regular basis, and continued to pay attention to capital adequacy and the trend of capital movement, to ensure maintaining a reasonable level of capital adequacy ratio and continuously meeting the regulatory requirements. Secondly, the Board strengthened collective capital management, improved the pricing management capabilities and capital burning appraisal, continuously optimized the assets and liabilities structure, directed capital to capital-lite business and improved the efficiency of capital uses. Thirdly, the Board arranged capital replenishment in an overall manner by actively expanding external channels to replenish capital while continuously strengthening its ability to replenish capital with internal resources. Based on the successful issuance of RMB2 billion of tier-two capital bonds in 2021, the Bank actively promoted the issuance of capital bonds with indefinite term of RMB4 billion in 2022.

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

The Board held firm to the operation and development concept of “prudent compliance and stable operation”. The Board continuously improved the overall risk management structure, strictly sticking to compliance operation and risk management, effectively gave play to the role of internal and external audit and supervision, and ensured the Bank’s safe and stable development. Firstly, the Board optimized the top-level design, established a long-lasting mechanism under which the Communist Party is in charge of the risk management work, integrated the leadership of the Communist Party into all respects of risk management, actively implemented the Three-Year Action Plan for Safe Development, and prevented and addressed material risks in a practical manner. Secondly, the Board continuously enhanced overall risk management by formulating or revising to improve such systematic documents as the Annual Guidelines on Risk Management of Jinshang Bank (《晉商銀行年度風險管理指導意見》), Administrative Measures for the Restoration and Handling Plans of Jinshang Bank (《晉商銀行恢復和處置計劃管理辦法》), Administrative Measures for Risk Appetite of Jinshang Bank (《晉商銀行風險偏好管理辦法》) and Administrative Measures of Jinshang Bank for the Implementation of Expected Credit Loss Approach (2022 Version) (《晉商銀行預期信用損失法實施管理辦法(2022年版)》), which constitute the policy framework of overall risk management; they listened to senior management’s reports on overall risk management, information technology risk management, operational risk management, liquidity risk management, compliance risk management and business continuity management on a regular basis, and prudently assessed the overall risk management and the effectiveness of risk management measures of the Bank, never crossing the line for risk prevention and control. Thirdly, the Board continuously strengthened internal control compliance, constantly improved the means of legal compliance management, consolidated legal compliance culture, improved the legal compliance management system, increased assessment on internal control and compliance activities on self-inspection and self-rectification, continued to promote the special

activities of “Year of System Implementation (制度執行年)”, highlighted key regulatory problems and issues identified during external inspections and the implementation of rectification and continued to improve the level of internal control compliance management. Fourthly, the Board continuously enhanced oversight over audit, scientifically formulated audit plans, and focused on the audit supervision on key businesses, important links and critical areas, conscientiously heard reports on internal and external audit as well as various audits matters, and continued to pay attention to the rectifications of audit issues, and gave full play to the supervision of audit and evaluation functions, and contributed to improve the management level of the whole Bank.

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

The Board strictly complied with the domestic and foreign regulatory regulations, adhered to the principles of truthfulness, accuracy, promptness, completeness and fairness, conducted information disclosure in a compliant and efficient manner, highly emphasized on investor relations management and shareholders’ investment return, and effectively safeguarded the rights and interests of shareholders. 46 announcements were issued on the Hong Kong Stock Exchange in 2022, including annual report, interim report and other periodic reports, interim announcements, monthly returns on movements in securities and corporate governance documents and so on. The Board faithfully, accurately, promptly and completely fulfilled its obligation of information disclosure, and effectively protected the information right of investors, especially small and medium-sized investors. The profit distribution resolutions were considered and approved at the annual general meeting, actively providing shareholders with reasonable investment returns.

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

The Board adhered to the concept of social responsibility, actively integrated into regional development, and used various financing methods and more efficient and convenient financial products and services to effectively support local economic and social development; kept promoting inclusive finance, launched innovative financial products such as “credit loan”, “bill loan for small and micro enterprises”, “financing guarantee and trade credit” and “Specialized, Refinement, Differential and Innovation loans”, continuously increased credit loans to small and micro enterprises and actively supported the development of small and micro enterprises; vigorously developed green finance, launched green financial products such as emission rights mortgages and intellectual property mortgages, and further promoted the construction of “green banks”; solidly implemented targeted poverty alleviation, deepened the connection between key rural revitalization projects and leading agricultural enterprises, and helped rural revitalization and construction. As of the end of December 2022, the balance of inclusive loans to small and micro enterprises was RMB7.533 billion, representing a net increase of RMB1.787 billion as compared to the beginning of the year, with a growth rate of 31.11%; the number of accounts with balance of inclusive loans to small and micro enterprises was 3,280 and was rated as 2A in the regulatory evaluation of financial services provided by commercial banks to small and micro enterprises.

III. KEY POINTS FOR WORK TO BE PERFORMED BY THE BOARD IN 2023

In 2023, under the leadership of the Party Committee of head office, the Board of Directors will continue to fully implement the spirit of the 20th CPC National Congress, adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, strictly follow the spirit of the meetings on deepening the reform of provincial state-owned enterprises to improve quality and efficiency, adhere to and implement the main line of promoting high-quality development in all aspects, to clarify the direction, clear the thinking, find the right path, and play a good role in decision-making and leadership in all work, to ensure that Jinshang Bank achieves new developments and breakthroughs in this new phase.

- (I) Strengthen strategic leadership and promote high-quality development. During the strategic planning period of the “14th Five-Year Plan”, The Board should stick to the established development strategic vision and goals, guide the Bank to maintain strategic focus, support and supervise the senior management to steadily advance the strategic planning to be in place, continue to serve the real economy, benchmark with advanced peers to improve quality and efficiency, stimulate endogenous momentum with reform, continuously strengthen technology leadership, improve the data governance mechanism and comprehensively promote digital transformation. At the same time, the Board should strengthen the appraisal of the implementation of the strategic plan, promote the dynamic connection and high integration between the strategic plan and its implementation, achieve a high-quality development in the promotion of regional economic development and focus on building regional boutique listed bank.

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

- (III) Strengthen shareholder equity management and maintain good investor relations. The Board will, in strict compliance with the latest regulatory requirements, improve the shareholder equity management system and related party transaction management system, regulate the behaviors of major shareholders and substantial shareholders, and safeguard the legitimate rights and interests of the Bank and all stakeholders; strengthen investor relationship management, continue to fulfill information disclosure obligations, effectively protect investors' information right, actively carry out diversified investor communication activities, continuously enhance mutual understanding and trust with investors, establish a good investor relationship, and maintain the market image of the Bank.
- (IV) Strengthen the construction of overall risk management and improve risk control capacity. Firstly, the Board will continue to uphold the concept of "prudent compliance and steady operation", adhered to the problem-oriented and result-oriented working methods, further advance the key line of "risk management by the Party" and effectively empower all aspects of risk management. Secondly, the Board will continue to build a comprehensive risk management system that is unified across the organization, covers all departments and is participated by all personnel. Thirdly, the Board will continue to improve the construction of the risk management related systems and risk data governance systems, use the new thinking, new mode, new means of digitalized intelligence to strengthen the monitor, identification and early warning of all kinds of risks, and enhance the effectiveness of risk governance by increasing fintech enablement. Fourthly, the Board will continue to implement the Three-year Action Plan for the Safe Development of Jinshang Bank (《晉商銀行安全發展三年行動方案》), firmly establish the concept of safe development that "development takes safety as the premise", strengthen corporate governance, adhere to the strategic orientation of steady development and high-quality development, improve the comprehensive risk management and internal control and compliance system, and firmly hold the bottom line of without systemic financial risks, and promote the implementation of the major deployments of the 20th CPC National Congress and the decisions and deployments of the Provincial Party Committee in Jinshang Bank in a fully, careful and characteristic manner to achieve high-quality development.

In 2022, the Board of Supervisors conscientiously implemented the decisions and arrangements of the Party Committee of the Bank's head office, resolutely executed the resolutions of the shareholders' general meeting, comprehensively fulfilled the supervisory duties and effectively performed its supervisory function in the corporate governance system in accordance with laws and regulations such as the Company Law, the Law of Commercial Banks, the Corporate Governance Standards for Banking and Insurance Institutions, and Articles of Association of the Bank, all work has achieved good results.

I. THE WORK OF THE BOARD OF SUPERVISORS IN 2022

(I) Focusing on the Leading and Promoting Function of the System to Ensure the Improvement of the Quality and Efficiency of Supervision and Governance

The Board of Supervisors has adhered to the position of supervisory duties and built a standardized system to ensure the effective operation of the supervision mechanism. First, the Board of Supervisors continued to improve the formulation of basic systems. The Board of Supervisors adhered to the system concept, accurately targeted the direction and requirements of the regulation, improved and revised the Rules of Procedures of the Board of Supervisors closely based on the actual work performed by the Board of Supervisors, and focused on strengthening the guiding and safeguarding role of the basic system. The Board of Supervisors coordinated the optimization and improvement of the Work Rules of the Office of the Board of Supervisors, clarified the work process, highlighted the quality and efficiency of supporting services, and further promoted the function of the office of the Board of Supervisors. Second, the Board of Supervisors systematically clarified the key points of its performance. The Board of Supervisors has implemented the list-based responsibilities, clarified the key points of supervision, identified the key nodes of accurate supervision, and accurately and steadily carried out refined supervision. During the year, more than 80 key points of performance were sorted out and formulated around the 12 dimensions of performance of supervision, and the quality and effectiveness of supervision were significantly improved through "cutting small areas, fine-tuning content, and taking practical measures". Third, the Board of Supervisors continuously improved the implementation effect of the system. The implementation of various supervisory tasks and the advancement of supervisory tasks were conducted in accordance with the system, including the deliberation of proposals, the special committee's performance of its designated supervisory duty, the implementation of supervisory measures, the feedback of supervisory opinions, etc. The Board of Supervisors adhered to the procedural awareness and promoted the effective implementation of supervision.

(II) Paying Attention to the Construction of a Decision-making Mechanism for Discussion and Supervision, Compacting Supervision Responsibilities and Strengthening Risk Prevention and Control

The Board of Supervisors has strengthened the construction of the working mechanism for collective discussion, supervision and decision-making, compacted the professional supervision responsibilities of the special committees, and strictly enforced the procedures of the meeting for discussion to ensure the scientific and effective supervision and decision-making. First, the Board of Supervisors strengthened quality of collective discussion and supervision. The Board of Supervisors scientifically adjusted the review and reference

boundaries of proposals and reports, gave full play to the designated duty of special committees in pre-deliberation, and improved the quality and effectiveness of collective discussions. During the year, the Board of Supervisors organized 8 meetings of the Board of Supervisors and 12 meetings of each special committee, reviewed 94 proposals covering business decision-making, compliance construction, comprehensive risk management, data governance construction and other proposals, listened to 39 reporting matters, gave 8 feedbacks to the Board of Directors covering 25 fields and 6 feedbacks to the senior management covering 28 fields, and continuously applied the requirements of strict supervision to each level, and further compacted compliance risk responsibilities. Second, the Board of Supervisors improved the efficiency of enquiries and inquiries. The Board of Supervisors strengthened and improved the enquiry and inquiry work, and enhanced the quality of supervisors' close supervision and decision-making. During the year, to improve the severity and timeliness of supervision in the whole process of risk management and control, 51 enquiries and inquiries were conducted to the heads of organizational functional departments around the bank-wide strategy implementation, profit distribution plan, compliance case prevention, appointment and dismissal of key personnel, and more than 140 supervisory opinions and suggestions were put forward. Third, the Board of Supervisors continued to follow up and supervise to the implementation of supervision opinions and suggestions. The Board of Supervisors optimized the opinions and suggestions and implemented the supervision mechanism, improved the effectiveness of the joint follow-up and implementation of the "three offices" (namely office of the Board of Supervisors, office of the Board of Directors, and the President's office), and continued to focus on the implementation of the "whole chain" of the five procedures, namely feedback, transfer, supervision, reply and inspection to promote the continuously refined implementation of rectification, pushed the rectification rate of feedback opinion to reach a higher level within the year, and continued to do a good job in the "second half of the article" of the rectification of supervision problems.

(III) Paying Attention to the Effectiveness of Performance Evaluation Work, and Improving the Quality and Efficiency of Compliance Performance of the Members of Directors, Supervisors and Senior Management

The Board of Supervisors has scientifically implemented the requirements of the evaluation system, continuously improved and perfected the work process, carried out the performance supervision work strictly, practically and carefully with a systematic thinking, and promoted the quality and efficiency of the performance evaluation work.

First, the daily duty performance supervision mechanism was more flexible. The Board of Supervisors strengthened the exchange and consultation with those charged with governance, reinforced the process management, focused on the duty performance of directors and senior management members in the fields of comprehensive risk management, reputation risk, capital management, liquidity risk management, data governance, liability quality management, case prevention work, personnel behavior management and pressure testing management, refined the supervision measures, adhered to the daily duty performance effect, and effectively implemented the supervision work. During the year, the Board of Supervisors has designated supervisors to attend a total of 8 meetings of the Board of Directors, submitted 8 written inquiries about the convening of the meetings of the Board of Directors and the procedures for voting on proposals, carried out 1 on-site inspection of the duty performance of

directors conducted, and conducted 2 reviews on the work reports of the senior management, and continuously integrated the duty performance supervision work into the daily work and focused on the regular work to effectively promote the construction of compliance duty performance.

Second, the supervision performance evaluation was more accurate and effective. The Board of Supervisors focused on system requirements to ensure that the entire evaluation process was well controlled. Refining the evaluation plan and listening to the daily supervision and reviewing report on compliance and audit, the Board of Supervisors conducted centralized review on the rectification and implementation of supervisory opinions, supervised and conducted the work effectiveness such as the implementation of strategic planning, strictly implemented the requirements of the evaluation system and comprehensively evaluated the results of duty performance. The Board of Supervisors focused on the actual situation of duty performance and conducted research and judgment on phased work. According to the actual work of the Board of Directors and the Board of Supervisors during their terms of office, the Board of Supervisors took the lead in sorting out each of the overall duty performance and annual duty performance in three years, summarizing the supervisory experience and finding out the weaknesses of duty performance, so as to put forward the key points of optimization and improvement, research and formulate recommendations on duty performance, and promote the improvement of the quality and efficiency of duty performance. The Board of Supervisors focused on “Risk Management by the Party” to connect and improve the quality and efficiency of supervision and jointly carried out duty performance training and learning to improve the accuracy of duty performance. The Board of Supervisors inspected and reported on the duty performance of directors and supervisors at each stage, reported the duty performance work to the discipline inspection and supervision team dispatched, consciously accepted supervision, and scientifically analyzed the task requirements of safety development to put forward suggestions on the optimization of duty performance, and promote the improvement of supervision and governance effect.

(IV) Focusing on Improving the Supervision Mechanism and Strengthening the Supervision of Key Links and Key Areas

The Board of Supervisors has optimized the form of supervision, improved and enhanced supervision and inspection, put the supervision of key areas and key links in a prominent position in the work, followed up the supervision of financial management and the construction of a comprehensive risk system, carried out process supervision of the selection process of the Board of Directors, monitored and reminded the potential liquidity risks, reputation risks and credit risks, and continuously promoted safety development and construction. During the year, 3 supervisory letters were issued focusing on the requirements of the new regulations on asset management, the promotion of the basic work of the expected credit loss law, and the construction of data governance; 11 supervisory letters were issued on key aspects such as compliance construction, financial operation, and system construction; regarding the selection and appointment of directors, the Board of Supervisors attended 2 meetings of the Board of Directors, carried out 2 special supervision inquiries, and listened to 2 reports on the situation of functional departments. Focused supervision is stronger and more deterrent, thus it has played a better role in enhancing the effectiveness of supervision and promoting security construction.

The Board of Supervisors has strengthened research and supervision, promoted the improvement of service development quality and efficiency, did a good job of “three works” and integrated supervision and service. The first is about doing well with “research and judgment”. Guided by the national strategic requirements, the Board of Supervisors has carefully studied and judged the weak points of business promotion, focused on inclusive business development, accurately selected topics to carry out research, mobilized the enthusiasm and initiative of all supervisors, and increased the participation in research. The second is about doing well with “intercommunication”. The Board of Supervisors has strengthened the intercommunication with supervisors regarding the business development, conducted inquiries 3 times on the promotion and management of the bank-wide inclusive business, communicated with technology line to retrieve one set of dynamic business data of all branches under its jurisdiction, comprehensively analyzed operating advantages and business deficiencies, and carried out accurate “pulse examination”. The third is about doing well with “service”, giving full play to the strengths of supervisors, learning from the advanced practices of inclusive financial services in the industry, expanding service effects, and scientifically putting forward suggestions for improvement of business, so as to promote the steady development of inclusive financial services.

Through the integration of supervision, the Board of Supervisors has developed a joint force of supervision. Focusing on major issues and important supervision opinions, the Board of Supervisors has communicated and interacted with dispatched discipline inspection and supervision teams, submitted a total of 2 supervision lists involving 27 supervision materials during the year, and continuously implemented the work of supervision and intercommunication. The Board of Supervisors explored the “targeted linkage” connection and cooperation method, and jointly carried out special audits of “asset management and direct banking business” with the audit department to promote the steady development of the bank-wide asset management business. The Board of Supervisors promptly implemented consumer rights protection work, and jointly carried out off-site inspections of consumer rights protection work with the Consumer Rights Protection Department to further promote the deepening and detailing of consumer rights protection work. The Board of Supervisors has improved the quality and efficiency of using the platform of “My suggestions for Jinshang”, further unified the opinions and suggestions at all levels into the work of promoting the bank-wide high-quality development, and strengthened the quality and efficiency of “service and efficiency” construction. Focusing on the project construction of expected credit loss law, the Board of Supervisors has strengthened intercommunication and learning exchanges with leading departments, enhanced effective intercommunication with consulting companies, actively promoted system implementation, and improved the quality and efficiency of special supervision services.

(V) Focusing on Strengthening Self-construction and Continuously Improving the Ability and Level of Compliance Performance

First, the committee strengthened the construction of the supervisor team. The Board of Supervisors took the general election as an opportunity, strengthened the reporting to the Bank's Party Committee, enhanced two-way communication with labor unions, selected supervisors prudently, further optimized the team structure, and strengthened the supervisor team. Second, the Board of Supervisors strengthened the construction of business learning. During the year, supervisors were organized to study 5 times, conducted seminars and exchanges 5 times, and organized to participate in 1 centralized training for supervisory agencies to further strengthen business theory research and promote the quality of supervision practice. Third, the Board of Supervisors promoted the construction of interactive exchanges, carried out mutual learning and exchange of regulatory policies with the AFCA Finance Academy, conducted business exchanges with advanced peers in the video, and printed duty performance work manuals, effectively boosted the overall level of supervision work. Fourth, the Board of Supervisors strengthened discipline construction, strictly guaranteed the time requirements for supervisors to perform their duties, improved their work style, earnestly performed their supervisory duties, improved the quality of supervisory services, and promoted the bank-wide safe development.

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

During the Reporting Period, the Board of Directors and senior management of the Bank insisted on legal and compliance operations, and the decision-making procedures were in compliance with the Company Law, Commercial Bank Law and provisions of Articles of Association of the Bank. The members of the Board of Directors and senior management members performed their duties faithfully and diligently, and none of them were found against any laws and regulations or damaged the interests of the Bank in performing their duties.

(II) Regular Financial Reporting

In the view of the Board of Supervisors, the preparation and review of the Bank's regular reports were in compliance with laws, administrative regulations and regulatory requirements, and gave a true, fair view of the financial position and the results of operations of the Bank, Ernst & Young Hua Ming LLP issued standard unqualified audit report for the financial report, and the Board of Supervisors had no objection to the report.

(III) Appropriation of Profits

In the view of the Board of Supervisors, the annual profit distribution plan of Jinshang Bank was in compliance with the relevant laws, regulations and provisions of Articles of Association of the Bank, and the distribution plan was in line with the Bank's current actual situation and the need for sustainable and sound development.

(IV) Conduct of Related Party Transactions

During the Reporting Period, the Bank's related party transactions were in compliance with the commercial principles and the Board of Supervisors did not find any damage to interests of the Bank, shareholders and other parties, and the related party transactions were conducted in compliance with the relevant laws, regulations and the relevant provisions of Articles of Association of the Bank.

(V) Information Disclosure

During the Reporting Period, the Bank was able to fulfill its information disclosure obligations in compliance with the regulatory requirements, conscientiously implement the information disclosure management system, disclose information in a timely and fair manner, and disclose true, accurate and complete information without false records, misleading statements or material omissions.

(VI) Implementation of Resolutions at General Meetings of Shareholders

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

(VII) Review of the Internal Control Evaluation Report

The Board of Supervisors supervised the annual internal control of the Bank. In the view of the Board of Supervisors, the Bank has made active efforts to improve and enhance the quality and effectiveness of the Bank's internal control construction and effectively enhance the Bank's safety construction.

III. PRIORITY WORK AREAS IN 2023

2023 is the opening year of the comprehensive implementation of the spirits of the 20th CPC National Congress, and also the starting year of the implementation of the deployment of the 2nd Party Congress of Jinshang Bank. The Board of Supervisors shall follow the strategic pace of the Party Committee of the head office, play its supervisory duties in compliance with laws and regulations, conscientiously implement the resolutions of the Shareholders' general meeting, make active efforts to fulfill its supervisory responsibilities, and make full use of its role of "supervising to ensure safety and serving to promote development".

(I) Insisting on Strengthening the Supervision of the Discussion, and Striving to Provide Strong Protection for the Safe Development of the Bank

To meet the requirements of high-quality development of the Bank, the Board of Supervisors shall deepen the main supervision form of meeting supervision, focus closely on the main responsibility of supervision, continue to apply the requirement of “strict requirements, high quality, strong implementation” in depth and detail, and enhance the seriousness, standardization and effectiveness of meeting supervision. The Board of Supervisors should pay more attention to the pre-meeting coordination work, based on the primary responsibility of supervision, accurately grasp the boundaries of the reviewing and proposal, arrange the review and proposal process scientifically, efficiently connect with functional departments, conduct pre-conference topic communication to ensure the quality and effectiveness of the meeting supervision. The Board of Supervisors shall focus more on controlling the procedures of discussion, adhere to the strict tone of supervision, give full play to the full-time advantages of the special committees and the professional advantages of the supervisors, seriously carry out the questioning and inquiries of resolutions, fully grasp the quality of review and decision-making, and enhance the scientific and applicability of supervisory opinions. The Board of Supervisors should pay more attention to the implementation effect of the supervision opinions, continue to improve the closed loop of “supervision, feedback, tracking, overseeing” of the supervision work, grasp the feedback work, improve the quality and effectiveness of the implementation of the opinions, promote the efficient performance of the supervision function on meetings, and protect the safe development.

(II) Adhering to Precise Thinking and Striving to Improve the Quality and Efficiency of Supervision Work

The Board of Supervisors should adhere to the goal orientation, scientifically study and judge the economic and financial situation, accurately grasp the key points of supervision, and do a good job in various supervision tasks accurately and meticulously. The Board of Supervisors must further concentrate on the key points of supervision and performance, focus on the four key areas of “financial supervision, risk supervision, internal control supervision and duty performance supervision”, establish the work ledgers, adhere to carry out different tasks based on the schedule, implement according to the order, strengthen the dynamic management of ledgers, and promote the supervision of duty performance accurately and effectively. In recent years, the Ministry of Finance has issued a number of regulatory measures such as the Notice on Further Strengthening Financial Management of State-owned Financial Enterprises (《關於進一步加強國有金融企業財務管理的通知》), the Operational Guidelines on Accounting Standards for Banking Financial Instruments (《銀行業金融工具會計準則操作指引》) and the Provisions on Accounting Treatments Related to Asset Management Products (《資產管理產品相關會計處理規定》), which further conveyed the guidance of strict financial execution constraints from the national level. The Board of Supervisors should further align with the requirements of regulatory policies, monitor the circulation and integration of the Bank’s financial management and regulatory policies, focus on the financial management advantages of the Supervisors, strengthen the supervision of the Bank’s financial management, financial operations, business plans and related transactions, and put forward scientific and professional financial supervision opinions to regulate the implementation of the Bank’s

financial management work. The downward pressure on the global economy should not be underestimated, and the cross-contamination between various types of risks across the Bank has become more obvious, putting more pressure on comprehensive risk management. The Board of Supervisors should further grasp the focus of supervision in its daily duty performance, strengthen the forward movement of supervision threshold, do a good job of risk research and judgment, prevention and avoidance, especially strengthen the supervision of reputation risk, credit risk and market risk across the Bank, and constantly put forward scientific legal supervision opinions, professional financial supervision opinions and pragmatic improvement opinions at the macro, meso and micro levels, continuously empowering the supervisory advantages to promote safe development advantages and strengthening the quality and effectiveness of risk prevention and control. Compliance operation is the foundation of the Bank and the basis for the Bank's high-quality development. With the current increasingly stringent regulation, the importance of the Bank's safe operation has become more prominent. The Board of Supervisors should further consolidate its primary responsibilities for compliance supervision, increase its supervision of the Bank's internal control and compliance construction, especially the supervision of internal control of new businesses, new processes and key risk links, continuously integrate internal control supervision with financial supervision, risk supervision and duty performance supervision, and provide wisdom, strategies and effectiveness in internal control supervision, so as to effectively grasp the quality and effectiveness of internal control supervision. In the face of the regulatory requirements of "strong supervision, strict accountability and heavy penalties", the Board of Supervisors should, from its own responsibilities, follow the regulatory guidance and deeply promote the implementation of strict governance of the Bank and the Committee, and comprehensively strengthen the supervision of Directors, Supervisors and senior management members in the implementation of strategies, shareholder shareholding management, implementation of resolutions of shareholders' general meetings and fulfillment of duties, refine the circulation and integration of duty performance supervision and regulatory requirements, adhere to the principle of "substance over form", and promote the improvement of corporate governance efficiency.

(III) Adhering to Integration and Innovation, and Striving to Optimize Effective and Practical Supervision Methods

The Board of Supervisors should adhere to the system concept, optimize and improve supervision initiatives, promote supervision and improve quality, and serve the business development of the Bank. The Board of Supervisors should further improve our daily supervision work, play a good supervision "combination", do a good job of pre-advice, in-process supervision and post-questioning; the Board of Supervisors should take the initiative to make good use of the results of the construction of the Bank's system, and grasp the quality and effectiveness of the use of the system; the Board of Supervisors should enhance the digital analyzing ability, strengthen the risk identification ability, find the key points of supervision, and improve the quality and effectiveness of targeted supervision; the Board of Supervisors should make good use of the results of compliance and audit inspections, play the role of re-monitoring function, and improve the quality and effectiveness of problem rectification. The Board of Supervisors should further optimize the development of special research work, accurately select topics, precisely answer questions, make good use of special research governance advantages of "special, precise, deep", comprehensively make good use

of “on-site interviews, multi-party meetings, questionnaires, data access” and other means of supervision, deepen the symptoms and root causes, play the Supervisor’s professional strengths, and provide more scientific and feasible opinions and suggestions to promote high-quality development.

The Board of Supervisors should take innovation as the traction, continuously enrich the means of supervision, build a solid foundation for supervision and enhance the effectiveness of supervision services through building platforms, establishing mechanisms, exchanging information and grasping rectification. The Board of Supervisors should further make good use of the Bank’s consistent supervision and governance platform, strengthen the exchange of views and experience sharing, form a collaborative, resonant and synergistic working mechanism, and promote the quality of supervision. The Board of Supervisors will continue to explore the “whole process embedded”, “targeted linkage”, “relay follow-up” and “multi-party review” supervision models, efficiently linking compliance, audit and business line and other departments to carry out business inspections, forming a linkage inspection mechanism, strengthening complementary strengths, grasping the quality and effectiveness of problematic inspections and rectification, and continuously enhancing the depth and strength of supervision. The Board of Supervisors should give full play to the quality and effectiveness of the platform construction of “My suggestions for Jinshang”, gather the wisdom of the whole Bank to promote high-quality development, enhance the cohesion and centripetal force of the whole Bank, form a new supervisory pattern of up and down linkage, left and right articulation, internal and external coherence throughout the Bank, promote good supervision to dig deeper and extend the work, implement the 80 key supervision standards formulated by the Board of Supervisors, and effectively play the role of supervision to ensure safety and service to promote development.

(IV) Adhering to Team Building and Striving to Improve the Quality and Efficiency of Duty Performance

High-quality team building quality and efficiency is an important support to achieve high-quality work of the Board of Supervisors in the new era. The Board of Supervisors should always adhere to the learning of “first requirement”, strengthen knowledge to empower supervision and improve quality, focus on practical forging supervision skills, and continuously improve the quality of team building. The Board of Supervisors should pay attention to the study of new policies and regulations, strengthen the learning and understanding of the new policies and regulations, focus precisely on the revised provisions, achieve a thorough understanding, and improve the quality and efficiency of scientific decision-making. The Board of Supervisors should grasp the external training to extend the training, be practical in the advanced exchange and mutual learning as well as information sharing, to enhance the level of theoretical knowledge, and empower the quality improvement of work. The Board of Supervisors should grasp the concentrated study at the meetings of the Board of Supervisors and do a good job of “one session, one theme” seminars to enhance the depth of accurate supervision. The Board of Supervisors should grasp the quality and efficiency of daily learning and constantly broaden the breadth of knowledge to enhance the quality and efficiency of comprehensive supervision. The Board of Supervisors should grasp the construction of behavior to carry out the main responsibility for safety production, and do a good job of discipline protection to improve “service and efficiency”.

The Board of Supervisors conducted a comprehensive evaluation of the Board members' performance in 2022 in accordance with laws and regulations such as the Company Law, the Corporate Governance Standards for Banking and Insurance Institutions, the Measures for Evaluating Performance of Duties by Directors and Supervisors of Banking and Insurance Institutions (Trial), the Work Guidelines for the Board of Supervisors of Commercial Banks, and the specific provisions of the Articles of Association and the Measures on Assessment on the Performance of Duties by Directors of the Board of Supervisors of Jinshang Bank Co., Ltd. This evaluation was carried out in accordance with the principles of legality, compliance, objectivity, fairness, uniform standards, pragmatism, and effectiveness, and in various ways took by the Board of Supervisors, such as attending meetings, inquiring with the office of the Board of Directors and relevant departments, reviewing materials, conducting research and analysis, summarizing daily supervision records, and consulting the performance books of the Directors.

I. BASIC REVIEW OF THE BOARD OF DIRECTORS

The fifth session of the Board consisted of 13 Directors, including two executive Directors, being Ms. HAO Qiang and Mr. ZHANG Yunfei, five non-executive Directors, being Mr. LI Shishan, Mr. LI Yang, Mr. LIU Chenhang, Mr. WANG Jianjun and Mr. XIANG Lijun, and six independent Directors, being Mr. JIN Haiteng, Mr. SUN Shihu, Mr. WANG Liyan, Mr. SAI Zhiyi, Mr. DUAN Qingshan and Mr. YE Xiang.

The Board of Directors of the Bank completed the re-election on December 22, 2022, resulting in the formation of its sixth session, which consisted of 12 Directors. Among them are two executive Directors, being Ms. HAO Qiang and Mr. ZHANG Yunfei, five non-executive Directors, being Mr. LI Shishan, Mr. MA Hongchao, Mr. LIU Chenhang, Mr. WANG Jianjun and Mr. LI Yang, and five independent Directors, being Mr. WANG Liyan, Mr. DUAN Qingshan, Mr. SAI Zhiyi, Ms. HU Zhihong and Mr. CHAN Ngai Sang Kenny, as of the end of 2022.

LI Yang, a non-executive Director of the fifth session of the Board, was appointed as a director on September 20, 2022, and DUAN Qingshan, an independent Director, was appointed as a director on August 26, 2022. As their performance time in the Bank in 2022 was less than half a year, the Board of Supervisors only provided comments and recommendations on their performance, and did not conduct evaluation on their performance. Among the members of the sixth session of the Board, the qualifications of three new Directors, Mr. MA Hongchao, Ms. HU Zhihong and Mr. CHAN Ngai Sang Kenny, have not been approved by CBIRC Shanxi Office, and therefore they will not be included in the performance evaluation of this year. Before the new Directors obtained their qualifications, the four Directors, Mr. XIANG Lijun, Mr. JIN Haiteng, Mr. SUN Shihu and Mr. YE Xiang, continued to perform their duties. In accordance with the relevant requirements of the regulatory authorities, these four Directors would be included in the performance evaluation of this year. To sum up, the Board of Supervisors evaluated the performance of 2022 duties of two executive Directors, being Ms. HAO Qiang and Mr. ZHANG Yunfei, four non-executive Directors, being Mr. LI Shishan, Mr. LIU Chenhang, Mr. WANG Jianjun and Mr. XIANG Lijun, and five independent Directors, being Mr. JIN Haiteng, Mr. SUN Shihu, Mr. WANG Liyan, Mr. SAI Zhiyi and Mr. YE Xiang.

II. OVERALL PERFORMANCE OF DIRECTORS IN 2022

Over the past year, facing with new situations, tasks, and requirements for the high-quality development of the entire Bank, the Board of Directors adhered to the guidance of “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era”, maintained strategic determination, calmly confronted risks and challenges, and conscientiously performed various duties. In strict accordance with laws and regulations, as well as the Articles of Association and other relevant provisions, the Board has actively implemented the resolutions of the shareholders’ general meeting, strictly and effectively implemented regulatory opinions, continued to promote the implementation of strategic plans and annual business plans, strengthened shareholder and equity management, improved comprehensive risk management and internal control and compliance management system. As a result, the Board has achieved better results in promoting and strengthening capital management, improving the quality and efficiency of corporate governance, enhancing comprehensive risk management, promoting digital transformation, strengthening the protection of consumer rights and interests, and promoting the quality and efficiency of employee management. These efforts have promoted the effective operation of the Bank’s security governance and provided a solid guarantee for the Bank’s sustainable and steady development.

(I) Continuously Strengthening Strategic Leadership and Promoting High-quality Development of the Whole Bank

In 2022, the Board of Directors focused on the key areas of economic and social development and fully implemented various decisions and arrangements made by the CPC Central Committee, provincial party committee and provincial government. The Board actively implemented economic and financial policies while also coordinating epidemic prevention and control with safe development. Based on the Bank’s new stage and goals for high-quality development, the Board thoroughly evaluated changes in the internal and external environment, and deeply implemented the strategic goal of “pursuing safe development, and building an excellent listed Bank in the region”. The Board vigorously built four core strategic capabilities of “industry expertise in corporate business, digital-driven retail business, professional and sensitive financial market business, and innovative micro and small business”. The Board continuously strengthened the strategic layout in the field of technology finance, promoted the digital transformation of the entire Bank’s business and enhanced the driving capability of technological innovation. The Board also vigorously developed green finance and inclusive finance, and continuously improved the Bank’s ESG top-level governance structure. The Board launched an all-round benchmarking exercise against advanced industry peers, benchmarking first-class standards, improving quality and enhancing efficiency. It took multiple measures to fully serve the overall economic and social development of the province, elevating the high-quality development of the Bank to a new level.

(II) Continuing to Strengthen Risk Compliance Management and Build a Solid Foundation for Safe Development

In 2022, the Board of Directors adhered to the concept of prudent risk management and placed greater emphasis on preventing and mitigating financial risks. The Board considered and approved various risk limits, risk management policies and risk appetite, with a focus on assessing the long-term impact on the Bank due to credit risk trends in selected industries amidst the domestic economic downturn and the impact of the epidemic. The Board also paid timely attention to risks in the real estate sector, conducted scientific research to guide the formulation of risk management plan, and regularly received special reports from management on comprehensive risk management and the risk management in key areas, enabling it to timely grasp and evaluate the Bank's risk management status as a whole. The Board amended and improved various risk management policies such as the Policies and Procedures for Market Risk Management of Jinshang Bank, and further improved the risk management system. The Board urged senior management to strictly control the addition of non-performing assets and actively explored and guided innovative measures to clear and reduce non-performing assets, thus further enhancing the risk resilience of the Bank. Furthermore, the Board was able to continuously strengthen internal control and compliance construction, focusing on the "Year of System Implementation" and grasping the bottom line of compliance governance. The Board focused on rectifying issues mentioned in the regulatory notification, improving internal control systems, and other key work to comprehensively improve the level of safety construction throughout the Bank.

(III) Continuing to Strengthen Responsibility to Effectively Protect the Rights and Interests of Stakeholders

In 2022, the Board of Directors actively put into practice the concept of finance for the people and carefully implemented the mission of local corporate banks. The Board focused on the integration of Taixin, multiplication of market entities, reduction of fees and benefits for small and micro enterprise, rural revitalization, epidemic prevention and control and other fields of sustained efforts. It continuously strengthened the consolidation of financial services for rural revitalization achievements, effectively safeguarded the legitimate rights and interests of consumers, effectively played a role of the main force of local finance, and further demonstrated its social responsibility. The Board strictly complied with the regulatory requirements and the information disclosure requirements set forth by the Hong Kong Stock Exchange, conducted information disclosure in an efficient way, and disclosed regular reports and various temporary announcements with high quality in time. The Board continuously optimized the disclosure content to provide stakeholders with more comprehensive and up-to-date information, effectively protecting the information right of investors, especially small and medium-sized investors. The Board upheld the concept of "customer-centric service", integrating the protection of financial consumer rights and interests into corporate governance, corporate culture construction, operation and development strategies. The Board continued to improve the construction of consumer rights protection mechanisms to comprehensively improve the Bank's service level.

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

During the year, based on the overall orientation of “supervision serving development”, the Board of Supervisors evaluated the performance of the Board of Directors in areas such as continuously strengthening shareholder equity management, deepening the risk control of the Bank, strengthening capital management, and optimizing internal control management, in accordance with the focus of supervision and the Bank’s actual situation. This was achieved through daily follow-up supervision, interviews with personnel in important positions, close supervision of key business, as well as research and analysis. Relevant details are as follows:

(I) Ability to further Enhance the Quality and Efficiency of Corporate Governance

During the year, the Board conscientiously implemented the relevant requirements of the Three-Year Action Plan for Improving Corporate Governance in the Banking and Insurance Industry (2020-2022) (《健全銀行業保險業公司治理三年行動方案(2020–2022年)》) published by the CBIRC, continued to enhance corporate governance and made amendments to the rules of the Bank, such as the Articles of Association, the Rules of Procedures for the Shareholders’ General Meeting and the Rules of Procedures for the Board of Directors, and improved corporate governance systems, in accordance with the latest regulatory policy requirement such as the newly released Corporate Governance Standards for Banking and Insurance Institutions (《銀行保險機構公司治理準則》). The Board strengthened the shareholders and equity management, continuously conducted verifications of shareholding relationships behind the shareholders, prudently assessed the qualifications and performance of substantial shareholders and regulated the conducting of connected transactions and sent Letter of Notice to substantial shareholders in response to the regulatory requirements, signed Commitment of Shareholders and continuously regulated conducts of substantial shareholders. In accordance with laws and regulations, regulatory requirements and the Articles of Association, the Board strictly fulfilled its responsibilities in deliberating and approving matters such as the disposal and write-off of the Company’s assets, related party transactions and data governance. The Board successively considered and approved major business management matters such as the Profit Distribution Plan for 2021, the Major Related Party Transaction Credit Business Plan for 2022 and the Major Related Party Transaction Investment Plan for Wealth Management Business for 2022.

In the view of the Board of Supervisors, the Board closely followed the requirements of regulatory policies, continuously improved various corporate governance mechanisms, insisted on efficient operations, and demonstrated diligence and responsibility in compliance with laws and regulations. Moreover, the Board made scientifically-based decisions on major matters, and continuously improved the compliance and effectiveness of corporate governance.

(II) Ability to continuously Optimize Capital Management

During the year, the Board of Directors strictly adhered to regulatory requirements and was committed to continuously enhancing the capital management mechanism. The Board guided the revision of the 2022 Plan for Management of Annual Capital Adequacy Ratio of Jinshang Bank Co., Ltd., and studied and listened to the Report on Capital Adequacy Ratio Management and Internal Capital Adequacy Assessment for the First Half of 2022 of Jinshang Bank Co., Ltd. and the Report on Capital Adequacy Ratio Management and Internal Capital Adequacy Assessment for the Third Quarter of 2022 of Jinshang Bank Co., Ltd. The Board established capital adequacy objectives that align with the Bank's corporate strategy and business development, reviewed the regulatory indicators and disclosure information for the annual capital adequacy ratio, implemented regular internal assessments of the Bank's capital, and effectively supervised the comprehensiveness, forward-looking nature, and effectiveness of the Bank's capital adequacy situation.

In the view of the Board of Supervisors, the Bank's capital adequacy ratio continues to meet both regulatory requirements and the actual needs of the Bank's transformation and development. The Bank has truthfully and accurately disclosed its capital adequacy ratio information in strict compliance with the regulations of regulatory authorities. The Board has achieved its capital adequacy ratio management objectives through multiple measures, such as utilizing internal capital supplement channels like undistributed profits. The Board has provided guidance to senior management on how to improve the efficiency of capital use by dynamically managing the major indicators of the capital adequacy ratio and reasonably adjusting the risk-weighted assets. These measures effectively supported the deployment of credit assets and achieved the dynamic balance between capital risk and return, and further reinforced the Bank's capacity to support the real economy.

(III) Ability to Continuously Strengthen Liquidity Risk Management

During the year, the Board of Directors deliberated and adopted the Guidelines of Jinshang Bank Co., Ltd. on Risk Management for 2022 (《晉商銀行股份有限公司2022年度風險管理指導意見》), which included the risk appetite and management policy for annual liquidity risk management, and maintained a stable liquidity risk appetite strategy. The Bank focused on further improving the refined level of liquidity risk management of the whole Bank, and actively and effectively promoted the improvement of the return on funds. The Bank reviewed the 2022 Quarterly Liquidity Risk Management Report of Jinshang Bank (《晉商銀行2022年度季度流動性風險管理報告》), listened to the 2021 Liquidity Risk Management Audit Report of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司2021年度流動性風險管理審計報告》), guided the senior management to revise the Implementation Rules for Liquidity Risk Stress Test of Jinshang Bank (《晉商銀行流動性風險壓力測試實施細則》), and formulated the Liquidity Risk Management Rules for Wealth Management Products of Jinshang Bank (《晉商銀行理財產品流動性風險管理細則》) in accordance with regulatory requirements. The senior management was also urged to improve the liquidity risk management operation mechanism, enhance the Bank's liability quality management system, and standardize the Bank's liability quality management which made sure the Bank's liability quality stable, and all liquidity risk indicators throughout the year met regulatory and limit management requirements.

In the view of the Board of Supervisors, the Board of Directors has been able to adhere to the philosophy of “building a bank founded on the basis of deposit (存款立行)”, strengthen asset and liability management, and rationally utilize the central bank’s structural monetary policy tools to supplement liquidity through flexible use of active liability tools while ensuring safety and adequacy of liquidity. This has led to further reduction in funding costs and steady improvement in funding returns.

(IV) Ability to Deeply Promote Data Governance

During the year, the Board of Directors of the Bank accelerated the systematic construction of data governance throughout the Bank, continuously optimized the integration of digital transformation with business model and service model, supervised the senior management to strengthen the construction of data structure system, and highlighted the multiplier effect of digital resources as key production factors. In 2022, the Board of Directors guided and organized the implementation of the digital transformation and consulting project for data governance strategic planning, clarified the data governance management responsibilities of the Board of Directors, the Board of Supervisors and senior management, improved the process and organizational structure of data governance system, and considered and approved the Data Governance Strategic Plan (《數據治理戰略規劃》). In the strategic initiatives, the Board of Directors made clear the data guidance, guided the senior management to formulate systems including the Administrative Measures for Data Governance of Jinshang Bank (《晉商銀行數據治理管理辦法》), listened to and studied the 2021 Self-Assessment Report on Data Governance of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司2021年度數據治理自評估報告》) and Report on the Comprehensive Inspection and Data Governance Rectification of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司綜合檢查和數據治理整改情況的報告》), promoted the Bank to carry out data governance work earnestly, improved the quality of data, gave full play to the value of data, and enhanced operation and management capabilities.

In the view of the Board of Supervisors, the development of the strategic plan of data governance and the scientific implementation of the consulting projects further improved the top-level design of the Bank’s data governance, clarified the constructing goals and implementation approaches in terms of the organizational structure of data governance, data culture, data standards, data structure, data quality, data security, data application, etc., and effectively improved the effectiveness of the bank-wide data governance. Meanwhile, the Board of Directors comprehensively and promptly promoted the rectification of the regulatory notification issues relating to data governance, laying a solid foundation for the systematic implementation of the bank-wide data governance.

(V) Ability to Coordinate and Consolidate Overall Risk Management Responsibilities

During the year, the Board of Directors adhered to a prudent and cautious risk management concept, continued to focus on the overall risk control of the Bank, and made effective credit risk control the bottom line, while also timely controlling overall risks, and continuously improving the Bank's risk control ability. In 2022, with the focus on comprehensively consolidating the foundation of risk management, the Board of Directors reviewed and approved comprehensive risk management and management strategies for credit risk, liquidity risk, operational risk, strategic risk, reputation risk and other risks, and set corresponding risk appetite and various risk limits. It guided and issued the Administrative Measures for Risk Appetite of Jinshang Bank (《晉商銀行風險偏好管理辦法》), Money Laundering Risk Management Policy of Jinshang Bank (《晉商銀行洗錢風險管理政策》), Compliance Risk Management Policy of Jinshang Bank (《晉商銀行合規風險管理政策》), Administrative Measures for Reputation Risk of Jinshang Bank (《晉商銀行聲譽風險管理辦法》) and other policies. It also promoted the establishment of climate risk sensitivity stress test project team of Jinshang Bank, and regularly listened to the comprehensive risk management report of senior management. Moreover, it strengthened the analysis and judgment of internal and external risk factors, closely followed the financial and economic situation, optimized asset quality and credit structure in a coordinated manner, strictly controlled the increase of non-performing loans, and promoted the resolution of non-performing loans in the real estate sector in a steady and orderly manner.

In the view of the Board of Supervisors, in 2022, the Board of Directors had effectively balanced safety and development, strictly observed the risk bottom line, and continued to strengthen their awareness of proactive risk management, while also deepening the overall risk management of the Bank. As a result, the Bank's asset quality remained steady and improved, with a more solid foundation, and an enhanced ability to resist risks.

(VI) Ability to Grasp and Strengthen Combined Management

During the year, the Board of Directors further strengthened the combined management of affiliated institutions. Relevant departments were guided and arranged to formulate the Implementation Measures of Jinshang Bank Co., Ltd. on Strengthening the Assessment and Management of Shareholding Subsidiaries (《晉商銀行股份有限公司關於加強對控股參股子公司考核管理的實施辦法》) which emphasized risk prevention and non-performing loan resolution as important parts of the assessment. The two shareholding companies were assessed and evaluated every six months, and specific situation reports were listened to. An important information reporting mechanism was established for participating holding companies to effectively promote compliance operation and risk control.

In the view of the Board of Supervisors, in 2022, the Board of Directors had further optimized the combined management measures, continuously monitored corporate governance, risk status and business development of Qingxu Jinshang Village and Township Bank Co., Ltd. (hereinafter referred to as “Qingxu Village and Township Bank”), facilitated the improvement of the operation and management system of affiliated institutions, emphasized strengthening the coordination between the shareholding units and the Bank, and effectively improved the system management level.

(VII) Ability to Effectively Promote Stress Tests to Prevent Risks

During the year, the Board of Directors optimized and improved the work management mechanism for stress tests and effectively guided the scientific and standardized operation of stress tests at the Bank. It guided the revision of the Implementation Rules of Liquidity Risk Stress Test of Jinshang Bank (《晉商銀行流動性風險壓力測試實施細則》), promoted the establishment of a project team for climate risk sensitivity stress tests at Jinshang Bank, and guided the senior management in the orderly conduct of stress tests on capital, liquidity risk, solvency and other factors. It regularly reviewed relevant test conditions, evaluated test scenarios, parameter settings and test results, fostering the Bank’s capacity building for risk analysis and response.

In the view of the Board of Supervisors, in 2022 the Board of Directors had earnestly implemented regulatory authorities’ requirements for stress tests, effectively applied stress test results to risk management and various business decisions, and highlighted the role of stress tests in the Bank’s forward-looking analysis and judgment of risk management.

(VIII) Ability to Make Active Preparation in Promoting the Implementation of the Expected Credit Loss Method

During the year, in accordance with regulatory requirements, the Board of directors sped up the deployment to promote the implementation of the expected credit loss method, instructed the senior management to carry out a comprehensive review of the staffing, governance mechanism and management system, system construction, sorting of business requirements, basic data and other aspects, promoted the timely launch of the expected credit loss method consultation and system upgrade project and gradually executed the expected credit loss method in four phases. The Board of directors also considered and approved the Proposal on the Extension of the Implementation of the Administrative Measures for the Implementation of the Expected Credit Loss Method by Commercial Banks (《關於延期實施〈商業銀行預期信用損失法實施管理辦法〉的議案》), guided the revision of the Administrative Measures for the Implementation of the Expected Credit Loss Method by Jinshang Bank (《晉商銀行預期信用損失法實施管理辦法》), urged the senior management to optimize the basic data, parameter settings and models related to the expected credit loss model, strengthened the information communication with the Board of Supervisors and pushed forward the work on the expected credit loss method in a steady and orderly manner.

In the view of the Board of Supervisors, after the introduction of the Administrative Measures for the Implementation of the Expected Credit Loss Method by Commercial Banks (《商業銀行預期信用損失法實施管理辦法》) in 2022, the Board of the Directors paid prompt attention to the impact of the implementation of the measures on risk management, provision for impairment, etc., reasonably and effectively evaluated the feasibility of applying the Measures to the Bank's operation and management, and systematically propelled the implementation of the expected credit loss method.

(IX) Ability to Coordinate and Deploy Internal Control and Compliance Management to Maintain Effective Internal Control

The Board was able to uphold the business philosophy of “creating value through compliance”, further promoted the work of “Year of System Implementation”, earnestly implemented regulatory opinions, guided the senior management to revise the Compliance Risk Management Policy of Jinshang Bank (《晉商銀行合規風險管理政策》) and Administrative Measures for Staff Behaviors of Jinshang Bank (《晉商銀行工作人員行為管理辦法》), regularly heard reports on the management's compliance risk management and the rectification of problems notified by regulators, continued to strengthen staff warning education, enhanced compliance assessment and management, and led all bank staff to firmly establish the concept of compliance. Moreover, the Board regularly carried out the assessment on internal control, propelled the standardization of grass-roots case prevention work, listened to the reports on evaluation of staff behaviors on schedule, instructed the management to reinforce the constraints on the behaviors of staff, pushed forward the bank-wide safety construction, and further tightened and consolidated the construction of compliance responsibility.

In the view of the Board of Supervisors, in 2022, the Board was able to pay constant attention to the construction of a long-term mechanism for internal control and compliance management, and urged the senior management to keep improving compliance construction initiatives in accordance with regulatory requirements and its own development status, further tamping the foundation for compliance development of the Bank.

Based on its supervision over the overall duty performance and performance of duties in key areas of the Board, in the view of the Board of Supervisors, in 2022, the Board was able to comply with laws and regulations and the Articles of Association of the Bank to carry out work in compliance with laws and regulations, diligently and responsibly. It conscientiously implemented the resolutions of the shareholders' general meeting, practiced regulatory opinions and effectively promoted the implementation of strategic planning. With a focus on improving the comprehensive risk and internal control and compliance management system, it played a positive role in the construction of capital management, data governance, internal control, etc., ensuring the effective operation of the Bank's security governance and promoting the high-quality development of the Bank.

IV. ASSESSMENT ON THE PERFORMANCE OF DUTIES OF DIRECTORS

In 2022, all the Directors of the Bank attended the shareholders' general meeting, meetings of the Board of Directors and meetings of special committees in accordance with the provisions, in which they effectively performed the duties of Directors by expressing their opinions scientifically and casting votes in strict accordance with the procedures.

(I) Directors' Fulfillment of Loyalty Obligations

During the year, in strict accordance with the laws and regulations, regulatory requirement and Articles of Association of the Bank, the Directors performed their obligations faithfully, with the protection of the interests of the Bank as the code of conduct; truthfully reported to the Bank their full-time and part-time positions, connected relationships, and the relationships of persons acting in concert and changes therein; strictly enforced the withdrawal system on duty performance at the meetings of the Board and special committees. The Board of Supervisors found that no Directors used their positions, status, inside information and connected relationships to gain benefits for themselves or others or to harm the interests of the Bank, accepted improper interests in the course of performing their duties, disclosed secrets of the Bank or committed other acts violating provisions as stipulated in the laws and regulations, as well as Articles of Association of the Bank.

(II) Performance of Duties of Directors

The Board convened two Shareholders' general meetings in 2022, at which 17 proposals and one reporting matter were considered; held eight meetings of the Board, at which 82 proposals were considered and 57 reporting matters were listened to or reviewed. Through the on-site supervision of the meetings of the Board by supervisors dispatched by the Board of Supervisors, access to the annual duty performance records of the Directors and inquiries about the convening of the Board meetings and the consideration of proposals, the Board of Supervisors considered that the Board could hold meetings in accordance with the relevant laws and regulations and the procedural requirements of Articles of Association of the Bank during the year and the consideration of proposals was lawful and valid.

During the year, the Directors were able to exercise their rights conferred by the Bank under the Articles of Association and perform their obligations conscientiously and diligently, and earnestly performed their duties in accordance with the prescribed procedures. In 2022, the average attendance rate of Directors at on-site Board meetings was 96%, meeting the regulatory requirement that "the Directors shall attend more than two-thirds of the Board meetings in person each year"; Mr. LI Yang and Mr. DUAN Qingshan, the two Directors, had a 100% attendance rate at on-site Board meetings after the approval of their qualifications as Directors, and were able to actively perform their duties and effectively exercise their powers as Directors in accordance with the prescribed requirements. The Directors of the Bank were able to actively and seriously consider the relevant proposals of the Board of Directors and put

forward scientific and professional opinions and suggestions in the deliberation of proposals on annual report, shareholder equity management, related party transactions, comprehensive risk management, etc. During the adjournment of the Board, the Directors were able to pay attention to and analyze the safe development and operation of the Bank in a timely manner, and provided effective guidance to promote the quality and efficiency of corporate governance, contributing to the high-quality development of the Bank.

During the year, the executive Directors conscientiously implemented the national macroeconomic and financial policies and the decisions and deployments of the provincial party committee and the provincial government, resolutely carried out the decisions and deployments of the party committee, thoroughly executed the work requirements of the Board of Directors, and united and led the cadres and staff of the Bank to actively cope with the complex and severe economic conditions and the impact of multiple factors beyond expectations. Moreover, adhering to their strategic focus, direction of transformation and high-quality development goal, they effectively promoted the implementation of the objectives and tasks of the 2021-2025 Development Strategic Plan, earnestly performed their work duties and constantly improved their operation and management abilities, pushing the Bank's high-quality development and operation strength to a new level.

Shareholder Directors were able to actively strengthen the communication between the Board of Directors and the shareholders and other stakeholders, served well as a bridge between the Bank and the Shareholders, paid attention to the protection of the legitimate rights and interests of minority shareholders, kept a watchful eye on the implementation and promotion of relevant resolutions of the Board of Directors, gave full consideration to major proposals, proactively expressed their opinions and suggestions, and effectively participated in decision-making, which vigorously safeguarded the best interests of the Bank and all Shareholders. Instead of being affected by substantial Shareholders, senior management personnel and other entities and individuals who have an interest in the Bank, independent Directors were able to maintain their independence in the performance of duties, energetically attended meetings and trainings for study, had a full understanding of the Bank's operations, expressed independent opinions on relevant major matters and effectively performed their duties and tasks.

(III) Professionalism of Directors in Performance of Duties

During the year, all the Directors took an active part in trainings on corporate governance, policies and regulations organized by regulatory authorities and industry associations to learn about and command the laws, regulations and regulatory requirements related to the Bank's operation and management with a focus on improving their duty performance ability and professional competence. Based on the duties of the Board of Directors, they were able to give full play to their professional expertise, effectively grasped the macroeconomic conditions and regulatory direction, and put forward scientific and reasonable opinions and suggestions on the research and deliberation of major issues centering on the goal and demand of achieving high-quality development of the Bank.

(IV) Independence of Directors in Performance of Duties and Ethical Standards

During the year, all the Directors were able to clarify their duties, conscientiously practiced high standards of code of professional ethics, and independently cast their votes and expressed their opinions. They focused on protecting the legitimate rights and interests of all shareholders, depositors, consumers and other stakeholders, and propelled the Bank to actively fulfill social responsibilities. The Board of Supervisors did not identify any circumstance in which the Directors were controlled or interfered by the substantial Shareholders and insiders in the course of performance of duties.

(V) Compliance of Directors in Performance of Duties

All the Directors were able to abide by laws, regulations and regulatory provisions, performed their duties in accordance with the Articles of Association and relevant internal rules, participated in meetings and made discussions in compliance with laws and regulations, and strictly followed the requirements of the abstention system concerning related party transactions and performance of duties. Directors who were unable to attend the meetings in person for any reason authorized other directors in writing to act on their behalf. Moreover, they were able to promptly report information on personal related party relationships and persons acting in concert to the Board of Directors and the Board of Supervisors to ensure that the information disclosed by the Bank is true, accurate, complete and in line with other compliance requirements.

V. EVALUATION RESULTS OF THE PERFORMANCE OF DUTIES

In accordance with the relevant provisions of the Measures on Assessment on the Performance of Duties by Directors of the Board of Supervisors of Jinshang Bank Co., Ltd., after deliberation by the Board of Supervisors, the evaluation results of the performance of duties by Directors are as follows:

In 2022, the Directors of the Bank were able to conscientiously and diligently perform the various duties entrusted by Articles of Association of the Bank, actively promote the construction of corporate governance, earnestly fulfill the resolutions of the Shareholders' general meeting, actively participate in major business decisions, keep abreast of the operation and management of the Bank, safeguard the legitimate rights and interests of financial consumers, shareholders and other stakeholders, and actively perform their duties to promote the high-quality development of the Bank.

To sum up, 11 Directors including 2 executive Directors, Ms. HAO Qiang and Mr. ZHANG Yunfei, 4 non-executive Directors, Mr. LI Shishan, Mr. LIU Chenhong, Mr. WANG Jianjun and Mr. XIANG Lijun, and 5 independent Directors, Mr. JIN Haiteng, Mr. SUN Shihu, Mr. WANG Liyan, Mr. SAI Zhiyi and Mr. YE Xiang were evaluated as "competent" in the duty performance evaluation for 2022 by the Board of Supervisors.

During the Reporting Period, the performance time of the non-executive Director LI Yang and the independent Director DUAN Qingshan did not meet the time limit requirement for evaluation after obtaining the regulatory approval for qualifications. According to the regulatory requirements and the Articles of Association of the Bank, the Measures on Assessment on the Performance of Duties by Directors of the Board of Supervisors of Jinshang Bank Co., Ltd. and other relevant requirements, the Board of Supervisors did not fully evaluate the performance of duties by the above two Directors in 2022.

VI. RECOMMENDATIONS OF THE BOARD OF SUPERVISORS ON THE BOARD OF DIRECTORS AND THE PERFORMANCE OF DUTIES BY DIRECTORS:

(I) Coordinating the Implementation of Strategic Planning and Improving the Quality and Efficiency of System Construction

It is recommended to strengthen the study and judgment on the correlation of various measures and initiatives implemented, consider the implementation of transformation and reform in various areas as a whole, and promote the matching, gradual progress and breakthrough of the reforms in various fields with the whole Bank, so as to enhance the systemic effect of transformation and maximize the effectiveness of various initiatives. It is necessary to transform to refined and agile management, improve management capabilities in capital, pricing, risk control, costs, processes, customers and human resources, achieve value management through refined management, strengthen the enhancement of financial technology-driven capacities, promote the construction of an agile service system by means of digitalization and intelligence, unswervingly promote the implementation of digital transformation strategy across the Bank, and enhance the core competitiveness of the Bank.

(II) Continuously Improving Risk Management and Optimizing Internal Control Mechanism

It is recommended to intensify risk control in a more comprehensive manner and enhance the Bank's ability to make forward-looking judgments on risks, systematically prevent and control risks, and coordinate and resolve risks. It is necessary to reinforce the management of related party transactions and equity management, strictly regulate the behaviors of Shareholders and conduct regular and effective evaluation. Attention should be paid to heighten the ability to leverage financial technology means, optimize the comprehensive risk management system and strengthen the construction of the long-term compliance management mechanism. It is also essential to ameliorate the risk appetite formation and transmission mechanism and refine the risk management.

(III) Improving the Construction of Talent Teams to Provide Guarantee for Transformation

It is recommended to further implement the construction of a strong bank with talents, continuously improve the system and mechanism of talent development, perfect and improve the assessment and incentive mechanism, optimize the environment for talent development,

deeply explore the potential of human resources, further enhance the comprehensive construction ability of the team, improve human output, and cultivate a compound and versatile talent team with high quality, so as to provide a strong guarantee for the transformation and development of the Bank.

(IV) Paying Attention to Regulatory Supervision and Inspection, and Striving to Promote the Rectification of Problems

It is recommended to pay more attention to the implementation of the spirit stipulated in a series of external supervision documents and the rectification of special governance issues throughout the Bank, effectively strengthen the responsibilities and functions, continue to make further effort in the improvement of the mechanism for “supervising” rectification, leader promotion for “facilitating” rectification, verification of cancellation numbers with “strict” rectification, organically combine prompting problems, implementing rectification and improving management to promote the safe development of the Bank.

(V) Promoting the Construction of Directors’ Duty Performance, and Continuously Improving the Effectiveness of Governance

It is recommended to further improve the decision-making ability of governance, give full play to the expertise and advantage of Directors, improve the ability to study the economic and financial situation, strengthen the overall guidance for the operation and development of the Bank from the top level, consolidate the construction of the special committee, enhance the guidance and supervision of each committee member on the implementation of the strategic planning of the Bank, strengthen the study and judgment of various risks, highlight the professional abilities, enhance the scientific and forward-looking decision-making, maintain the safety of the Bank’s operation, further strengthen compliance duty performance, benchmark the regulatory requirements and the Bank’s system regulations, achieve compliant and scientific duty performance, and effectively play a good role in duties.

According to the Corporate Governance Standards for Banking and Insurance Institutions, the Measures for Evaluating Performance of Duties by Directors and Supervisors of Banking and Insurance Institutions (Trial) and other laws and regulations, as well as the Articles of Association, the Measures on the Performance Assessment of the Supervisors by the Board of Supervisors of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司監事會對監事履職評價辦法》) and other detailed requirements, through sorting out the holding of meetings of the Board of Supervisors and special committees, the attendance and expression of opinions by Supervisors, the participation of Supervisors in training and study, and the performance of daily supervisory duties by Supervisors to Directors and the senior management, the Board of Supervisors carried out the assessment on the performance of all the Supervisors in 2022 from multiple dimensions based on the principles of legal compliance, objectivity and fairness, unified standards, pragmatic and effective manner by conducting self-evaluation, mutual evaluation and comprehensive assessment on the Supervisors by the Board of Supervisors upon comprehensive consideration of the daily performance of Supervisors.

I. THE GENERAL SITUATION OF THE BOARD OF SUPERVISORS IN 2022

On December 22, 2022, the Board of Supervisors of the Bank completed the re-election and elected the sixth session of the Board of Supervisors. The fifth session of the Board of Supervisors consists of eight Supervisors, including three Employee Supervisors (Mr. XIE Liying, Mr. GUO Zhenrong, and Mr. WEN Qingquan), two Shareholder Supervisors (Mr. BI Guoyu and Mr. XIA Guisuo), and three external Supervisors (Mr. LIU Shoubao, Mr. LIU Min, and Mr. WU Jun), and their term of office will expire on December 22, 2022. The sixth session of the Board of Supervisors consists of nine Supervisors, including three Employee Supervisors (Mr. XIE Liying, Mr. WEN Qingquan, and Mr. SU Hua), three Shareholder Supervisors (Mr. WANG Weiping, Mr. PANG Zhengyu, and Ms. XU Jin), and three external Supervisors (Mr. ZHUO Zeyuan, Mr. BAI Guangwei, and Mr. WU Jun).

The five Supervisors of the fifth session of the Board of Supervisors including Mr. GUO Zhenrong, Mr. BI Guoyu, Mr. XIA Guisuo, Mr. LIU Shoubao, and Mr. LIU Min, who performed their duties in the Bank for more than half a year in 2022, participated in the evaluation of this year's performance according to regulatory requirements and the actual situation of the Bank. The six Supervisors of the sixth session of the Board of Supervisors including Mr. WANG Weiping, Ms. XU Jin, Mr. PANG Zhengyu, Mr. ZHUO Zeyuan, Mr. BAI Guangwei, and Mr. SU Hua did not participate in the performance evaluation of this year due to relatively short period of time on duty in 2022. In summary, the Board of Supervisors assessed the performance of duties of the following Supervisors in 2022: Chairman of the Board of Supervisors, Employee Supervisors Mr. XIE Liying, Mr. WEN Qingquan and Mr. GUO Zhenrong, Shareholder Supervisors Mr. BI Guoyu and Mr. XIA Guisuo, and external Supervisors Mr. LIU Shoubao, Mr. WU Jun, Mr. LIU Min and other eight Supervisors.

II. PERFORMANCE OF THE SUPERVISORS IN 2022**(I) Performance of Duty in Good Faith and Loyalty by the Supervisors**

In 2022, all Supervisors took safeguarding the interests of the Bank as a code of conduct and faithfully performed their duties as Supervisors. Supervisors were able to perform their duties in strict accordance with the laws, administrative regulations and the Articles of Association of the Bank, and truthfully informed about their full-time job, part-time job and connected relations. The Board of Supervisors did not find that there was a conflict of interest between the Supervisors and the Bank, did not find that the Supervisors accepted improper benefits in the course of performing their duties, nor did they find that the Supervisors used their positions, status, connected relations or inside information to seek benefits for himself/herself or any other person or harm the interests of the Bank.

(II) Performance of Duty of Diligence by Supervisors

In 2022, the Bank's Supervisors attended the Shareholders' general meeting twice as observers, with a 100% attendance rate. The Board of Supervisors submitted five proposals to the Shareholders' general meeting, all of which were voted and approved by the Shareholders' general meeting, held eight meetings of the Board of Supervisors, seven meetings of the Supervisory Committee and five meetings of the Nomination Committee; considered 94 proposals throughout the year, and listened to or reviewed 39 reporting matters. The on-site attendance rate of all Supervisors was 100%, and all Supervisors conducted full research and discussion on proposals involving corporate governance, equity management, related party transactions, major financial decisions, overall risk management, internal control compliance, consumer rights protection, and actively expressed independent opinions. The Board of Supervisors attended eight meetings of the Board of Directors as non-voting delegates, and inquired the Board of Directors about the convening of meetings and the deliberation of proposals, and carefully supervised the Board of Directors and the research and discussion on major matters such as the strategic plan, risk management, capital management, and periodic reports of the Bank by attending the above-mentioned meetings as observers, and supervised the legal compliance of the meeting procedures, the deliberation of motions and the voting results of Directors.

During the year, the average performance time of all Supervisors in the Bank was 24.25 days, and the performance time of external Supervisor Mr. LIU Shoubao in the Bank was 26 working days, 25 working days for Mr. WU Jun, and 23 working days for Mr. LIU Min, all of which met the regulatory requirements for external Supervisors to perform their duties in the Bank.

(III) The Professionalism of Supervisors' Performance of Duties

In 2022, all Supervisors are able to pay attention to the requirements of the supervision and construction of the Board of Supervisors, continuously improve the level of legalization and standardization of collective deliberation, act in the best interests of the Bank, strictly protect the secrets of the Bank, and pay close attention to matters that may harm the interests of the Bank; all Supervisors are able to, based on the positioning of the responsibilities of the Board of Supervisors and from the perspective of the long-term interest of the Bank, give full play to their own professional expertise and experience, effectively grasp the macroeconomic situation and the Bank's actual conditions of development, carefully review various meeting documents, make serious and adequate discussions on the proposals on risk management, financial supervision, internal control, major investment and financing matters deliberated during the meeting, and conduct on-site inquiries (questions) to the reporting department on business details and progress promotion, make independent and objective judgments, and put forward scientific and reasonable opinions and suggestions. A total of 51 on-site questions were conducted throughout the year, with 8 feedbacks to the Board covering 25 areas and 6 feedbacks to senior management covering 28 areas.

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

In 2022, all Supervisors adhered firmly to the high standards of professional ethics. Improving their capacity for learning was a major focus, as they carefully and rigorously studied and analyzed national policies and regulatory requirements, and trends in risk evolution. They showcased their abilities to provide objective supervision opinions and effectively and independently fulfil their supervisory roles, with a focus on safeguarding the legitimate rights and interests of the Bank, its minority shareholders, and financial consumers. What the Supervisors aimed to fuel the Bank's performance of social responsibility and the development of the local economy.

(V) Compliance of Supervisors in Performance Their Duties

In 2022, all Supervisors complied with laws and regulations, regulatory provisions and the Articles of Association and continued to standardize their performance of duties. They actively accepted supervision, performed corresponding duties in accordance with laws and regulations and promoted and supervised the Bank's law-abiding and compliant operations. The Board of Supervisors did not find any violations of laws and regulations and the Articles of Association by supervisors in performing their duties.

III. EVALUATION ON THE PERFORMANCE OF DUTIES BY SUPERVISORS IN 2022**(I) Ability to Effectively Promote the Performance of Duties and Responsibilities and Better Adapt to the New Deployment and New Requirements for Improving the Governance Capacity of the Board of Supervisors within the Clearly Delineated Areas of Responsibility for the Board of Supervisors**

During the year, all supervisors adhered to implement the requirements of “focusing on the main points and discussing major issues” in accordance with the relevant provisions of the Articles of Association and rules of procedure as well as the needs of supervision work. They performed meeting supervision duties in a comprehensive, standardized and efficient manner, convened meetings of the Board of Supervisors and various special committees in accordance with laws and regulations, conducted in-depth analysis and study of key areas, and strived to improve the overall effectiveness of supervision. Through communication by means of motion deliberation, debriefing, and on-site inquiries, the Board of Supervisors conducted thorough research and discussion on major matters related to the development of the Bank, and issued objective and independent opinions and suggestions on this basis, effectively performing supervisory duties. Focusing on key aspects of corporate governance, such as the revision of Articles of Association, shareholders’ commitment, strategic management, and information disclosure, the Supervisors strived to improve the effectiveness of corporate governance in a scientific manner. Continuous efforts were made to strengthen the supervision on the Board of Directors and senior management in the performance of comprehensive risk management responsibilities covering credit risk, market risk, operational risk, liquidity risk, compliance risk, and the bottom-line thinking and prudent risk management concepts were prioritized. The supervisors carefully reviewed relevant proposals, maintained a thorough understanding of the Bank’s comprehensive risk management status, and offered constructive supervision opinions on vital issues, such as the establishment of a comprehensive risk management system and mechanism, provision and asset quality management, promoting the sound development of a risk management and control system and effective implementation measures. Following the principle of rigorous supervision on financial affairs, supervision was made in the following areas: the preparation procedures of periodic reports, the authenticity and completeness of the report content, the scientific rationality in respect of decisions for profit distribution and budget management, the operation of key financial indicators such as deposits and loans, non-performing asset ratio, and capital adequacy, to continuously expand the breadth and depth of supervision in the financial field. The supervisors continued to pay attention to the construction of compliance management mechanisms, focused on the implementation of internal controls such as case prevention and control, consumer rights protection, anti-money laundering, and abnormal employee behavior management, supervised the effectiveness of internal control mechanisms, and effectively promoted the construction of compliance culture throughout the Bank. The supervisors carefully studied and analyzed various regulatory inspection reports issued by regulatory authorities, listened to the work reports of the internal audit department in a timely manner, reviewed special audit reports and rectification reports, supervised and promoted the rectification of key issues by the senior management, and contributed strength to improve the Bank’s compliant operation.

(II) Ability to Continuously Strengthen the Professionalism and Accountability of Supervision, Promote Full Coverage of Supervision and Enhance the Effectiveness of Supervision

During the year, all Supervisors carried out 14 special supervision activities using the supervision means of “Supervision Proposal, Procuratorial Proposal, Judicial Proposal, and Public Security Reminder Letter” of the Board of Supervisors. Through this means, the Supervisors gained an in-depth understanding of major matters such as the disposal of non-performing assets, data governance, interest rate risk management, regulatory data submission, and public opinion risk management. By reviewing relevant special reports, they were able to timely grasp the business dynamics of major matters of the Bank, and provided scientific and reasonable opinions and suggestions. This ensured effective supervision of key business risks.

During the year, amidst the ongoing epidemic prevention and control measures, the Supervisors continued to innovate research methods and actively participated in the special research conducted by the Board of Supervisors on the development of inclusive small and micro businesses as well as risk prevention and control of the whole Bank. The Supervisory Committee of the Board of Supervisors continued to monitor the progress of the investigation, using various forms, such as data analysis, video conferencing, on-site inquiries, case analysis, to gain a comprehensive understanding of the development status and challenges faced by the small and micro businesses of the whole Bank. Through analysis and evaluation, they provided opinions and suggestions for improving the hierarchical management of inclusive small and micro customers, enhancing scientific and technological support, and strengthening the comprehensive financial service capabilities of small and micro customers. All of these efforts were aimed at improving the quality and efficiency of supervision services.

(III) Ability to Continuously Strengthen Its Own Construction and Effectively Guarantee the Realization of the Goal of Enhancing the Quality and Efficiency of the Governance Capacity of the Board of Supervisors

During the year, all Supervisors can conscientiously implement the regulatory authorities’ requirements for strengthening supervision capacity building. They have actively completed various centralized study and training tasks and have strengthened theoretical training, professional training and practical exercises in an all-round way. In June 2022, the Supervisors participated in the corporate governance training organized by the China Banking and Insurance Regulatory Bureau, where they discussed key points of supervision and hot issues related to reform and development. This training enhanced their consensus and improved the timeliness of performing their duties. The Board of Supervisors held five special study seminars in response to the Supervision and Assessment Measures on the Corporate Governance of Banks and Insurance Institutions (《銀行保險機構公司治理監管評估辦法》), the Administrative Measures for the Implementation of the Expected Credit Loss Method by Commercial Banks (《商業銀行預期信用損失法實施管理辦法》), the Guiding Opinions on the Digital Transformation of Banking and Insurance Industries (《關於銀行業保險業數字化轉型的指導意見》) and other regulatory measures. The Supervisors demonstrated a proactive approach to bench-marking regulatory requirements, integrating a professional learning spirit into their work, focusing on improving their political acumen and professional ability to perform their duties, and ensuring continuous improvement in their capacity building.

In the view of the Board of Supervisors, in 2022, all Supervisors have fully implemented the decisions and deployment of the Party Committee of the head office, resolutely carried out resolutions of the Shareholders' general meeting, and performed their duties and responsibilities in strict accordance with the provisions of laws and regulations, regulatory requirements and the Articles of Association under the supervision and guidance of the regulatory authorities. Moreover, they have closely aligned with the Bank's central tasks of achieving high-quality development, adhered to the work concept of "supervision and service development", taken proactive measures, faithfully performed their duties, and conducted supervision in a pragmatic and efficient manner, continuously enhanced the level of service. These efforts better safeguarded the rights and interests of the Bank, shareholders, employees, financial consumers and other stakeholders, providing a solid foundation for the Bank's sustainable and high-quality development.

To sum up, the evaluation results of the 8 Supervisors of the Bank, including Mr. XIE Liying, Mr. GUO Zhenrong and Mr. WEN Qingquan, who are Employee Supervisors, Mr. BI Guoyu and Mr. XIA Guisuo, who are Shareholder Supervisors, and Mr. LIU Shoubao, Mr. LIU Min and Mr. WU Jun, who are external supervisors, have all been deemed as "competent" in their performance of duties in 2022.

For 2023, all Supervisors are requested to continue to focus on the following matters:

Firstly, all Supervisors must adhere to the concept of system. The new Board of Supervisors should maintain a general tone of seeking progress while maintaining stability, and ensure the complete, accurate, and comprehensive implementation of the new development concept. They must also fully implement the spirit of the second Party Congress of Jinshang Bank, putting into practice various ideas and measures of "risk management by the Party", while upholding integrity and innovation. To accurately grasp the work requirements of the Board of Supervisors, they must coordinate development and safety, conduct forward-looking research and judgment, achieve up and down linkage, establish a comprehensive system for prevention and control, and fully play their role in "supervision to guarantee safety, and service to promote development".

Secondly, it is necessary to highlight the key points of supervision. The Supervisors must firmly grasp the unique responsibility of supervision and concentrate on the work idea of "focusing on important matters and deliberating major issues". They should continue to promote the establishment of a work layout that consists of "one main guide, two wings driven, and comprehensive coordination", while continuously enhancing the quality and efficiency of safety construction across the entire Bank, by supervising risk prevention, compliance and service provision. Attention must be paid to financial supervision, business plans, the implementation of financial budgets and final accounts, asset disposal, related party transactions, and other related areas. Risk supervision should also be a top priority, with close attention given to the Bank's risk management strategy, risk management and control mechanism, and the construction of a comprehensive risk management system, while also further improving the timeliness of risk supervision. Internal control supervision should be

another area of focus, with a solid compliance barrier build to promote compliance responsibilities in the “three lines of defense”. Re-supervision throughout the process of compliance construction is also necessary to ensure steady development. It is crucial to pay attention to the supervision of performance of duties. The Board of Supervisors should continue to strengthen the supervision of compliance performance by directors, supervisors and senior management members, and employ, innovate and implement multi-angle supervision of the “vital few” to promote “leading from above” and enhance governance efficiency.

Thirdly, it is necessary to develop joint supervision forces. To promote the “gathering of wisdom” in the supervision, it is essential to give full play to the initiatives of Shareholder Supervisors, external Supervisors, and Employee Supervisors, and propel multiple subjects to make precise efforts in supervision, deliberation, decision-making and service, in a bid to fulfill their duties and responsibilities, and pursue effective results. The Supervisors should promote the “gathering of innovative means in supervision”, strengthen the guidance for and cooperation with supervision departments, make innovation for effectiveness in “whole-process embedded” collaborative supervision, “targeted linkage” special supervision, “relay follow-up” joint supervision, and “multi-party review” linkage supervision, with a focus on developing joint supervision forces through penetrated supervision, so as to contribute to the safe development of the whole Bank.

Fourthly, it is necessary to enhance self-building. It is a must to comprehensively benchmark the work duties and mission requirements of the Board of Supervisors in the new era, further reinforce the building of the Supervisors’ own capability and quality, and heighten their ability to perform duties and conduct supervision. The Supervisors should cultivate strong professional skills, step up efforts in the study of the economic and financial conditions and financial theories, improve work methods and professional capabilities, and push forward the construction of a “learning Board of Supervisors” through concentrated research and trainings. The Supervisors should also firmly establish the spirit of responsibility, optimize the form of their services, broaden the channels of supervision, integrate supervision with services, and effectively give play to their positive role in promoting the safe development of the whole Bank.

In accordance with the laws and regulations including the Corporate Governance Standards for Banking and Insurance Institutions (《銀行保險機構公司治理準則》) and the Measures for Evaluating Performance of Duties by Directors and Supervisors of Banking and Insurance Institutions (Trial) (《銀行保險機構董事監事履職評價辦法(試行)》), as well as specific requirements such as the Articles of Association and the Measures of the Board of Supervisors of Jinshang Bank Co., Ltd. for Supervision and Assessment on Performance of Duties of Senior Management Members (《晉商銀行股份有限公司監事會對高級管理層成員履職監督評價辦法》), the Board of Supervisors assessed the performance of duties of senior management members in 2022 from multiple dimensions based on the principles of legal compliance, objectivity and fairness, unified standards, pragmatic and effective manner through various means such as reviewing various reports submitted by senior management, referring to the 2022 personal work reports of senior management members, daily following up on the performance of duties by senior management, evaluating the implementation of the supervisory opinions and suggestions of the Board of Supervisors, inquiring of the staff in the relevant departments, carrying out self-evaluation and mutual evaluation of the annual performance of duties of senior management members, comprehensive evaluation of senior management members by the Board of Supervisors, and comprehensive consideration of the results of the annual performance evaluation of senior management members.

I. COMPOSITION OF 2022 SENIOR MANAGEMENT MEMBERS

As of the end of 2022, the senior management of the Bank consists of six members, including Mr. ZHANG Yunfei as President, Mr. ZHAO Jiquan as Vice President, Mr. LI Yanbin as Vice President, Mr. WANG Yibin as Vice President, Mr. WEN Gensheng as Chief Human Resources Officer, and Mr. SHANGGUAN Yujiang as assistant to the President.

During the year, Ms. HOU Xiuping as Chief Financial Officer and Mr. NIU Jun as Chief Operation Officer retired from management positions at the age of maturity, and their annual performance period was relatively short, so they did not participate in the performance evaluation of this year. To sum up, the Board of Supervisors assessed the performance of duties of the following members of the senior management in this year: Mr. ZHANG Yunfei as President, Mr. ZHAO Jiquan as Vice President, Mr. LI Yanbin as Vice President, Mr. WANG Yibin as Vice President, Mr. WEN Gensheng as Chief Human Resources Officer, and Mr. SHANGGUAN Yujiang as assistant to the President.

II. OVERALL PERFORMANCE OF DUTIES OF SENIOR MANAGEMENT MEMBERS IN 2022

In 2022, the senior management fully implemented the decision-making and deployment of the provincial Party committee, the provincial government and the Party committee of the head office, strictly complied with the regulatory requirements, conscientiously fulfilled the decision-making and deployment of the Board of Directors, and actively accepted the supervision of the Board of Supervisors. The senior management fully performed the Bank's responsibilities of operation management, financial management, profit distribution, capital management, risk management, internal control, digital transformation, consumer rights protection, etc. With steadily improving the risk control capacity and continuing to develop various businesses, significant business results have been made. The senior management has better completed the tasks and goals assigned by the Board of Directors.

(I) Actively Integrating into Regional Economic Development and Achieving Continuous Results in Serving the Real Economy

In 2022, the senior management deeply implemented the business philosophy of "serving Shanxi, serving transformation, and serving the real economy", and actively carried out the major strategic deployment of the provincial Party committee and government to effectively support the construction of key areas in the province. To implement the province's relief policy for benefiting enterprises, ten measures were introduced to assist enterprises and people as well as combat the epidemic together, and special action plans were formulated to effectively promote the reduction of fees and provision of benefits of financial services; the senior management made all-out efforts to ensure financial services delivered as guarantees, thereby working with enterprises to tide over difficulties and helping the province stabilize the economic market and the enterprises resume work and production. Closely following the strategic deployment of Taiyuan and Xinzhou integration, the senior management increased capital investment to continue to support the construction of Taiyuan and Xinzhou Integrated Economic Zone. Focusing on the reform of provincial state-owned enterprises to defuse risks and improve the quality and efficiency, the senior management provided exclusive comprehensive financial service solutions for key provincial state-owned enterprises to meet the customized needs of customers. The senior management actively served small and micro enterprises, closely followed the deployment of the province's market entity multiplication project, formulated special action plans, innovated and developed characteristic inclusive financial products according to the characteristics of small and micro customer groups in the province to continuously improve the ability of inclusive small and micro financial services. The senior management actively served the county economy and effectively expanded the Bank's financial service coverage. By deeply implementing the rural revitalization strategy and launching the mode of cooperation with agricultural credit guarantee companies, the senior management accurately targeted at the key projects such as aquaculture, tourism, and infrastructure construction to consolidate the achievements in poverty alleviation, properly offer micro credit to people who have been lifted out of poverty during the transitional period, and improve the quality and efficiency of financial service for rural revitalization.

(II) Deeply Promoting Reform and Transformation to Improve Quality and Efficiency, and Further Consolidating the Foundation for High-quality Development

In 2022, in accordance with the requirements of high-quality development, the senior management promoted comprehensive policies in terms of institutional reform, product and service improvement, and strengthening team building, led all lines to further promote quality and efficiency, and continuously improved innovation-driven development capabilities. The senior management promoted the continuous transformation and upgrading of the Company's business, determined the "ten key areas" according to the principle of "one bank, one policy and one district, one policy", and formed a working mode of linkage between head office and branches, pre-marketing, and hierarchical docking to tailor comprehensive financial service solutions for key customers. The senior management further strengthened financial support for the Province's advantageous and characteristic industrial chain and supply chain, highlighted the brand advantages of "Jinyun Chain", enriched the supply chain financial product system, established a special team for supply chain finance, and launched a new product of the "Tong (通)" series – "Jiaokuantong (教款通)". The senior management released the first environmental information disclosure report of local legal person financial institutions in the Province to comprehensively display the achievements of our Bank's green finance. The carbon emission rights pledge loans were launched to constantly intensify efforts in green credit and contribute transformation experience to the green and low-carbon development of Shanxi Province. By adhering to the "customer-centric" core values, the senior management actively promoted the transformation and upgrading of service models, enhanced its ability to create value for customers, continuously improved the customer profiling system, enriched the unified view of customers, and strengthened marketing process control to further improve business efficiency and service quality. The construction of mobile banking 5.0 was launched, and the financial products for scenarios such as smart campus and smart community were effectively implemented, and customer experience continued to improve. The senior management organized and carried out a number of labor competitions such as improving quality and efficiency, strengthened comprehensive marketing and cross-selling, promoted new breakthroughs in major retail business products to significantly increase the scale of savings deposits while further reducing the interest payment rate, and further increase the total and proportion of retail intermediate business income. The senior management formulated and implemented the Guiding Opinions on the High-quality Development of Retail Business of Branches in Taiyuan Area (《太原地區分支機構零售業務高質量發展指導意見》) to enhance the market competitiveness of the retail business of each branch. The online consumer loan products "Housing e Loan" and "Credit e Loan" were successfully launched, driving positive growth of non-mortgage assets for the first time. The senior management broadened the credit card issuance channels, successfully issued American Express card products, and launched the "Star Rights Platform (星級權益平台)", and the brand value of card business initially appeared. The senior management initiated the reform of inclusive financial lines, clarified the development direction of inclusive financial business, adjusted resource allocation, changed business models, optimized approval methods, fully mobilized the enthusiasm and execution of branches to form a work pattern of linkage between upper and lower, mutual support between front and rear ends, and line coordination.

(III) Adhering to Prevent Risks through Comprehensive Measures, and Continuing to Strengthen the Construction of Risk Compliance Systems

In 2022, the senior management demonstrated active response to changes in the internal and external risk situations and effectively championed the continual enhancement of the overall risk management system of the Bank, whilst adhering to the overall developmental and safety planning. Fully leveraging the advantages of the comprehensive risk management system, the senior management encouraged the deployed staff to adjust the lines of defense for early identification of risks, strengthened supervision over, service to and support for front office business departments, and fostered a synergistic relationship between risk prevention and control and business development. Risk governance efficiency was improved by updating and optimizing recovery and disposal plans and enhancing risk management and control mechanisms. In addition, the senior management established the asset preservation department to promote more professional and refined disposal of non-performing assets, which resulted in effective collection and reduction of non-performing assets. To strengthen the Bank's compliance framework, the senior management launched the "Year of System Implementation" ("制度執行年") campaign, which included system sorting, learning, inspection, and supervision into the daily operation and management, and strengthened institutional constraints. Moreover, efforts were made to improve employee behavior management, reinforce accountability, and enforce targeted accountability. The senior management further promoted the construction of its compliance culture and carried out themed publicity campaigns to create a good compliance environment for the safe development of the whole bank.

(IV) Steadily Promoting the Construction of Digital Transformation and Further Strengthening the Development of Technology-enabled Operations

In 2022, actively following the Notice by the State Council of Issuing the Plan for Development of the Digital Economy During the "14th Five-Year" Period (《國務院關於印發“十四五”數字經濟發展規劃的通知》), Fintech Development Plan (2022 to 2025) (《金融科技發展規劃 2022-2025年》) and Notice of the General Office of the People's Bank of China on Deepening the Application of Fintech and Promoting the Digital Transformation of Finance (《中國人民銀行辦公廳關於開展深化金融科技應用推進金融數字化轉型提升工程的通知》) and other development plans and guidance, the senior management spearheaded the construction of digital transformation of the Bank, established a digital transformation leadership group and an agile development team, and formulated and promoted the implementation plan for digital transformation. The data governance initiative was launched on schedule with both the data governance consulting project and the data agile development project, which aimed at consistently enhancing the supervision data quality and data service capabilities. The scenario financial ecosystem rapidly expanded its reach, and online channels were continuously optimized, contributing to improving ability to provide customers with an array of diverse and convenient financial services. The roll-out of new services such as "Housing e Loan", "Credit e Loan", and remote video banking add to the options for customers, further elevating the level of convenience and intelligence in handling business and customer experience satisfaction.

In the view of the Board of Supervisors, in 2022, the senior management firmly grasped the Bank's high-quality development requirements and focused on the main responsibility and business of serving local economic and social development while highlighting political guidance and strengthening responsibility. Based on continuous efforts to consolidate the dominant position of its traditional business, the senior management made all efforts to develop new businesses and new ecosystem, further enhance the advantage of comprehensive risk management system, create a robust compliance atmosphere, and establish a safe production bottom line. The reform and innovation initiative was executed in full swing and efforts were focused on improving quality and efficiency, ultimately delivering on the business goals set for the year.

III. THE DUTY PERFORMANCE OF SENIOR MANAGEMENT IN THE KEY FIELD IN 2022

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

(I) Ability to Constantly Strengthen Capital Management and Effectively Promote the Balance between the Return on Capital and Risk

During the year, in accordance with the 2022 Plan for Management of Annual Capital Adequacy Ratio of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司2022年度資本充足率管理計劃》) formulated by the Board of Directors, the senior management effectively implemented the dynamic capital management, evaluated the capital adequacy of the Bank on regular basis, submitted quarterly reports to the Board of Directors and the Board of Supervisors, such as the Report on Capital Adequacy Ratio Management and Internal Capital Adequacy Assessment for the First Half of 2022 of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司2022年上半年資本充足率管理及內部資本充足評估報告》) and the Report on Capital Adequacy Ratio Management and Internal Capital Adequacy Assessment for the Third Quarter of 2022 of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司2022年三季度資本充足率管理及內部資本充足評估報告》), and actively turned the opinions and suggestions of the Board of Directors and the Board of Supervisors on capital management into actions. Under the guidance of the People's Bank on the various loan scale windows of the Bank, the senior management reasonably adjusted and controlled the risk-weighted asset allocation of each line to constantly serve the transformation development of the Bank and improve the level of capital gains. As of the end of 2022, the Bank's core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio all met the regulatory requirements, and the return on capital increased as compared to the beginning of the year.

In the view of the Board of Supervisors, the senior management has successfully leveraged the constraint and guiding function of capital to optimize the asset structure, effectively ensured a reasonable increase in risk-weighted assets, and further optimized the evaluation and guidance of the return on risk assets. The senior management has also consistently enhanced the efficiency of capital utilization, strengthened the coordinated use of capital and intensive development.

(II) Ability to Continuously Refine Liquidity Risk Management and Promote both Fund Utilization and Liquidity Risk Management Capabilities

During the year, the senior management continued to conduct in-depth risk inspection, further improved the liquidity risk management operation mechanism, developed the Detailed Rules for the Implementation of Liquidity Risk Stress Tests of Jinshang Bank (《晉商銀行流動性風險壓力測試實施細則》), and worked out and implemented the Measures for the Management of Liquidity Risks of Wealth Management Products of Jinshang Bank (《晉商銀行理財產品流動性風險管理辦法》) and the Detailed Rules for the Management of Liquidity Risks of Wealth Management Products of Jinshang Bank (《晉商銀行理財產品流動性風險管理細則》) according to the regulatory requirements. The senior management also adopted a prudent liquidity risk appetite strategy, arranged assets and liabilities business in an overall manner, reasonably controlled the mismatch of the terms of assets and liabilities, made sure the utilization of funds in line with their sources, conducted strict daily monitoring, organized and carried out regular liquidity risk stress tests, evaluated the performance of the regulatory indicators on liquidity risk management and the impact of other risks such as credit risk and reputational risk on liquidity risk. Moreover, the senior management duly adjusted its fund operation strategy in accordance with the development of the Bank's assets and liabilities business and characteristics of fund management in different periods, and took various measures to ensure a safe and stable liquidity level, reasonably increasing the return on the funds while ensuring a safe liquidity level.

In the view of the Board of Supervisors, under the context of interest rate liberalization, the senior management should pay more attention to the impact of the stability and diversity of liabilities on liquidity, and strengthen quota management and daily monitoring. The senior management should also keep abreast of the operating and risk conditions of Qingxu Village and Township Bank, further enhance the guidance and monitoring on its reputational risk and liquidity risk management, further optimize the data reporting and management mechanism of the risk management information system of the village and township bank, and reinforce the guidance and management on risk prevention and control of Qingxu Village and Township Bank.

(III) Ability to Further Empower Business Operations with Financial Technology, Promote Digital Transformation in an Overall Manner, Continuously Strengthen Data Governance and Further Leverage the Value of Data

During the year, the senior management designed the roadmap for implementing the Bank's digital transformation based on the Bank's actual situation, and set up a digital transformation leading group to steadily practice the digital transformation strategy. The senior management formulated and organized the implementation of the Work Plan for Deepening the Application of Financial Technology and Further Promoting Financial Digital Transformation of Jinshang Bank (《晉商銀行深化金融科技應用,推進金融數字化轉型提升工程工作方案》), established a sound digital transformation management mechanism and promoted the building of supporting systems. At the same time, the senior management valued data governance as the foundation and prerequisite for digital transformation, continued to promote the integration of data governance and business development, and formulated and organized the implementation of the Strategic Data Governance Plan of Jinshang Bank (《晉商銀行數據治理戰略規劃》). Under the strategic vision of data governance of "following the strategic planning of data governance, building the Bank into an 'excellent listed Bank in the region' that features data-based decision making, data-driven operation and data-oriented innovation, to lay a solid foundation for empowering data application and maximizing data value", the senior management worked to improve the Bank's data governance system, institutional system and talent team system building, and formulated and implemented the Measures for Data Governance Management of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司數據治理管理辦法》) and Measures for Data Governance Assessment of Jinshang Bank (《晉商銀行數據治理考核辦法》). In addition, the senior management conducted regular bank-wide self-assessment of data governance, heard reports on work progress, and studied, analyzed and arranged for work assignments at all stages, to provide direction so that the Bank's data governance work can proceed in a comprehensive and steady manner.

In the view of the Board of Supervisors, the senior management has been able to actively follow the arrangements and requirements of the Board of Directors on data governance, define the responsibilities of data governance at all levels, and further its efforts in data governance. The bank-wide data governance has gradually moved into the direction of standardization, which has laid a solid foundation for steady digital transformation.

(IV) Ability to Strictly Adhere to a Bottom-line of Risk and Promote the Construction of a Comprehensive Risk Management System in a Steady and Effective Manner

During the year, the senior management has strictly adhered to the Guidelines of Jinshang Bank on Risk Management for 2022 (《晉商銀行2022年風險管理指導意見》) and the Administrative Measures for Risk Appetite of Jinshang Bank (《晉商銀行風險偏好管理辦法》) formulated by the Board of Directors. With a commitment to bottom-line thinking of risk control, the senior management has taken multiple measures to build a risk management system that aligns with the Bank's development. By closely monitoring the development of trends, patterns and characteristics of changes in financial risks, the senior management has continuously strengthened comprehensive risk management, improved the risk management structure, processes and systems, and effectively controlled and isolated cross-market and cross-sector risks, thereby improving the overall risk management of the Bank. The senior management has focused on key areas of risks and has amended and implemented special risk prevention and control management measures, such as the Policies for Market Risk Management of Jinshang Bank (《晉商銀行市場風險管理政策》), Rules for Internet Loan Business Risk Management of Jinshang Bank (《晉商銀行互聯網貸款業務風險管理細則》), Money Laundering Risk Management Policy of Jinshang Bank (《晉商銀行洗錢風險管理政策》) and Measures for Reputation Risk Management of Jinshang Bank (《晉商銀行聲譽風險管理辦法》). The senior management has regularly conducted risk analysis and assessment of credit risk, market risk, information technology risk, compliance risk, money laundering risk, reputational risk and other types of risks, adhering to the risk management principles of "mutual coordination of risk and development, mutual balance of risk and return, and mutual adaptation of risk and capital (風險與發展相互協調, 風險與收益相互均衡, 風險與資本相互適應)". Furthermore, the senior management has continuously improved the entire process of credit risk management, effectively enhanced the level of credit risk management, stepped up the disposal of non-performing assets, strengthened the monitoring of real estate financial business and continuously strengthened the risk control of both on- and off-balance sheet business. The senior management has been able to continuously improve and implement comprehensive risk management, and earnestly implemented the Management System for Holding Subsidiaries and Shareholding Companies of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司控股子公司及參股公司管理制度》) formulated by the Board of Directors. The senior management has strengthened the management, guidance and supervision of holding companies in accordance with the regulatory requirements in terms of party building, operation management, financial management and statement preparation.

In the view of the Board of Supervisors, the senior management was able to follow the matching principle, principle of full coverage, principle of effectiveness and dynamic principle, continuously improve the formulation and implementation mechanism for risk management policies and process, ensure that the policies are formulated in line with strategic initiatives, repair the loopholes in management in a timely manner, pay attention to strengthening the building of the ability in systematic identification, coverage and management of various subcategories of risks such as credit risk, operational risk, market risk, information technology risk and liquidity risk, and constantly strengthen and innovate risk prevention and control models, thereby effectively improving the risk management level of the Bank.

(V) Ability to always Adhere to the Construction of a Long-term Mechanism for Internal Control and Compliance Management, and Further Consolidate the Foundation for the Compliance Development of the Bank

In 2022, the senior management continued to promote the construction of the internal control and compliance system, revised the Compliance Risk Management Policy of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司合規風險管理政策》), Internal Control Evaluation Method of Jinshang Bank Co., Ltd. (《晉商銀行內部控制評價辦法》) and other internal control-related systems, further solidified the internal control system, continuously strengthened the quality and efficiency of rectification of problems reported through supervision and inspection, regularly conducted assessment of compliance management of the Bank, seriously organized and carried out the “Year of System Implementation” activities, conducted special audits in key areas, continued to strengthen rigid constraints for accountability, strengthened employee behavior management, and improved the quality and efficiency of inspection and rectification management. Besides, they conscientiously implemented and supervised various anti-money laundering requirements, revised the Money Laundering Risk Management Policy of Jinshang Bank (《晉商銀行洗錢風險管理政策》), continuously improved the anti-money laundering management mechanism, organized self-assessment of money laundering and terrorist financing risks, further strengthened the fulfillment of the core obligations for anti-money laundering, and continued to enhance the management guarantee mechanism for anti-money laundering.

In the view of the Board of Supervisors, the senior management was able to continuously drive the improvement of the internal control and compliance management system, constantly enhance the quality and efficiency of internal control and compliance management, promote the further integration of financial technology and compliance management, and lead the business operation and management of the Bank based on the construction of compliance safety, thereby further consolidating the foundation for compliance development of the Bank.

(VI) Ability to Carry out Stress Tests in a Down-to-earth Manner to Further Enhance Refined Risk Management Capabilities

In 2022, the senior management earnestly implemented the relevant requirements of Guidance for the Stress Test of Commercial Banks (《商業銀行壓力測試指引》), and regularly organized stress tests for specific risks such as market risk and liquidity risk. With a long-term view, the senior management actively responded to market changes, analyzed potential risks and the impact thereof, kept a close eye on the risk change of key fields and adjusted management and control policies accordingly in a timely manner, constantly improving the capacity of making more accurate risk prediction and working out more focused countermeasures.

In the view of the Board of Supervisors, under the present challenge of increasing market risks and complex and ever-changing financial market, it is recommended to further optimize the stress testing system that better suits the Bank's size, business complexity and risk status and to have sound stress testing policies and system in place. In terms of comprehensive risk management assessment, it is recommended to further improve stress tests for credit risk and operational risk and enhance the ability to predict and prevent cross transmission of risks to secure more professional and refined risk management.

(VII) Ability to Promote the Implementation of the Expected Credit Loss Method, and Effectively Improve the Overall Risk Management Capabilities in Strict Accordance with Regulatory Requirements

In 2022, following the work deployments from the Board, the senior management of the Bank carried out consulting and system upgrade and promoted the construction of implementation infrastructure of the expected credit loss method based on the assessment of the current status of the Bank's impairment management. Besides, the Administrative Measures for the Implementation of the Expected Credit Loss Method by Jinshang Bank (《晉商銀行預期信用損失法實施管理辦法》) and the Measurement Methods for the Implementation of the Expected Credit Loss Method of Jinshang Bank (《晉商銀行預期信用損失法實施計量方法》) were formulated to further clarify the governance structure and management system for the implementation of the expected credit loss method, and optimization was made in key aspects such as staff building team, risk grouping, stage division, and model building. All these efforts were instrumental in ensuring sufficient preparations for the implementation of the method.

In the view of the Board of Supervisors, the senior management can earnestly fulfill the requirements stipulated in the Administrative Measures for the Implementation of the Expected Credit Loss Method by Commercial Banks (《商業銀行預期信用損失法實施管理辦法》), and guide and urge the functional departments to make adequate preparations for the implementation of the expected credit loss method of the Bank. It is required to further systematically study and judge the impact of the implementation of the expected credit loss method on the whole Bank and ensure the successful implementation of various parameters and models. It is vital to respond appropriately to any challenges that arise and devise effective strategies to maintain the safe operations of the entire bank.

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

In 2022, all incumbent senior management members of the Bank strictly abided by the provisions of laws and regulations and the Articles of Association of the Bank. They actively and diligently executed the strategic plans of the Board of Directors and the resolutions of the Shareholders' general meeting and the Board of Directors while also proactively following the opinions and suggestions put forward by the Board of Supervisors. Furthermore, they acted in the best interests of the Bank, reported major business management matters promptly to the Board of Directors and the Board of Supervisors, performed all the duties related to the Bank's operation and management, capital management, risk management, internal control and data governance while maintaining a conservative and responsible approach to operations and risk management. As a result, the Bank's risk management and control capabilities have consistently improved, and diverse businesses have continued to prosper.

During the Reporting Period, the Board of Supervisors found no instances where the senior management members had acted in violation of laws, regulations and the Articles of Association of the Bank, nor had they accepted illicit benefits, sought personal gains, or harmed the legitimate rights and interests of the Bank, shareholders, financial consumers and other stakeholders while performing their duties. All senior management members of the Bank were able to conduct business activities prudently, responsibly and diligently, in accordance with the principle of good faith.

To sum up, the evaluation results of the Board of Supervisors on the performance of duties by the six senior management members of the Bank, namely Mr. ZHANG Yunfei as President, Mr. ZHAO Jiquan as Vice President, Mr. LI Yanbin as Vice President, Mr. WANG Yibin as Vice President, Mr. WEN Gensheng as Chief Human Resources Officer and Mr. SHANGGUAN Yujiang as assistant to the President, in 2022 were "competent".

In 2023, the senior management should focus on the following:

First, the senior management should continue to improve the financial risk prevention, warning and disposal mechanism, and strengthen its ability to prevent and control financial risks. As noted in the report to the 20th CPC National Congress, "our country has entered a period of development in which strategic opportunities, risks, and challenges are concurrent and uncertainties and unforeseen factors are rising. Various 'black swan' and 'gray rhino' events may occur at any time". For a small and medium-sized city commercial bank like us, risk management ability is a core competency. It is suggested that the senior management should continuously enhance the study and judgment on the macroeconomic and financial conditions, adhere to the systematic concept, avoid, dispose of and manage risks in a forward-looking and proactive manner, pay close attention to the situation of risks in real estate sector, debt of local government and other key areas, give long-term and short-term considerations to do a good job in risk management, and heighten the synergy among front, middle and back offices to achieve collaborative governance through joint prevention and control.

Second, the senior management should strengthen data support and insist on digital transformation to empower business development. Digital transformation is an inevitable path for promoting high-quality development. It is recommended that in digital transformation, the senior management start with the establishment and improvement of top-level technology governance system, the consolidation of digital support technologies, and the realization of the value of data empowerment, continue to focus on the construction of big data application system, and further integrate it into the Bank's products, business and internal management, so as to improve the service for customers and provide convenience for employees, strengthen the systematic, synergistic and timely digital transformation.

Third, the senior management should continuously improve the operational efficiency, strengthen refined assets and liabilities management, adhere to the principle of "building a bank founded on the basis of deposit (存款立行)", strive to expand the sources of low-cost funds, increase the proportion of core liabilities, stabilize the proportion of high-quality loans and long-term loans, continue to carry out the work for improving the quality, quantity and efficiency of customer service, and continuously improve the Bank's interest margins and operating revenues.

Fourth, the senior management should attach more importance to the rectification of problems found in regulation. The senior management should try to find out the root causes and shortcomings from the problems revealed, establish ledgers, conduct follow-up and supervision in a timely manner, strengthen the consciousness of "correction" and enhance the deterrent power of "supervision". The senior management should further intensify the responsibilities of all departments at all levels, ensure rectification based the "list system" and "account cancellation system", and combine the rectification of problems with the improvement of mechanisms, so as to better promote the compliance construction and safe development of the Bank.

The Administrative Measures on Write-off of Bad Debts of Jinshang Bank Co., Ltd.**CHAPTER I GENERAL PROVISIONS**

Article 1 These Measures are formulated in order to strengthen the administration of the write-off of bad debts, dispose of asset losses in time and promote the healthy operational development according to the Administrative Measures for the Write-off of Bad Debts of Financial Enterprises (2017 Revision) (《金融企業呆賬核銷管理辦法(2017年修訂版)》), the Administrative Measures for the Pre-tax Deduction of Enterprise Property Losses (《企業資產損失所得稅稅前扣除管理辦法》) and the Articles of Association of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司公司章程》) and in combination with the actual situation of the Bank.

Article 2 The bad debts as mentioned in these Measures include credit assets and non-credit assets, and refer to the creditor's rights and equity assets that the Bank bears risks and takes losses, meet the conditions for recognition, and can be written off according to the prescribed procedures.

Article 3 The write-off of bad debts as mentioned in these Measures refer to the Bank's internal procedures for handling losses. It refers to the accounting treatment method in which the Bank recognizes bad debts, offsets the provision for impairment of assets or directly adjusts profits and losses, and moves assets in-balance sheet into off-balance sheet.

Article 4 The Bank shall follow the basic principles of "meeting the identification conditions, providing effective evidence, writing off the account and putting it on file, and urging debt recovery with force" in writing off the bad debts. After the write-off of bad debts, the Bank shall continue to seek recourse with due diligence and maximize the recovery value as far as possible. The Bank implements the management principles of "hierarchical management, centralized examination and approval, territorial cancellation after verification and timely disposal" for the write-off of bad debts.

For hierarchical management, the review of the write-off of bad debts is conducted by branches (including sub-branches directly administered by our headquarters, the same below), business line management departments (including Corporate Finance Department, Inclusive Financial Department, Personal Credit Assets Department, Credit Cards Department, and other business line management departments, the same below) in accordance with the provisions of these Measures, the Asset Preservation Department of the Head Office reviews the write-off of bad debts, the Legal and Compliance Department of the Head Office conducts a compliance review of the write-off of bad debts, and the Risk Management Committee of the Head Office deliberates the written-off of bad debts submitted.

For centralized examination and approval, the Asset Preservation Department of the Head Office centrally reviews the data of credit assets or non-credit assets to be written off reported by each branch, and reports the data meeting the conditions for writing off to the Risk Management Committee in the Head Office for deliberation, which will be approved by the competent person or authority.

For territorial cancellation after verification, after the information of credit assets or non-credit assets to be written off has been approved by the competent person, the Accounting Institutions of each branch shall, in accordance with the Notice of Resolution on Write-off of Bad Debts of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司呆賬核銷決議通知書》) jointly issued by the Asset Preservation Department of the Head Office and the Financial Accounting Department in the Head Office to each branch, carry out accounting treatment on the bad debts, transfer the written-off bad debts off the balance sheet for registration, accounting and management. The relevant business archives and cancellation declaration data shall be kept by the original management bank, and the management account shall be established.

Timely disposal refers to the timely write-off of all bad debts incurred, which truly reflects the quality of assets. All branches and business management departments shall timely declare for cancellation of the bad debts that meet the conditions for writing off, and shall not conceal, run up or cover up non-performing assets for a long time.

Article 5 The Shareholders' general meeting is the highest authority of the Bank in the administration of the write-off of bad debts. The annual plan for the write-off of bad debts and the write-off of bad debts beyond the plan must be submitted to the Shareholders' general meeting for consideration and approval. The Board of Directors and the President will approve to write off the bad debts in the limit plan according to the authorization.

Article 6 The Risk Management Committee in the Head Office is the deliberative body for the Bank to write off bad debts, and all relevant departments carry out the write-off of bad debts under the leadership and decision-making of the Risk Management Committee in the Head Office.

Article 7 The Asset Preservation Department of the Head Office is responsible for proposing the plan on the annual bad debt write-off limit, and submitting it to the Board of Directors for deliberation and the Shareholders' general meeting for approval.

Article 8 Each branch is responsible for providing bad debt write-off materials and back up data on pre-tax deduction of enterprise income tax; the Financial Accounting Department of the Head Office is responsible for formulating accounting rules for bad debt write-offs, and tax declaration matters for pre-tax deduction of enterprise income tax.

CHAPTER II RECOGNITION OF BAD DEBTS

Article 9 After taking necessary measures and implementing necessary procedures, the creditor's rights of borrowers (including co-borrowers, the same below) and guarantors that meet one of the criteria listed in the Standards for Determination of Bad Debts of General Claims and Certification Materials for Write-offs (《一般債權呆賬認定標準及核銷證明材料》) can be identified as bad debts.

Article 10 After taking necessary measures and implementing necessary procedures, the bank card (including the personal card and corporate card) overdraft, overdraft interest and handling charges of cardholders and guarantors that meet one of the criteria listed in the Bad Debt Identification Standards of Bank Card Overdraft and Certification Materials for Write-offs (《銀行卡透支款項呆賬認定標準及核銷證明材料》) can be identified as bad debts.

Article 11 After taking necessary measures and implementing necessary procedures, the student loans (including unsecured national student loans) of borrowers and guarantors that meet one of the criteria listed in the Student Loan Bad Debt Identification Standards and Certification Materials for Write-offs (《助學貸款呆賬認定標準及核銷證明材料》) can be identified as bad debts.

Article 12 Taking necessary measures and implementing necessary procedures refers to the recourse measures and procedures that need to be taken for obtaining write-off verification materials according to the write-off verification standards. If there is a guarantor for the bad debt loan, the guarantor shall also meet one of the write-offs listed in Articles 9, 10 and 11.

Article 13 The following creditor's rights shall not be written off:

- (I) Failing to take necessary measures and implement necessary procedures to seek recourse as required;
- (II) Bank card overdrafts declared and written off in non-frozen or stopped payment accounts;
- (III) The borrower or guarantor is an active employee, a resigned or retired employee of the Bank or their spouse (except for the case that the borrower dies);
- (IV) Others that the Head Office deems should not be written off.

CHAPTER III APPLICATION MATERIALS FOR BAD DEBT WRITE-OFF

Article 14 The reporting unit shall make a preliminary judgment on bad debts in accordance with the conditions stipulated in Chapter II above. An application may only be submitted if the preliminary determination conditions for bad debts are met.

The reporting unit needs to provide the following basic materials when reporting bad debt write-off:

- (I) Statement and Warranty;
- (II) Issue a request document of bad debt write-off according to the institution;
- (III) Fill in the Application for Bad Debt Write-off of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司呆賬核銷申報表》) by account (hereinafter referred to as the Application);
- (IV) Verification materials for the creditor's rights of the borrower (cardholder) or invested enterprise, which include the breakdown of the creditor's rights and equity interest incurred, debts recovery implemented to borrowers (cardholders) and guarantors, the status of collateral and pledges and the disposal, and the basic information and current situation and property liquidation of the invested enterprise;
- (V) Settlement reports;
- (VI) Verification materials for write-off as stipulated in Article 9, Article 10 and Article 11 in these Measures;
- (VII) Initial disposal proposal for record maintained after debts write-off;
- (VIII) Preparation of the data catalog for reporting bad debt write-off by account.

The applicant shall sign to confirm the authenticity of the relevant materials for the write-off of bad debts submitted.

Article 15 The Bank shall provide reasonable internal and external evidence such as property settlement certificates and property recovery certificates to write-off of bad debts in accordance with the provisions of these Measures. If the Bank fails to obtain external evidence such as property settlement certificates issued by courts, arbitration institutions or relevant government authorities, the Bank may use internal evidence such as property recovery certificates, settlement reports and legal opinions for write-off. Internal evidence should be clear, accurate and confirmed by the person in charge, department head and unit head of the handling department to which the bad debts are to be written off.

Property recovery certificates or settlement reports shall include the basic information of the borrower and guarantor, the reasons for bad debts, remedial measures taken, the process of debt collection, etc.

The legal opinion shall be issued by the Legal and Compliance Department of the Bank or the law firm engaged by the Bank, giving details of the legal proceedings against the written-off claim, including the process and outcome of the litigation or arbitration; if no litigation or arbitration is involved, the reasons thereof should be stated.

Article 16 Where the borrower owes multiple debts to the Bank, and after the Bank institutes a legal or arbitration proceeding against one of the debts, an order or award to terminate (suspend) the execution or to close the execution for procedural purposes is issued because there are no executable properties, or an order or award to terminate (suspend) the execution or to close the execution for procedural purposes is issued because it is difficult or impossible to execute, though the borrower has properties, the Bank may write off the borrower's other debts whose guarantee conditions are not as favorable as those of the debt subject to litigation or arbitration, in accordance with the orders or awards from the courts or tribunals, internal settlement reports, and legal opinions.

Article 17 Where the borrower owes multiple debts to many financial enterprises, and after one of the financial enterprises institutes a legal or arbitration proceeding, an order or award to terminate (suspend) the execution or to close the execution for procedural purposes is issued because there are no executable properties, or an order or award to terminate (suspend) the execution or to close the execution for procedural purposes is issued because it is difficult or impossible to execute, though the borrower has properties, the Bank may write off the borrower's remaining debts whose guarantee conditions are not as favorable as those of the debt subject to litigation or arbitration, in accordance with the orders or awards from the courts or tribunals, internal settlement reports, and legal opinions.

CHAPTER IV APPROVAL PROCEDURES FOR BAD DEBT WRITE-OFF

Article 18 To write off a bad debt, conditions must be strictly satisfied and conclusive evidence should be provided. The accountability system for writing off bad debts is rigorously implemented. Writing off a bad debt should be reported, reviewed, and approved from below and be confidentially conducted. The bad debts will be recorded after being written off.

Article 19 Reporting bad debt write-off

- (I) Before reporting bad debt write-off, the Bank shall take necessary recovery, disposal and recourse measures for the creditor's rights of the Bank in accordance with the regulations, and deduct the eligible deposit assets of the customers with bad debts from the Bank;

- (II) Each reporting unit shall collect and sort out the data of bad debts to be written off as required in Chapter III in these Measures, submit it to the competent department of the business lines of the Head Office for review, and be responsible for the authenticity, integrity and legality of the declared data;
- (III) The competent department of the business lines of the Head Office shall examine the data of bad debts to be written off submitted by the reporting unit, and return the data that do not meet the conditions for write-off of bad debts to the original reporting unit; for businesses that meet the conditions for write-off of bad debts, after issuing an examination report by account, sign opinions in the Application. After passing the review, the data of bad debts to be written off that meet the conditions is transferred to the Asset Preservation Department of the Head Office for review. For non-performing loans that are written off by providing a list of customers, a review report and the Application can be issued in aggregate.

Article 20 Review for bad debt write-off

The Asset Preservation Department of the Head Office shall review the data of bad debts to be written off transferred by the competent departments of business lines in accordance to the conditions and standards for writing off bad debts stipulated in these Measures, issue a review report for businesses that meet the conditions for write-off of bad debts, and sign opinions in the Application. After passing the review, the data of bad debts to be written off shall be transferred to the Legal and Compliance Department of the Head Office for compliance review.

Article 21 Compliance review for bad debt write-off

The Legal and Compliance Department of the Head Office shall conduct compliance review on the data of bad debts to be written off transferred by the Asset Preservation Department of the Head Office, and return the data of bad debts to be written off to the Asset Preservation Department of the Head Office after the review. Specific responsibilities are as follows:

- (I) Ensure that the accountability institution has identified and investigated the responsibilities of the responsible persons according to the accountability methods and standards stipulated by the Bank;
- (II) Review the compliance of loan write-off, and find out whether the reporting, examination and review of bad debt write-off meet the requirements of the bad debt write-off procedure;
- (III) Issue a compliance review report and return it to the Asset Preservation Department of the Head Office together with the data of bad debts to be written off.

Article 22 Approval for bad debt write-off

- (I) The Asset Preservation Department of the Head Office shall summarize and sort out the bad debt data that meet the requirements for write-off of bad debts and are approved for write-off after compliance review, and centrally submit them to the Risk Management Committee of the Head Office for deliberation. After deliberation, the data shall be submitted to the competent approver (or approval authority) for approval.
- (II) After the Risk Management Committee of the Head Office reviewed the bad debt write-off within the budget amount approved by Shareholders' general meeting, for the bad debt write-off within the approval authority of the president, it shall be approved by the president; for the bad debt write-off beyond the approval authority of president, it shall be reported to the Board of Directors for consideration and approval.
- (III) Write-off of bad debts in excess of the budget amount approved at the Shareholders' general meeting shall also be submitted to the Shareholders' general meeting for approval on a case-by-case basis.
- (IV) The Asset Preservation Department of the Head Office is responsible for submitting bad debt write-off reports and other relevant materials to the Risk Management Committee, the Board of Directors of the Head Office, and the Shareholders' general meeting.

Article 23 Accounting treatment of Bad Debt Write-off

The Asset Preservation Department and the Financial Accounting Department of the Head Office jointly prepared the Notice of Resolution on Write-off of Bad Debts of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司呆賬核銷決議通知書》) (hereinafter referred to as the "Notice") according to the approval results of the authorized approver, and notified the reporting units of the bad debts that were approved for write-off. After receiving the Notice, the reporting units shall promptly carry out the corresponding accounting treatment of bad debt write-off as required.

The principal and interest arrears of bad debts that have been written off shall be registered and accounted for off-balance sheet in accounting institutions.

Article 24 Pre-tax Deduction of Bad Debt Write-off

Each reporting unit shall, in conjunction with the financial departments at all levels, provide relevant supporting evidence as required by the tax authorities, and timely provide the information available for the pre-tax deduction of bad debt losses so as to avoid delaying the timing for pre-tax deduction.

The Financial Accounting Department of the Head Office shall collect and sort out relevant data in accordance with relevant regulations on the management of pre-tax deduction of bad debts losses, convey to the business management departments the requirements of pre-tax deduction and information available of tax authorities, and apply to the competent tax authorities for pre-tax deduction of bad debt losses as required.

CHAPTER V MANAGEMENT OF WRITE-OFF OF BAD DEBTS

Article 25 The Bank implements the system of identifying and investigating the liability for bad debts. The responsible person shall be held accountable according to the Administrative Measures for the Accountability of Jinshang Bank for Its Violations (《晉商銀行違規行為問責管理辦法》) according to the amount and the nature of violations. The Legal and Compliance Department of the Head Office shall be responsible for submitting the liability identification report for bad debts to be written off.

Article 26 If there exist any of the following behaviors in the write-off of bad debts, the responsible person shall be investigated for responsibility according to the Administrative Measures for the Accountability of Jinshang Bank for Its Violations (《晉商銀行違規行為問責管理辦法》) strictly.

- (I) Report the write-off without conclusive evidence of loss of creditor's rights;
- (II) Forge or alter the write-off materials, or report the write-off by fraud;
- (III) Approve write-off of bad debts beyond authority;
- (IV) Write off the bad debts without approval;
- (V) Violate the confidentiality requirements of write-off of bad debts, disclose information related to write-off of bad debts to borrower and guarantor without authorization which result in the Bank suffering losses;
- (VI) Other violations stipulated in these Measures.

Article 27 The reporting units shall establish a ledger for the bad debts that have been written off to save the accounts after write-off, and transfer it to off-balance sheet items of suspended assets for accounting and management.

Except that the following relationship between creditor's rights and debts or investment and investee has completely settled as specified by the laws and regulations, the bad debts that have been written off shall be transfer to the suspended assets items for management:

- (I) The loan included in the national merger and bankruptcy plan to write off;

- (II) The creditor's rights written off as per the special approval of the State Council;
- (III) The creditor's rights that the court decides to terminate the execution or are judged by the court (or the arbitration institution decides) that the borrower does not bear (or partially bears) the responsibility and settles all the creditor's rights and debts;
- (IV) The creditor's rights written off according to the reorganization agreement or settlement agreement ruled by the court after the implementation of the reorganization agreement or settlement agreement is completed;
- (V) The creditor's rights that have been more than 2 years since the court ruled that the bankruptcy case ended;
- (VI) The difference between the recovered funds and the balance of creditor's rights or equity interest after the transferee or borrower performs relevant obligations in accordance with the transfer agreement or debt relief agreement after the Bank has disposed the creditor's rights or equity interest by market means such as packaged sale, public auction, transfer, debt relief, debt-to-equity swap and credit asset securitization according to regulations;
- (VII) The creditor's rights that have been rejected by the court, or have exceeded the limitation of litigation (or the limitation of arbitration) and failed to be remedied for more than 2 years;
- (VIII) Other situations in which debt relations or investment relations are terminated according to law.

Article 28 Each reporting unit shall establish a system for the preservation and recovery of assets saving the accounts after write-off by referring to the management of in-balance sheet non-performing assets, maintain good ledger records and manage them by dedicated personnel, continue to reserve the right to recover the assets saving the accounts after write-off and continue to collect the principal, interest receivable off-balance sheet and interest accrued after write-off, and strengthen management by referring to the management of in-balance sheet creditor's rights assets to minimize losses and safeguard the assets. The specific work is carried out in accordance with the relevant management regulations of the Bank's assets saving the accounts after write-off.

Article 29 The write-off of bad debts is an accounting process carried out within our Bank. Without approval, the personnel involved in the write-off of bad debts shall not disclose to the public the system, arrangement and actual write-off related to the write-off of bad debts.

Article 30 The Audit Department of the Head Office shall, in accordance with the internal audit requirements, conduct regular or irregular audits on the write-off system, write-off conditions and procedures, asset management after write-off, responsibility determination and investigation, conduct special audits on the write-off of bad debts in the year, and issue special audit reports within 5 months after the end of the year.

Article 31 The Bank shall, within 6 months after the end of each fiscal year, submit to the Shanxi Finance Bureau the write-off of bad debts in the previous year and the special audit report.

Article 32 In accordance with the file management requirements of the Bank, the Bank shall enhance the file management of the write-off of bad debts, and do a good job in collecting, sorting out, and archiving the data of the write-off of bad debts and other related work in a timely manner.

CHAPTER VI SUPPLEMENTARY PROVISIONS

Article 33 These Measures shall be submitted to the Board of Directors for deliberation and to the Shareholders' general meeting for approval, which shall come into effect on the date of issuance and the Head Office shall be responsible for interpretation. The former Administrative Measures on Write-off of Bad Debts of Jinshang Bank Co., Ltd. (Jinshang Yindong [2021] No. 18) (《晉商銀行股份有限公司呆賬核銷管理辦法》(晉商銀董[2021]18號)) shall be abolished at the same time.

Since 2022, our Bank has continued to attach great importance to related party transaction management, further optimize the review procedure of related party transactions, promote the fine management of related party transactions, improve the daily monitoring and statistics analysis of related party transactions, enhance the training on related party transaction management and spare no efforts to improve the management of related party transactions so as to ensure the continuous and effective operation of the related party transaction management mechanism and support the rapid business development of our Bank. The details of related party transaction management across our Bank during 2022 are reported as follows:

I. WORK PERFORMED BY RELATED PARTY TRANSACTIONS CONTROL COMMITTEE

The Related Party Transactions Control Committee held five meetings in 2022, in which the Committee mainly approved proposals such as credit for material related party transactions, confirmation of the cap of the related party transactions conducted with connected persons, report on related party transactions for the first half of 2022 and the list of related parties, and reported to the Board of Directors and the Board of Supervisors.

II. IMPLEMENTATIONS OF RELATED PARTY TRANSACTION MANAGEMENT SYSTEM

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

In accordance with the requirements of external regulatory inspections and internal audits, our Bank has further strengthened the internal identification and penetrating capacity for related party transactions since the first quarter of 2022 to improve the related party management of our Bank. For related legal persons, the main ways of identification of our Bank are shareholders' filing and third-party platform (Qichacha (企查查), Tianyancha (天眼查) and Qixinbao (啟信寶)) inquiries. The Bank also analyzes, matches and identifies the information filled in by shareholders with the equity penetration results queried by the third-party platform, and verifies with the shareholders again regarding the inconsistent information.

In the first quarter of 2022, our Bank has conducted a comprehensive review of the list of related legal persons and related natural persons to ensure the integrity, accuracy and timeliness of related party information. Based on the change in Shareholders and Board members, in the first quarter of 2022, our Bank submitted the list of related parties sorted out again to the Related Parties Transactions Committee of the Board of Directors for confirmation, and in March 2022, the Board of Directors considered and approved the list of related parties of our Bank in terms of CBIRC and listing.

In June 2022, our Bank adjusted its related legal persons and related natural persons in terms of CBIRC. On June 28, 2022, the Board of Directors considered and approved the Proposal on the Adjustment of Some Related Parties in terms of CBIRC by Jinshang Bank Co., Ltd. (《關於晉商銀行股份有限公司調整銀監口徑部分關聯方的議案》), and our Bank then promptly reported to the banking and insurance regulatory institutions.

Our Bank updates the list of related parties quarterly according to relevant management system, timely updates the cancelled enterprises and renamed enterprises, and distributes throughout the Bank to ensure the accuracy of the list of related parties of our Bank.

In December 2022, our Bank sent a statistical form of related information to substantial shareholders and related natural persons, asking them to assist in providing related party information. Our Bank included the content of commitment in the statistical form, and explicitly require related parties to ensure the truthfulness, accuracy and completeness of the reported contents when providing relevant information. After the list is sorted out, our Bank will submit it to the Board of Directors for confirmation.

(II) Improvement of the Measures for the Related Party Transaction Systems to Enhance the Quality of Related Party Transaction Management

In order to regulate the related party transactions of our Bank, control the risks of related party transactions, and promote the safe and sound operation of our Bank, we amended the Administrative Measures for Related Party Transactions of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司關聯交易管理辦法》) and the Detailed Rules for the Implementation of Management of Related Party Transactions of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司關聯交易管理實施細則》) in September 2022 according to the relevant requirements of Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions (《銀行保險機構關聯交易管理辦法》), further defined the responsibilities of functional departments of related party transactions, differentiated the regulatory requirements for related parties and related party transactions under different regulatory calibers, strictly implemented the approval and information disclosure systems of related party transactions according to different regulatory requirements, and further strengthened the management of related party transactions.

Pursuant to the regulatory requirements, our Bank further strengthened the internal audit of related party transactions, explicitly required the Audit Department to conduct special audits of related party transactions for the previous year across our Bank at the beginning of each year and report the audit results to the Board of Directors and the Board of Supervisors. The Board of Directors of the Bank reported the implementation of the related party transaction management system and the special report on related party transactions for the previous year to the general meeting on an annual basis. In the first half of 2022, our Bank has completed the special report on related party transactions for 2021 and submitted it to the general meeting for consideration and approval. The Audit Department of our Bank has completed the special audit of related party transactions for 2022.

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

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

(IV) Implementing Regulatory Requirements and Improving the Quality of Data Reporting for Related Party Transactions

According to the requirements of the Notice of CBIRC Shanxi Office on Forwarding the Key Points of the Special Rectification of Equity and Related Party Transactions of Banking and Insurance Institutions in 2022 Issued by the China Banking and Insurance Regulatory Commission (Jin Yin Bao Jian Ban Fa [2022] No. 173) (《山西銀保監局辦公室關於轉發銀保監會2022年銀行保險機構股權和關聯交易專項整治工作要點的通知》(晉銀保監辦發[2022]173號)), our Bank has rectified the problems found in the special rectification work of shareholder equity and related party transactions in 2021, and the problems found in daily life of shareholder equity and related party transactions as of the end of August 2022, and submitted the rectification report to the regulatory authorities.

According to regulatory requirements, our Bank has completed the Report of Jinshang Bank on the Inspection against the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions (《晉商銀行關於對照<銀行保險機構關聯交易管理辦法>檢查的報告》), the Report of Jinshang Bank on Promoting the Governance and Penetration of Equity and Related Party Data (《晉商銀行關於推進股權和關聯方數據治理及穿透情況的報告》), the Report of Jinshang Bank on the Implementation of the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions (《晉商銀行關於開展<銀行保險機構關聯交易管理辦法>落實情況的報告》), the Investigation Report of Jinshang Bank on Withdrawing Funds from Illegal Related Party Transactions (《晉商銀行關於違規關聯交易套取資金的排查報告》) and other reports.

(V) Strictly Implementing the Regulatory Stipulations to Ensure the Compliance of Related Party Transactions

According to the regulations of CBIRC, the credit balance of a commercial bank to a related party shall not exceed 10% of the net capital of that commercial bank. The total credit balance of a commercial bank to the group customers of a related legal person or other organization shall not exceed 15% of the net capital of that commercial bank. The credit balance of a commercial bank to all related parties shall not exceed 50% of the net capital of that commercial bank. As of the end of 2022, related party transaction indicators of our Bank met the regulatory requirements of CBIRC. The related party credit balance to the largest single customer was RMB1.2 billion, accounting for 4.41% of the net capital of our Bank. The related party credit balance to the largest single group customer was RMB2.448 billion, accounting for 8.99% of the net capital of our Bank. The total related party credit balance amounted to RMB7.917 billion, accounting for 29.07% of the net capital of our Bank, satisfying the regulatory requirements.

In 2022, the related party transaction management mechanisms of our Bank operated smoothly and all related party transactions operated in a standardized manner, ensuring the compliance of related party transactions.

III. OVERVIEW OF RELATED PARTY TRANSACTIONS DURING 2022**(I) Overview of Related Party Transactions in Terms of the CBIRC*****1. Overall related party transactions***

Our Bank conducts its related party transactions mainly in the form of granting credit to non-natural person shareholder customers. According to the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions of the CBIRC, the Administrative Measures for Related Party Transactions of Jinshang Bank Co., Ltd. and other provisions, non-natural person shareholder means any non-natural person shareholders who directly, indirectly, jointly hold or control more than 5% of the shares or voting rights of a commercial bank.

As of the end of 2022, the balance of related party transactions between our Bank and its related parties was RMB7.917 billion, accounting for 29.07% of the net capital of our Bank, meeting the regulatory requirements. Moreover, our credit business to related shareholders and related credit risk exposure were normal loans with good business quality. In terms of quantity, structure and quality of transaction, the related party transactions did not have material effects on the normal operation of our Bank. The non-performing loan ratio of related party loans of our shareholders is zero, and the quality of related party credit is better than the average credit level of our Bank as a whole.

Overview of related party transactions in terms of CBIRC at the end of 2022

Unit: RMB0'000 %

No.	Name of related groups	Credit balance	Credit concentration
1	Jinneng Holding Group Co., Ltd. (晉能 控股集團有限公司)	227,895.02	8.37%
2	Lu'an Chemical Group Co., Ltd. (潞安 化工集團有限公司)	244,778.00	8.99%
3	Changzhi Nanye Industry Group Co., Ltd. (長治市南燁實業集團有限公司)	69,500.00	2.55%
4	Taiyuan Haixin Asset Management Co., Ltd. (太原市海信資產管理有限公司)	43,338.03	1.59%
5	Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司)	196,250.00	7.21%
6	Huaneng Capital Services Co., Ltd. (華能資本服務有限公司)	6,000.00	0.22%
7	Natural person	3,978.89	0.15%
	Total	<u>791,739.94</u>	<u>29.07%</u>

2. Pricing of related party transactions

Since 2022, the related party transactions between our Bank and its related parties have been priced objectively and fairly. Prices and charges of all related party transactions were determined on normal commercial principles and in a market-oriented manner. The related party transactions were conducted on terms no superior to the terms available to similar transactions with non-related parties. The relevant transaction terms are reasonable and are in the interests of our Bank and the shareholders as a whole. According to the Administrative Measures for Related Party Transactions of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司關聯交易管理辦法》), for related party transactions that is a credit granting, the corresponding price was determined in accordance with the relevant credit pricing management measures and considering the ratings and risks of related party customers so as to ensure the legality and fairness of the pricing of related party transactions of our Bank. Our Bank has strictly implemented the regulations of CBIRC on, forbidding the provision of guarantees for financing activities of related parties, and forbidding the acceptance of the Bank's equity as pledge to provide credit.

(II) Overview of Connected Transactions in Terms of Listing**1. Application of caps of connected transactions**

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

The connected transaction agreement entered into by our Bank and Changzhi Nanye Industry Group Co., Ltd. (“Nanye Group”) has expired at the end of 2022. In 2022, the Board of Directors of our Bank considered and approved resolution regarding the caps of connected transactions conducted by our Bank with connected person Nanye Group, which agrees the caps of connected transactions for 2023-2025 conducted by the Bank with the Nanye Group. Detail is as follows.

Caps of connected transactions of the Bank in 2023-2025*Unit: RMB0'000*

No.	Connected person	Type of transaction (cap)	2022	2023	2024
1	Nanye Group	Various fee income	2,050.00	2,060.00	2,270.00

2. Overview of the connected transactions conducted by the connected persons in 2022

As of the end of 2022, the fee income, fee expense and transaction volume in terms of listing conducted by our Bank with Shanxi State-owned Capital Operation Co., Ltd. (山西省國有資本運營有限公司) and its associates (“SSCO Group”), Huaneng Capital Services Co., Ltd. (華能資本服務有限公司) and its associates (“Huaneng Group”) and Nanye Group were set out in below table:

Each transaction limit of connected persons at the end of 2022*Unit: RMB0'000*

No.	Type of transaction in 2022	SSCO Group		Huaneng Group		Nanye Group	
		Caps	Actual situation	Caps	Actual situation	Caps	Actual situation
1	Fee income	27,820.00	6,962.10	2,120.00	673.47	6,000.00	76.24
2	Fee expense	0.00	0.00	500.00	0	0.00	0.00

No.	Type of transaction in 2022	SSCO Group		Huaneng Group		Nanye Group	
		Caps	Actual situation	Caps	Actual situation	Caps	Actual situation
3	Transaction volume	0.00	0.00	1,034,000.00	191,627.50	0.00	0.00
4	Return of investment	-	-	47,880.00	8,455.43	-	-
5	Management fees	-	-	2,830.00	334.83	-	-

As a local corporate financial organization, the Bank is duty-bound to take serving and supporting the economic development in whole province as its responsibilities and missions. The Bank will support the business development of each related party and make its due contribution to support the high-quality development of economy in Shanxi Province while strictly controlling each indicator of related party transactions in order to meet the regulatory requirements.

NOTICE OF THE 2022 ANNUAL GENERAL MEETING

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JINSHANG BANK CO., LTD.*
晉商銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(stock code: 2558)

NOTICE OF THE 2022 ANNUAL GENERAL MEETING

Reference is made to the circular of Jinshang Bank Co., Ltd.* dated May 10, 2023 (the “**Circular**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Circular.

NOTICE IS HEREBY GIVEN that the 2022 annual general meeting (the “**AGM**”) of Jinshang Bank Co., Ltd.* (the “**Bank**”) will be held at Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC at 10:00 a.m. on Friday, June 9, 2023.

The following resolutions will be considered and, if thought fit, approved by the shareholders of the Bank at the AGM:

ORDINARY RESOLUTIONS

1. To consider and approve the Work Report of the Board of Directors for 2022;
2. To consider and approve the Work Report of the Board of Supervisors for 2022;
3. To consider and approve the Profit Distribution Plan for 2022;
4. To consider and approve the Report of Final Financial Accounts for 2022;
5. To consider and approve the Financial Budget for 2023;
6. To consider and approve the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Directors during 2022;

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7. To consider and approve the Report of the Board of Supervisors on Assessment on the Performance of Duties by Supervisors during 2022;
8. To consider and approve the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Senior Management during 2022;
9. To consider and approve the appointment of auditors to audit financial statements for 2023;
10. To consider and approve the proposed amendments to the Administrative Measures on Write-off of Bad Debts of Jinshang Bank Co., Ltd.; and

SPECIAL RESOLUTION

11. To consider and approve the issuance of bonds as capital instruments.

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

Taiyuan, the PRC

May 10, 2023

As at the date of this notice, the executive Directors of the Bank are Ms. HAO Qiang and Mr. ZHANG Yunfei; the non-executive Directors are Mr. LI Shishan, Mr. XIANG Lijun, Mr. LIU Chenhang, Mr. LI Yang and Mr. WANG Jianjun; the independent non-executive Directors are Mr. JIN Haiteng, Mr. SUN Shihu, Mr. WANG Liyan, Mr. DUAN Qingshan, Mr. SAI Zhiyi and Mr. YE Xiang.

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

NOTICE OF THE 2022 ANNUAL GENERAL MEETING

Notes:

1. For more information about the above resolutions, please refer to the Circular.
2. **Registration Procedures for Attending the AGM**

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

3. **Proxy**

Any shareholder entitled to attend and vote at the AGM is entitled to appoint one or more person(s) (if the shareholder holds two or more issued shares), whether (each of) such person(s) is a shareholder of the Bank or not, as his/her/its proxy or proxies to attend and vote on his/her/its behalf at the AGM. The instrument appointing a proxy must be signed by the shareholder or his/her attorney duly authorized in writing. For a corporate shareholder, the proxy instrument must be affixed with the common seal or signed by its director or attorney duly authorized in writing. If the power of attorney of the proxy is signed by the authorized person of the appointer under a power of attorney or other authorization document(s) given by the appointer, such power of attorney or other authorization document(s) shall be notarized and served at the same time as the power of attorney. To be valid, the form of proxy, together with a notarially certified copy of the power of attorney or other authorization document(s) must be delivered by H shareholders to the Bank's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 24 hours before the scheduled time for the holding of the AGM (i.e. 10:00 a.m. on Thursday, June 8, 2023) or any adjournment thereof (as the case may be). In case of registered joint holders of any shares, any one of the registered joint holders can vote on such shares at the AGM in person or by proxy as if he/she is the only holder entitled to vote. If more than one registered joint holders attend the AGM in person or by proxy, only the vote of the person whose name appears first in the register of members of the Bank relating to such shares (in person or by proxy) will be accepted as the sole and exclusive vote of the joint holders. After the completion and return of the form of proxy and the power of attorney, you can attend and vote in person at the AGM or any adjournment thereof should you so wish. In this case, the power of attorney will be deemed to have been revoked.

4. **Closure of Register of Members**

The Bank's register of members of H shares will be closed from Tuesday, June 6, 2023 to Friday, June 9, 2023, both days inclusive. The shareholders whose names appear in the Bank's register of members as at the close of business on Monday, June 5, 2023 shall be entitled to attend and vote at the AGM. H shareholders of the Bank who intend to attend and vote at the 2022 AGM shall deliver all transfer document(s) together with the relevant share certificates and other appropriate document(s) to our Bank's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Monday, June 5, 2023.

The Bank's register of members of Domestic Shares and register of members of H Shares will be closed from Friday, June 16, 2023 to Wednesday, June 21, 2023, both days inclusive, during which period no transfer of the shares will be effected. The shareholders whose names appear in the Bank's register of members on Wednesday, June 21, 2023 shall be entitled to receive the 2022 final dividend.

For a shareholder to be eligible for receiving the 2022 final dividend, all transfer documents together with the relevant share certificates and other appropriate documents must be delivered to the H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for the H shareholders) or the office of the Board of Directors at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC (for the domestic shareholders) no later than 4:30 p.m. on Thursday, June 15, 2023.

NOTICE OF THE 2022 ANNUAL GENERAL MEETING

5. **Publication of Poll Results**

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

6. **Miscellaneous**

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