



**昆仑银行**  
Bank of Kunlun

**BANK OF KUNLUN CO., LTD.**

**ABSTRACT OF ANNUAL  
REPORT 2022**



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## I. Important Notice

The Board of Directors, the Board of Supervisors and all Directors, Supervisors and Senior Management of Bank of Kunlun Co., Ltd. undertake that the information in this report contains no false records, misleading statements, or material omissions.

This Abstract is extracted from the full Annual Report. For more information about the details, you should read the full Annual Report.

On 28 March, 2023, the *2022 Annual Report of Bank of Kunlun Co, Ltd.* and its abstract were reviewed and approved at the ninth meeting of Bank of Kunlun's sixth Board of Directors.

The 2022 Annual Financial Report prepared by the Bank in accordance with PRC GAAP have been audited by ShineWing, which has issued a standard and unqualified auditor's report.

Mr. Wang Zhonglai, Legal Representative and Chairman of the Bank; Mr. He Fang, President of the Bank; Ms. Zhang Jianhui, in charge of finance and Mr. Zeng Shibin, in charge of Accounting Department, represent and warrant that the financial statements in the 2022 Annual Report are authentic, accurate and complete.

## II. General Information

**1. Legal Name in Chinese:** 昆仑银行股份有限公司

**Legal Name in English:** BANK OF KUNLUN CORPORATION LIMITED

**Abbreviation in Chinese:** 昆仑银行

**Abbreviation in English:** Bank of Kunlun (KLB)

**2. Legal Representative:** Wang Zhonglai

**3. Registered Capital:** RMB 10,287,879,258.43

**Registered Address:** No. 7 Century Avenue, Karamay City, Xinjiang

**Postal Code:** 834000

**Business Enquiry and Complaint Hotline:** 95379

**Website:** <http://www.klb.cn/>

**4. Board Secretary:** Zhang Jianhui

**Tel:** 0990-6230689

**Email:** [ir@klb.com.cn](mailto:ir@klb.com.cn)

### III. Financial Highlights

Financial data and indicators in this Annual Report are derived from the auditor's reports of the Company in the previous years. The report is prepared in accordance with PRC GAAP, unless otherwise specified, the data come from the consolidated reports of the Company, and are presented in RMB.

#### Annual Operating Results

Unit: in RMB 10<sup>4</sup>

Item	2022	2021	2020
Net interest income	707,762	564,890	393,988
Net fee and commission income	(151,302)	(120,299)	516
Operating income	674,356	603,184	592,005
Operating and administrative expenses	247,303	218,970	197,943
Impairment losses on credit assets	90,181	72,520	45,509
Impairment losses on other assets	1,754	0	74
Operating profit	327,889	304,678	343,592
Pre-tax profit	327,630	304,380	343,730
Net profit	276,471	254,030	291,246
Net profit attributable to shareholders of the parent company	275,441	253,563	291,098
Total comprehensive income attributable to shareholders of the parent company	271,666	260,999	262,148
Net cash flows from operating activities	255,830	119,400	(3,802,549)

#### As at the End of the Reporting Period

Unit: in RMB 10<sup>4</sup>

Item	31 December, 2022	31 December, 2021	31 December, 2020
Total assets	38,732,228	35,523,446	34,988,398
Loans and advances to customers <sup>(1)</sup>	19,831,028	17,695,776	16,079,571
Allowance for impairment losses on loans <sup>(2)</sup>	624,683	547,351	502,667
Net investments	10,688,570	8,899,134	11,322,946
Total liabilities	35,016,195	31,978,259	31,594,597
Due to customers <sup>(3)</sup>	24,279,256	20,903,362	19,814,383
Due to banks and other financial institutions	3,996,820	3,987,111	5,152,058

Continued

Item	31 December, 2022	31 December, 2021	31 December, 2020
Placements from banks and other financial institutions	0	150,130	100,046
Equity attributable to shareholders of the parent company	3,704,992	3,535,176	3,384,257
Share capital	1,028,788	1,028,788	1,028,788
Net core tier 1 capital <sup>(4)</sup>	3,684,739	3,521,249	3,376,412
Net tier 1 capital <sup>(4)</sup>	3,685,269	3,521,799	3,376,921
Net capital <sup>(4)</sup>	4,041,015	3,872,094	3,702,197
Risk-weighted assets <sup>(4)</sup>	29,978,640	29,674,700	27,724,858

Note: (1) The balance included the principal and the interest payable.

(2) The amount included the allowance for impairment losses on loan principal and the interest payable.

(3) The amount included the principal and the interest payable.

(4) Calculated in accordance with the requirements in the *Administrative Measures on the Capital of Commercial Banks (for Trial Implementation)* issued by CBRC.

## Per Share Data

Unit: in RMB

Item	31 December, 2022	31 December, 2021	31 December, 2020
Net assets per share <sup>(1)</sup>	3.60	3.44	3.29
Basic earnings per share <sup>(2)</sup>	0.27	0.25	0.28
Diluted earnings per share <sup>(2)</sup>	0.27	0.25	0.28
Net cash flow per share from operating activities	0.25	0.12	(3.70)

Note: (1) Calculated by dividing equity attributable to shareholders of the parent company at the end of the reporting period by the number of shares issued at the end of the reporting period.

(2) Calculation methods are determined according to the *Rules for the Information Disclosure and Compilation of Companies Publicly Issuing Securities No.9: Calculation and Disclosure of Return on Equity and Earnings per Share* (Revised in 2010) issued by CSRC.

## Profitability

Item	2022	2021	2020
Return on average total assets <sup>(1)</sup> (%)	0.74	0.72	0.85
Weighted average ROE <sup>(2)</sup> (%)	7.62	7.33	8.65
Weighted average ROE after deduction of non-recurring gains and losses <sup>(2)</sup> (%)	7.48	7.33	8.63
Net interest spread <sup>(3)</sup> (%)	2.11	1.88	1.34

Continued

Item	2022	2021	2020
Net interest margin <sup>(4)</sup> (%)	2.18	1.94	1.30
Ratio of net fee and commission income to operating income (%)	(22.44)	(19.94)	0.09
Cost-to-income ratio <sup>(5)</sup> (%)	36.67	36.30	33.44

Note: (1) Calculated by dividing net profit by the average balance of total assets at the beginning and at the end of the reporting period.

(2) Calculation methods are determined according to the *Rules for the Information Disclosure and Compilation of Companies Publicly Issuing Securities No.9: Calculation and Disclosure of Return on Equity and Earnings per Share* (Revised in 2010) issued by CSRC.

(3) Calculated by the spread between the yield on average balance of interest-bearing assets and the cost on average balance of interest-bearing liabilities.

(4) Calculated by dividing the net interest income by the average balance of interest-bearing assets.

(5) Calculated by dividing the operating and administrative expenses by the operating income.

### Asset Quality

Item	2022	2021	2020
Non-performing loan (NPLs) ratio <sup>(1)</sup> (%)	0.98	0.95	0.95
Provision coverage ratio <sup>(2)</sup> (%)	321.06	325.83	329.97
Loan provision ratio <sup>(3)</sup> (%)	3.15	3.10	3.13

Note: (1) Calculated by dividing the balance of NPLs by the total loans and advances to customers.

(2) Calculated by dividing the balance of the allowance for impairment losses on loans by the balance of NPLs.

(3) Calculated by dividing the balance of the allowance for impairment losses on loans by the total loans and advances to customers.

### Capital Adequacy

Item	2022	2021	2020
Core tier 1 capital adequacy ratio <sup>(1)</sup> (%)	12.29	11.87	12.18
Tier 1 capital adequacy ratio <sup>(1)</sup> (%)	12.29	11.87	12.18
Capital adequacy ratio <sup>(1)</sup> (%)	13.48	13.05	13.35
Total equity to total assets ratio (%)	9.59	9.98	9.70

Note: (1) Calculated in accordance with the requirements in the *Administrative Measures on the Capital of Commercial Banks (for Trial Implementation)* issued by CBRC.



## IV. Management Discussion and Analysis

### 4.1 Review of Overall Operation

In 2022, under the strong leadership of the Board of Directors, and the guidance and support of the regulatory authorities, the Bank diligently executed the decisions and deployments of the Central Party Committee and superior departments. Adhering to the development positioning of serving energy, serving Xinjiang, and serving China's overall development, the Bank prioritized business efficiency and sustained growth to significantly enhance its management capabilities and market competitiveness. The business performance rose against the trend and consolidated a promising business outlook. The income of employees increased steadily, and their sense of happiness, gain and security continued to improve, making substantial progress on the new journey to secondary entrepreneurship. During the reporting period, the Bank successfully navigated numerous challenges such as recurrent COVID-19 outbreaks, significant fluctuations in financial market prices, declining interest rates, and rapidly increasing rigid expenses. The Bank steadfastly advanced its business strategy of "controlling risks, expanding scale, and stabilizing interest margins." The Bank generated an operating income of RMB 6.744 billion, reflecting an increase of RMB 712 million or 11.80% YoY, and realized a total profit of RMB 3.276 billion, an increase of RMB 232 billion or 7.64% YoY. Total assets reached RMB 387.322 billion, a rise of RMB 32.088 billion or 9.03% compared to the previous year, while liabilities amounted to RMB 350.162 billion, an increase of RMB 30.379 billion or 9.50% YoY. The NPL ratio reached 0.98%, showing a good level in the same industry.

In line with its strategic focus on industrial finance, the Bank consistently pursued the integration of industry and finance by diligently "serving small customers, completing difficult business, doing professional things, and making deep efforts." The Bank's product portfolio continued to expand, and its customer base within the industry chain further broadened. In 2022, the Bank increased its industry chain customers to 1,436 and cumulatively invested RMB 52.151 billion in dedicated credit facilities for industry and finance. The outstanding balance reached RMB 57.026 billion, an increase of RMB 1.701 billion from the beginning of the year. In a bid to strengthen its retail market competitiveness, the Bank advanced the integration and specialization of retail financial services, achieving a savings deposit balance surpassing RMB 100 billion. The Bank introduced a range of proprietary consumer loan products, including "Rongxin Seconds Loan" and "Real Salary Loan," driving the sales of intermediary business products to RMB 74.033 billion. The total number of retail customers reached 4.5128 million, encompassing 322,700 mid-to-high-end clients, marking a year-on-year increase of 12.39%. The Bank vigorously pushed forward with the development of Competitiveness 1.0 in financial and business markets, implementing the guideline of "building mechanisms, nurturing key personnel, controlling risks, strengthening investment research, and focusing on services." The Bank improved investment research and operational capabilities, rigorously monitored risk compliance management, and cultivated the core competitiveness of its financial market business. The Bank also promoted its application for establishing wealth management subsidiaries in an orderly manner and comprehensively practiced the new regulations on capital management, with the net value ratio and financing balance respectively reaching 100% and RMB 29.801 billion. Committed to the strategy of serving Xinjiang, the Bank held a dedicated meeting to discuss the strategy of serving Xinjiang,

established a leading group for Xinjiang work and a credit approval center in Xinjiang. The Bank further increased credit support for key projects, infrastructure, small and micro enterprises, and livelihood projects in Xinjiang. Throughout the year, the Bank provided RMB 19.576 billion in corporate loans to Xinjiang-based enterprises, representing a year-on-year increase of RMB 976million or 5.21%. The Bank continued to strengthen support for small and micro enterprises, formulated and promoted 20 measures to stabilize the economy in six aspects, implemented a detailed internal mechanism of “dare to lend and be willing to lend,” strictly implemented fee reduction and profit sharing for small and micro enterprises, and actively improved the level of small and micro services. The balance of loans for small and micro enterprises was RMB 8.575 billion, an increase of RMB 1.842 billion or 27.36% over the beginning of the year. The Bank also advanced the development of green finance and sustained growth of green credit. It successfully secured approval for RMB 2 billion in green financial bonds, launched Xinjiang’s first bank-issued “personal carbon account,” facilitated Xinjiang’s first carbon footprint-linked loan through the Karamay Branch, and established the first carbon-neutral sub-branch among Xinjiang’s legal entities. The Bank proactively supported rural revitalization efforts across the country. The balance of agriculture-related loans throughout the year reached RMB 19.636 billion, an increase of RMB 5.297 billion or 36.94% since the beginning of the year. Committed to strengthening customer rights protection, the Bank embraced a customer-centric business philosophy, accelerated system development, and consistently improved the quality and efficiency of consumer protection management and services.

## **4.2 Risk Management**

### **4.2.1 Organizational Structure of Risk Management**

The comprehensive risk management organizational structure covered various types of risks including credit risk, market risk, operational risk, liquidity risk, country risk, reputational risk, strategic risk, legal risk, information technology risk, and money laundering risk. As the supreme managing and decision-making authority in the Bank’s risk management structure, the Board of Directors is responsible for examining and approving the major risk management policies and procedures; the Board of Supervisors is responsible for supervising the duty performance and diligence of the Board of Directors and the Senior Management in risk management, and urging them to make rectification; the Senior Management established the Risk Management Committee (the Business Continuity Management Committee, the Credit Information Security Leading Group) to be responsible for implementing and supervising the risk management; the Risk Management Department at the Head Office is responsible for leading the overall risk management and the comprehensive promotion of risk management; the leading management departments of various risks of the Head Office are the subject of the risk management of the Bank, and responsible for recognition, measurement/assessment, monitoring/report, control/mitigation of such risks, and reporting the risk management of these risks to the Senior Management, and the comprehensive risk management department; all departments of the Head Office and branches specifically implement the policies related to risk management, recognize and manage the risks, and report the risk management work and risk events, etc. to all risk leading management departments and the comprehensive risk management departments; the Internal Audit Department makes independent and objective supervision, inspection, appraisal and report for the risk management effect of the Bank.

## 4.2.2 Credit Risk

The Bank establishes a credit risk governance structure with a healthy organizational structure and a clear responsibility, and determines the tolerance and management objectives involved in the credit risks based on the supervision policies and the risk preference management policies of the Bank. The credit risk condition was regularly reported to the Board of Directors, the Senior Management and the Credit Risk Management Committee. The Bank actively promoted, gradually established and implemented a unified credit risk management concept, and strove to comprehensively monitor credit risks and continuously improve its credit risk management level. The Bank implemented the penetration principle to ensure that the credit risk management covered all the on-balance sheet and off-balance sheet credit risk assets. We continually improved the credit risk management system, deepened the adjustment of its credit structure, all in an effort to standardize post-loan management initiatives. We also strengthened risk monitoring and investigation and prevention, enriched forms of training, created a learning atmosphere, and continually disseminated a unified credit culture to promote the implementation of the credit risk management system. As at the end of 2022, the total loans and advances issued by the Company amounted to RMB 197.709 billion, and the balance of NPLs reached RMB 1.941 billion, implying an increase of RMB 263 million compared with last year; the NPLs ratio was 0.98%, an increase of 0.03 percentage points over the end of last year.

### Asset Quality Classification of Loans and Advances to Customers

Unit: in RMB 10<sup>4</sup>

Five-tier Classification	31 December, 2022		31 December, 2021	
	Amount of Loans and Advances	Proportion in Total Amount (%)	Amount of Loans and Advances	Proportion in Total Amount (%)
Subtotal of PLo:	19,576,819	99.02	17,483,425	99.05
Normal	19,408,944	98.17	17,402,137	98.59
Special-mention	167,875	0.85	81,288	0.46
Subtotal of NPLs:	194,102	0.98	167,778	0.95
Sub-standard	34,119	0.17	8,827	0.05
Doubtful	35,382	0.18	33,135	0.19
Loss	124,601	0.63	125,816	0.71
Total	19,770,921	100	17,651,203	100

## 4.2.3 Market Risk

The Bank classified all on-balance sheet and off-balance sheet assets and liabilities into trading books or banking books. The Bank has established a market risk management system for trading books covering risk identification, measurement, monitoring, reporting, and control to continuously monitor and control market risk in transactions and keep the market risk of trading books within a tolerable and reasonable level of the Bank. The Bank incorporated the interest rate risks in the banking book into the Bank's comprehensive risk management framework, and established a specific management system according to system importance, risk status, and business complexity, in order to strengthen the identification, measurement, monitoring,

control, and mitigation of such risk. The Bank set the foreign exchange exposure limit, continued to monitor the risk values, analyzed the foreign exchange rate changes, and conducted monitoring, pre-warning and reporting of exchange rate risk situation. As at the end of 2022 the balance of trading book of the Bank was 0.

#### **4.2.4 Operational Risk**

In 2022, the Bank attached great importance to operational risk management; organized and carried out “Internal Compliance Management and Construction Year” activities; continued to improve the effectiveness and pertinence of operational risk governance; and strengthened the compliance management atmosphere of complying with regulations and disciplines. The Bank adhered to the philosophy of risk prevention and control, and strengthened the employee behavior control and business investigation. The Bank strictly implemented the risk investigation plan, established a ledger for the found problems, and timely supervised and urged the rectification, and track the rectification results. The Bank continuously carried out the compliance inspection and personnel behavior investigation. The Bank intensified accountability to foster rigorous accountability and promoted employees’ active compliance awareness. The Bank strengthened the personnel management training to ensure the implementation of control measures for different operational risks. The Bank optimized the authorization management architecture, and refined authorization management. The Bank promoted the standardized management level; printed and distributed to enterprise standards; and earnestly promoted the pilot program for standardization. The Bank actively improved the construction of operational risk early warning system and new bank-enterprise reconciliation system, and other systems to improve ex ante technical prevention capabilities and comprehensive management capabilities of operational risk. The Bank had no major cases in 2022.

#### **4.2.5 Liquidity Risk**

In line with changes in the macroeconomic situation, industry dynamics and supervision requirements, the Bank adhered to sound and prudent management philosophy, and further improved the daily management of liquidity risk; deepened the liquidity risk monitoring and early warning requirements; strengthened the liquidity risk emergency mechanism; and carried out the liquidity risk pressure test on a quarterly basis. The Bank paid close attention to changes in domestic and international situations, strengthened the forward-looking management and control of liquidity risk, and adjusted its strategy for domestic and international assets and liabilities as appropriate according to the regulations on liquidity, the status of its assets and liabilities, and the characteristics of its phased fund management, ensuring overall liquidity security. The Bank steadily monitored overall liquidity and the status of its assets and liabilities businesses, coordinated on-balance sheet and off-balance sheet liquidity risk management, intensified intra-day liquidity risk management, optimized the maturity of assets and liabilities, further implemented the liquidity risk monitoring and pre-warning requirements, improved the liquidity risk emergency mechanism, and expanded the fund sources to ensure smooth market financing channels and abundant high-quality liquid assets. The Bank’s various business operations remained generally stable, while its liquidity remained at a low risk level, and various liquidity indicators met regulatory requirements. The pressure test results showed that under the set pressure scenarios, the Bank could achieve the minimum life expectancy as

required by regulatory authorities, and the liquidity risks were always within the controllable scope. As at the end of 2022, the liquidity ratio of the Bank was 58.89%, liquidity coverage ratio 507.69%, net stable funding ratio 111.13%, and liquidity matching rate 110.12%.

#### **4.2.6 Country Risk**

The Bank established a country-specific risk management system with relative completeness, as well as implemented a country-specific quota management system. It established and gradually improved its country-specific risk monitoring mechanism, and implemented country-specific risk reporting mechanisms. In 2022, the Bank continued to deepen the construction of its country-specific risk management system, assessing potential risks in view of real-time changes in the international political and financial arena, timely adjusted the business strategies to reduce the exposure, and took risk control measures to ensure country risk management policies and limits were effectively implemented and followed. Overall, the Bank's internal level of country risks was low, and the risk development trend was stable.

#### **4.2.7 Reputational Risk**

The Bank attached great importance to the reputational risk management, and continued to conduct the around-the-clock public opinion monitoring. The monitoring objects cover the Bank's own public opinions, the public opinions of important credit customers, supervision policy dynamics and the public opinions of the banks and other financial institutions. Sensitive information involving the Bank was monitored in a timely manner. The Bank paid continuous attention to and identified the development of reputational risks, actively responded to and resolved the negative public opinions, and no major public opinion risk events incurred. Meanwhile, the Bank continued to strengthen emergency drills for reputation risk to constantly increase the capabilities of the management personnel to respond to the public opinion, supporting stable development and further improving the reputation risk management.

#### **4.2.8 Strategic Risk**

The Bank conducted research on economic and financial policy trends, assessed their impact on annual operations as well as long-term outlooks spanning five, ten, or even more years. By thoroughly planning for sustainable development, the Bank achieved a balance between strategic consistency and adaptability. This approach not only maintained steadfast commitment to long-term goals but also enabled the Bank to embrace change and capitalize on emerging opportunities. During the "14th Five-year" Plan period, the Bank would adhere to the development positioning of serving energy, serving Xinjiang, and serving China's overall development; steadily stick to the direction of "serving small customers, completing difficult business, doing professional things, and making deep efforts" in the integration of industry and finance; aiming to build the most competitive first-class commercial bank with unique characteristics in the energy field. Currently, the tertiary strategic risk management framework which constitutes the Board of Directors, the Senior Management and the Strategic Investment and Development Department of Bank of Kunlun run well and satisfied the Bank's strategic development requirements. The strategic risks of the Bank were overall controllable, showing a stable development trend.

#### **4.2.9 Legal Risk**

The Bank steadily strengthened the construction of its legal control system, and improved its working mechanisms; deepened its legal reviews and enhanced the quality and efficiency of reviews; enhanced daily business development legal support, new product development, and handling of major issues, effectively preventing and resolving legal risks. Additionally, the Bank highlighted fine contract management, formulated and improved the texts of format contracts, specifically launched post-contract governance, and strengthened supervision and accountability, while at the same time it strengthened its management of dispute cases, strengthened the demonstration of dispute cases, compiled typical case studies, and shared legal resources, drawing on dispute cases to improve management. The Bank enhanced legal dissemination and publicity, implemented the Eighth Five-Year Plan for Increasing Public Knowledge of the Law, and promoted the construction of Xiao Kun online legal affairs exchange platform. By holding the lectures on the rule of law, law management training, speech competitions, case analysis, online answering, among others, the Bank continued to improve professional capabilities, strengthened the legal compliance awareness and risk prevention and control abilities of employees, and created a favorable law-abiding culture of compliance to laws and regulations. Overall, the Bank's internal level of legal risks was low, and the risk development trend was stable.

#### **4.2.10 Information Technology Risk**

The Bank continued to strengthen specialized information technology risk management, maximized the role of accredit risk teams in information technology, and improved the level of risk control. The Bank revised and published the policies related to information technology risk management, and specified contents such as responsibilities and management requirements. The Bank raised the level of fine management by optimizing and adjusting risk identification methods and ways, measurement methodologies, risk databases, and monitoring indicators of information technology risks. Utilizing a tool platform, the Bank conducted risk assessments in specialized areas such as index monitoring analysis, network security, IT outsourcing, and business continuity. Assessing IT project outsourcing risks and pre-production risks for critical systems were integrated into routine procedures. The Bank also revised and published its business continuity plan and drill plan, conducted business impact analysis, updated the list of important business and important information system, and improved the continuity plan accordingly. Further, disaster recovery switch drills were carried out for vital information systems within the same city, effectively validating the availability of the disaster recovery environment and the ability to seamlessly take over operations. Overall, the Bank's internal level of information technology risks was low, and the risk development trend was stable.

#### **4.2.11 Money Laundering Risk**

The Bank strictly abided by the laws and regulations on anti-money laundering; actively implemented the supervision requirements on the risk-based anti-money laundering; and constantly improved the risk management level of anti-money laundering and anti-terrorist financing around the working idea of "high-quality rectification and solid improvement of management efficiency". The Bank optimizing over 50 business systems, over 60 system functions, and numerous business processes. It also established a corresponding long-term mechanism for anti-money laundering management. The Bank progressively advanced reforms to the anti-money laundering management structure, optimizing the centralized



management mechanism. By preparing a list of post anti-money laundering responsibilities, the Bank further clarified the scope of duties. The monitoring model for anti-money laundering was improved, continuously enhancing the monitoring quality of large and suspicious transactions. Additionally, the Bank fostered innovation in training and publicity, developing independent online courses for anti-money laundering and establishing an official WeChat account dedicated to the subject. Moreover, the Bank actively cooperated with the Central Bank to complete the anti-money laundering investigation and survey, and provided powerful support for the Central Bank and the Public Security Department in fighting against money laundering and other illegal and criminal activities. Overall, the Bank's internal level of money laundering risks was low, and the risk development trend was stable.

### 4.3 Capital Management

The Bank took capital as the object and tool to conduct management activities such as planning, measurement, evaluation, allocation, application, monitoring and reporting in accordance with the capital supervision requirements of the *Administrative Measures for Capital of Commercial Banks (for Trial Implementation)*. According to the requirements, the credit risk-weighted assets are measured by weight method, market risk-weighted assets by standard method and the operational risk-weighted assets by the basic indicator method.

#### Capital Structure and Capital Adequacy Ratios of the Company

Unit: in RMB 10<sup>4</sup>

Item	31 December, 2022	31 December, 2021	Rate of change (%)
Core tier 1 capital	3,701,995	3,539,303	4.60
Eligible portion of paid-in capital	1,028,788	1,028,788	0.00
Eligible portion of capital reserve	1,019,299	1,019,299	0.00
Surplus reserve	328,857	301,406	9.11
General risk reserve	459,538	459,447	0.02
Undistributed profit	867,540	721,491	20.24
Eligible portion of minority's capital	3,973	4,128	(3.75)
Regulation deduction item of core tier 1 capital	17,256	18,054	(4.42)
Other intangible assets (excluding land use right)	17,256	18,054	(4.42)
Net core tier 1 capital	3,684,739	3,521,249	4.64
Other tier 1 capitals	530	550	(3.64)
Eligible portion of minority's capital	530	550	(3.64)
Regulation deduction item of tier 1 capital	0	0	N/A
Net tier 1 capital	3,685,269	3,521,799	4.64
Tier 2 capital	355,747	350,294	1.56
Provision for excess loan losses	354,687	349,193	1.57
Eligible portion of minority's capital	1,060	1,101	(3.72)

Continued

Item	31 December, 2022	31 December, 2021	Rate of change (%)
Regulation deduction item of tier 2 capital	0	0	N/A
Total net capital	4,041,015	3,872,094	4.36
Total risk-weighted assets	29,978,640	29,674,700	1.02
Including: Credit risk-weighted assets	28,729,640	28,284,664	1.57
Market risk-weighted assets	85,722	196,958	(56.48)
Total market risk capital requirements	6,858	15,757	(56.48)
Operational risk-weighted assets	1,163,278	1,193,079	(2.50)
Total operational risk capital requirements	93,062	95,446	(2.50)
Core tier 1 capital adequacy ratio (%)	12.29	11.87	Up 0.42 per cent
Tier 1 capital adequacy ratio (%)	12.29	11.87	Up 0.42 per cent
Capital adequacy ratio (%)	13.48	13.05	Up 0.43 per cent

Note: (1) Calculated in accordance with the requirements in the *Administrative Measures on the Capital of Commercial Banks (for Trial Implementation)* issued by CBRC, and the figures in the table are the data of the Bank.

(2) Net core tier 1 capital = Core tier 1 capital - Supervision Deduction item of core tier 1 capital; Net tier 1 capital = Net core tier 1 capital + Other tier 1 capital - Other supervision deduction items of tier 1 capital; Total net capital = Net tier 1 capital + Tier 2 capital - Supervision deduction item of tier 2 capital.

(3) The supervision indicators in this table are calculated in accordance with the supervision requirements and accounting standards applicable to the relevant period. The figures are not subject to retroactive adjustment.

In accordance with relevant provisions of the *Administrative Measures for Leverage Ratio* and the *Administrative Measures for Capital of Commercial Banks (for Trial Implementation)*, the leverage ratios for measurements are presented as follows:

### Leverage Ratios

Unit: in RMB 10<sup>4</sup>

Item	31 December, 2022	31 December, 2021	Rate of change (%)
Tier 1 capital	3,702,525	3,539,854	4.60
Deduction of tier 1 capital	17,256	18,054	(4.42)
Net tier 1 capital	3,685,269	3,521,799	4.64
Balance of adjusted on-balance sheet assets	36,968,976	32,539,048	13.61
Balance of adjusted off-balance sheet items	6,392,361	7,189,562	(11.09)
Balance of adjusted on- and off-balance sheet items	43,361,337	39,728,610	9.14
Balance of securities financing trading assets	0	1,761,840	(100.00)
Leverage ratio (%)	8.50	8.49	Up 0.01 per cent

Note: (1) Figures in the table are the data of the Bank.

(2) The supervision indicators in this table are calculated in accordance with the supervision requirements and accounting standards applicable to the relevant period. The figures are not subject to retroactive adjustment.



#### **4.4 Human Resource Management**

In 2022, the Bank organized personnel work around the overall situation of its secondary entrepreneurship, established and improved the training and selection system for young talent with talent training as the main line, further smoothed the non-management sequence career channel system, and strengthened precision training and empowerment. The Bank continued to deepen reform and innovation, optimized and improved the organizational structure, promoted the tenure system reform and contractual management of leaders, and optimized and improved the performance appraisal system of account managers. The Bank further improved the quality of grassroots Party building and promoted the deep integration of party building operations. The Bank promoted management improvement, and optimized and improved system processes. All work reached a new level and achieved new results, effectively ensuring and serving the high-quality development of the whole bank.

#### **4.5 Social Responsibility**

Adhering to the decisions and deployments of the CPC Central Committee and the State Council, the Bank actively implemented regulatory requirements, and through practical actions, benefited society and fulfilled its responsibilities. The bank pursued the positioning of industrial finance, and promoted the strategy of serving energy, serving Xinjiang and serving the country, thereby advancing the real economy with finance. The Bank continued to increase support for small, micro and large enterprises to reduce their burdens and increase efficiency. The Bank also encouraged the development towards carbon peak and carbon neutrality and green finance to make the sky bluer, the water greener and the air fresher. Further, the Bank solidly carried out rural revitalization to provide assistance to and benefit farmers, increasing agricultural production, farmers' income, and prosperity in rural areas.

## V. Changes in Share Capital and Shareholders

### 5.1 Changes in Share Capital

In 2022, the Bank did not increase its capital or enlarge its share, and the register capital remained at RMB 10.288 billion.

### 5.2 Number of Shareholders and Proportion of Shareholding

As at 31 December, 2022, the total number of shareholders of the Bank was 75, and the total number of shares was 10.288 billion. The shareholding ratio of legal person shareholders was 99.9908% and that of natural person shareholders was 0.0092%.

### 5.3 Top 10 Shareholders of the Bank and Shareholding Ratios

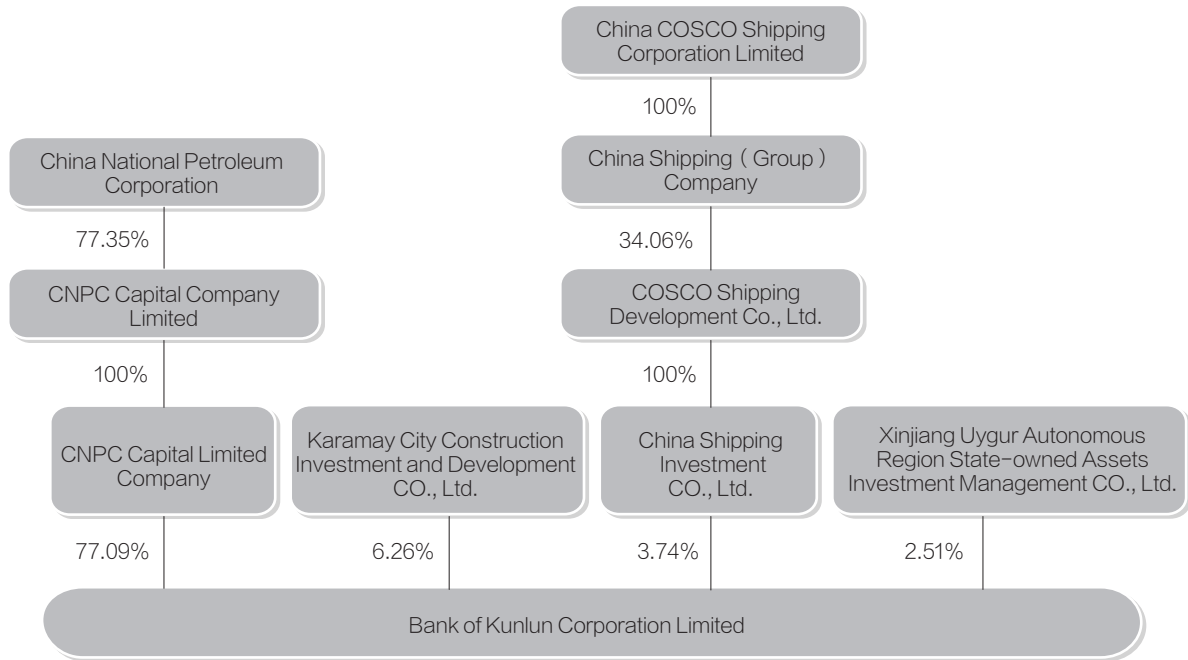
Unit: Share

No.	Name of Shareholder	Number of Shares Held	Shareholding Ratio (%)
1	CNPC Capital Limited Company	7,930,712,499.85	77.09
2	Karamay City Construction Investment and Development Co., Ltd.	644,126,987.60	6.26
3	China Shipping Investment Co., Ltd.	384,604,330.37	3.74
4	Xinjiang Uygur Autonomous Region State-owned Assets Investment Management Co., Ltd.	258,347,016.97	2.51
5	Xinjiang Financial Investment Co., Ltd.	223,225,446.36	2.17
6	Shandong State-owned Assets Investment Holdings Co., Ltd.	199,829,696.98	1.94
7	Xinjiang Uygur Autonomous Region Financing and Guarantee Co., Ltd.	129,173,508.49	1.26
8	Shanghai Qisheng Enterprise Development Co., Ltd.	68,686,275.09	0.67
9	Karamay City Dushanzi District Tianding Investment Group Co., Ltd.	58,386,227.45	0.57
10	Xinjiang Taishengxinrong Investment Co., Ltd.	56,879,807.02	0.55

### 5.4 Major Shareholders

Major shareholders of the Bank include: those holding over 5% of the equity in the Bank: CNPC Capital; Karamay City Construction Investment and Development Co., Ltd.; China Shipping Investment Co., Ltd., and Xinjiang Uygur Autonomous Region State-owned Assets Investment Management Co., Ltd. assigning Directors to the Bank.

### Structure of Major Shareholders



#### 5.5 Actual Controller of the Bank

Name: China National Petroleum Corporation (CNPC)

Nature: Central State-owned Holding Company

Type: Legal Entity

Legal Representative: Dai Houliang

## VI. Directors, Supervisors, Senior Management, Employees and Institutions

### 6.1 Incumbent Directors, Supervisors, Senior Management

Name	Position	Gender	Age	Time of Appointment
Wang Zhonglai	Party Committee Secretary, Chairman	Male	59	2020.10 (Party Committee Secretary) 2021.07 (Chairman)
He Fang	Party Committee Deputy Secretary, Director, President	Male	50	2020.10 (Party Committee Deputy Secretary) 2021.05 (Director and President)
Han Hua	Director	Female	56	2018.12
Zhang Yi	Director	Male	50	2021.05
Du Haiying	Director	Female	47	2022.11
Liu Bo	Independent Director	Male	63	2018.12
Zhang Shengping	Independent Director	Male	57	2018.10
Xi Bo	Independent Director	Male	50	2018.10
Yang Daxin	Party Committee Deputy Secretary, Chairman of the Board of Supervisors, Labor Union Chairman, Employee Supervisor	Male	56	2022.06 (Party Committee Deputy Secretary, Labor Union Chairman, Employee Supervisor) 2022.07 (Chairman of the Board of Supervisors)
Wang Jinhai	Employee Supervisor	Male	59	2021.04
Qu Anna	External Supervisor	Female	60	2021.11
Zhang Shanlin	External Supervisor	Male	60	2022.10
Pang Hong	External Supervisor	Female	67	2022.10
Feng Dianjun	Member of the Party Committee, Secretary of Discipline Inspection Commission	Male	58	2020.03 (Member of the Party Committee, Secretary of Discipline Inspection Commission)
Wang Mingdong	Member of the Party Committee, Vice President	Male	52	2021.05 (Member of the Party Committee) 2021.09 (Vice President)
Zhao Kui	Member of the Party Committee, Vice President	Male	48	2022.03 (Member of the Party Committee) 2022.07 (Vice President)
Zhang Jianhui	Member of the Party Committee, Vice President, Chief Accountant, Board Secretary	Female	49	2022.06 (Member of the Party Committee) 2022.11 (Vice President, Chief Accountant) 2023.02 (Board Secretary)
Ma Yuanhui	Assistant to President	Male	53	2017.03
Zeng Shibing	General Manager of Planning and Finance Department	Male	51	2022.04
Meng Lin	General Manager of Internal Audit Department	Male	52	2022.10

## 6.2 Resigned Directors, Supervisors, and Senior Management

Name	Position	Gender	Age	Time of Appointment and Retirement
Yan Hong	Party Committee Deputy Secretary, Chairman of the Board of Supervisors, Labor Union Chairman	Male	56	2020.10-2022.06 (Deputy Secretary of the Party Committee, Labor Union Chairman) 2020.12-2022.06 (Chairman of the Board of Supervisors)
Zhou Maoqing	External Supervisor	Male	68	2016.04-2022.10
Zhang Lijun	External Supervisor	Female	64	2016.04-2022.10
Yan Jiu	Member of the Party Committee, Vice President, Board Secretary	Male	53	2015.12-2022.06 (Member of the Party Committee) 2018.09-2022.06 (Vice President) 2021.09-2022.06 (Board Secretary)
Wang Zhengrong	Member of the Party Committee, Vice President	Male	49	2020.12-2022.06 (Member of the Party Committee) 2021.06-2022.06 (Vice President)

## 6.3 Employees

As at the end of 2022, there were 3,246 employees altogether, including 565 at the Head Office, 228 at the Operation Service Center, 2,349 at branches, International Business Settlement Center and Business Departments of Head Office, and 104 at rural banks. The average age of employees was 36.8. The employee structure of the Bank was continuously optimized, with a good quality overall: 3,014 employees (92.85%) have a bachelor's degree or above and 494 employees (15.22%) have a doctor's or master's degree.

## 6.4 Salary

The Bank has established the Nomination and Salary Committee of the Board of Directors in accordance with the Articles of Association. The committee reviews the payroll management system and policy of the whole bank. The formulation and adjustments of salary policies of the Bank conform strictly to relevant laws, regulations, and supervisory provisions. They are adaptable to the corporate governance requirements, operation development strategies and talent competition strategies, uphold the objective of "improving and perfecting the incentive and restrictive mechanism and increasing the organization efficiency", and pay proper attention to the steady operation and sustainable development while "focusing on achievements, preserving the key personnel and establishing a benchmark". The salary of an employee is mainly composed of the basic salary and the performance-based salary, and the beneficiaries are all contract employees of all kinds of institutions. And the deferred payment and recourse charge-back system is established for the Senior Management and the employees at the posts having a material effect on the risks, and the postponed payment period is not less than three years. For personnel violating rules and disciplines or abnormal exposure of risk losses within the duties, the payment shall be stopped and the performance-based salary shall be recovered. In 2022, the total salary of all institutions was RMB 822.50 million, and the distribution of total salaries adhered to the efficiency, total profit ratio, and there was no exception to the

original salary plan, guarantee the salary of employees involved in the risk and compliance management work was independent of the business line performance supervised by these employees, realizing the full completion of the economic, risk, and social responsibility indicators.

The salary standards for Independent Directors and External Supervisors of the Bank shall be implemented according to the resolutions adopted at the General Meeting of Shareholders of the Bank. In 2022 members of the Board of Directors, the Board of Supervisors and Senior Management who received their salary from the Bank received the salary of RMB 11.1260million.

## **6.5 Institutions**

The Bank owned a total of 10 branch-level institutions, namely Karamay Branch, Urumqi Branch, Daqing Branch, Tuha Branch, Korla Branch, Xi'an Branch, Ili Branch, and Kashgar Branch, International Business Settlement Center, and Shanghai International Business Settlement Center. As at the end of 2022, the Bank had 80 branches and sub-branches, one less as compared with 2021.

## VII. Corporate Governance Report

### 7.1 Overview of Corporate Governance

In 2022, the Bank overcame the impact of the COVID-19, strictly complied with related laws, regulations and regulatory requirements, and insisted on enhancing the corporate governance as a major step for further development. The Bank kept on optimizing the operating mechanism of corporate governance and the governance architecture to enhance scientific decision-making and effective checks and balances. The Bank initiated the performance evaluation of Directors, Supervisors and Senior Management, made further efforts in information disclosure and investor relationship management, optimized equity management, and regulated related party transactions. The management efficiency of the Bank was improved, the interests of all parties had been effectively protected, and the corporate governance proved to be fruitful.

### 7.2 Shareholders' General Meeting

During the reporting period, the Bank organized one annual meeting and one extraordinary general meeting in total, heard 3 reports and adopted 12 proposals through deliberation. The agenda and proposals for the meeting were arranged by the Board of Directors legally, fairly and reasonably to ensure that every proposal was fully discussed. Each meeting was convened in compliance with relevant legal procedures, thus ensuring shareholders' participation and exercise of their rights. The Bank worked with lawyers who served as witnesses at such meetings and issued legal opinions.

### 7.3 Board of Directors and Special Committees

By the end of the reporting period, the Board of Directors had eight directors including two Executive Directors, three Equity Directors, and three Independent Directors, with Mr. Wang Zhonglai as Chairman. All Equity Directors are experienced in banking business management or financial management with extensive professional expertise. Some of the Directors also have years of experience in the petroleum and natural gas industry. The Independent Directors are experts in finance, economy and accounting, who are familiar with corporate finance and financial management.

In 2022, the Bank overcame the impact of the COVID-19, and guaranteed the compliant performance of the Board of Directors and Special Committees by on-the-spot meeting in combination with video, telephone and writing, and other methods. The Bank held six meetings of the Board of Directors in total, at which 18 reports were heard and 44 proposals were deliberated.

The Board of Directors has five Special Committees, namely the Strategy and Consumer Protection Committee, the Audit Committee, the Risk Management Committee, the Related Party Transactions Control Committee, and the Nomination and Remuneration Committee, which report to and are authorized by the Board of Directors in providing professional advice and making decisions on professional matters.

The Special Committees regularly communicate with the Senior Management and Head Office Function Departments on operating and risk conditions of the Bank, giving relevant opinions and suggestions.

During the reporting period, the Special Committees held six meetings in total, at which 16 reports were heard and 10 proposals were deliberated.

#### **7.4 Board of Supervisors**

By the end of the reporting period, the Board of Supervisors consisted of five members, including three External Supervisors and two Employee Supervisors, with Mr. Yang Daxing as Chairman. All supervisors of the Bank are experienced in management with professional knowledge on finance and accounting.

In 2022, the Bank overcame the impact of the COVID-19, and guaranteed the compliant performance of the Board of Supervisor by on-the-spot meeting in combination with video, telephone and writing, and other methods. The Bank held five meetings of the Board of Supervisors in total, at which 45 reports were heard and 5 proposals were deliberated.

#### **7.5 Senior Management**

The Senior Management sets up the Risk Management Committee (the Business Continuity Management Committee and the Credit Information Security Leading Group), the Internal Control and Compliance Management Committee (the Case Prevention and Control Management Committee, the Standardization Management Committee, and the Anti-money Laundering Leading Group), the Asset-Liability Committee, the Information Technology Committee, the Performance and Evaluation Committee, the Corporate Business Promotion Committee, and the Production Safety Committee. In 2022, the Board of Directors evaluated the duty performance of the Senior Management in accordance with the *Administrative Measures for Evaluation on Duty Performance of the Senior Management of Bank of Kunlun Co, Ltd.* in order to strengthen the constraint and supervision system of the Senior Management, while also urging them to fulfill their responsibilities diligently.

#### **7.6 Internal Control**

In 2022, the Bank conscientiously implemented the requirements of the central government, superior organizations and supervision departments; effectively carried out several events such as “Promotion of Financial Standards for the Benefits of Citizens and Enterprises” in combination with the strategic objective of the secondary entrepreneurship, firmly established the core concept of “Internal Control Priority, Compliance First”; and fostered the prudent and steady operation culture by continuously strengthening the internal control management construction, and consolidated a high-quality development foundation. The Bank persistently enhanced its internal control management system, refining internal control responsibilities, optimizing control measures, and bolstering internal control assurance. Additionally, it consistently conducted internal control evaluations and supervision to ensure a robust and effective



management environment. Upon evaluation, the running of internal control in the Bank was effective from the overall internal control effect.

### **7.7 Internal Audit**

The Bank implemented an independent and vertical internal audit management system accountable to the Board of Directors. During the reporting period, the Internal Audit Department prioritized project audits as a crucial initiative, closely aligning with the Party Committee's significant decisions and strategic deployments. The department facilitated the prevention and mitigation of major operational risks, and promoted management quality and efficiency. By doing so, the Bank effectively executed audit supervision and evaluation. Throughout the year, the Bank organized and implemented 41 audit items, and the audit contents covered all lines including corporate business, financial market business, retail business, international business, information technology, credit management, risk management, operation management, and finance management. Through revealing problems, making summaries, analyzing reasons, making proposals, and supervising corrections, the internal audit prompted the Bank's stable operation and sustainable development.

### **7.8 Accounting Firm**

In 2022, the Bank engaged ShineWing (LLP) to provide annual audit service for the Bank, and the total audit fee aggregated RMB 1.1 million.

## VIII. Significant Events

### 8.1 Top 10 Shareholders and Changes during the Reporting Period

The changes in top ten shareholders as at 31 December, 2022 are presented in the section headed “Changes in Share Capital and Shareholders - Top 10 Shareholders of the Bank and Shareholding Ratios” in the Annual Report.

### 8.2 Increase or Decrease of Registered Capital

The registered capital of the Bank in 2022 did not change.

### 8.3 Material Asset Acquisition and Disposal

N/A.

### 8.4 Material Contracts and Performance

In 2022, the Bank had no material contracts required to be disclosed.

### 8.5 Significant Lawsuits and Arbitrations

In 2022, there were no lawsuits and arbitrations that have significant effects on operation.

### 8.6 Material Related Party Transaction

On 24 August, 2022, at the sixth meeting of its sixth Board of Directors, the Bank had deliberated and adopted a proposal on providing the highest credit line of RMB 4.9 billion to CNPC, valid until 1 August, 2025. As at the end of 2022, the credit balance of related party transactions between the Bank and CNPC was RMB 1.523 billion, and all the correlation indexes were 3.79%, which had not exceeded 15% of net capital of the Bank at the end of 2022.

On 30 December, 2022, at the eighth meeting of its sixth Board of Directors, the Bank had agreed on related party transactions for commercial property loans amounting to RMB 430 million for Karamay City Construction Investment and Development Co., Ltd. (Head Office).

In 2022, there were a total of 130 related party transactions of the service kind newly signed between the Bank and subordinate units of CNPC, with the contract subject amount of RMB 458 million, and these transactions mainly include the lease of houses, property services, and information technology services.

The main contract counter parties include Beijing Huaifu Property Management Co., Ltd., SPT Sunshine Mobility (Beijing) Tourism Co., Ltd., and Kunlun Digital Technology Co. Ltd.

In 2022, there were a total of 75 transactions due to banks and other financial institutions, amounting to RMB 4.103 billion, mainly with Leshan Kunlun Village Bank Co., Ltd., CNPC Finance Co., Ltd., and Kunlun Trust Co., Ltd. By the end of December, the balance of agreed deposits, contracted deposits, and time deposits with related parties totaled RMB 34.282 billion.

Related party transactions of the Bank adhered to general business principles, under the conditions that trade with related parties was no better than trade with non-related parties.

### **8.7 Penalties**

During the reporting period, the Bank and its Directors, Supervisors, Senior Management members, and Controlling Shareholders were not subject to compulsory measures taken according to law, or criminal punishment. The Bank's Directors, Supervisors, Senior Management members, and Controlling Shareholders were not subject to retention measures taken by discipline inspection and supervision authorities, and their performance of responsibilities was not impacted due to that they were suspected of serious violation of discipline and law or job-related crimes; the Bank's Directors, Supervisors, and Senior Management members were not subject to compulsory measures taken by other competent authorities, and their performance of responsibilities was not impacted due to that they were suspected of violation of laws and regulations.

### **8.8 Distribution of Profits and Dividends**

The profits and financial status of the Bank as at 31 December, 2022 are presented in the appendix section of the annual report headed "Auditor's Report and Financial Statements" in this the Annual Report.

As approved at the 2021 Annual General Meeting, the Bank distributed cash dividends for the second half of 2021 to all shareholders registered as at 31 December, 2021, which amounted to a total of RMB 349,787,894.77 (pre-tax) (at a rate of RMB 0.34 per 10 shares, pre-tax).

As approved at the First Extraordinary General Meeting in 2022, the Bank distributed cash dividends for the first half of 2022 to all registered shareholders as at 30 June, 2022, which amounted to a total of RMB 668,712,151.78 (pre-tax) (at the rate of RMB 0.65 per 10 shares, pre-tax).

As approved at the 2022 Annual General Meeting, the Bank distributed cash dividends for the second half of 2022 to all shareholders registered as at 31 December, 2022, which amounted to a total of RMB 442,378,808.13 (pre-tax) (at a rate of RMB 0.43 per 10 shares, pre-tax).

## **IX. Financial Report**

The 2022 Annual Financial Report prepared by the Bank in accordance with PRC GAAP have been audited by ShineWing (LLP), which has issued a standard and unqualified auditor's report.

## Schedule I

### Bank of Kunlun Corporation Limited Consolidated Balance Sheet

(Unless otherwise specified herein, the following amounts are all expressed in RMB)

Item	31 December, 2022	31 December, 2021
<b>Assets:</b>		
Cash and deposits with the central bank	19,424,568,962.98	18,460,764,495.14
Deposits with banks and other financial institutions	15,598,952,086.53	13,198,445,618.29
Interbank lending	49,269,651,901.68	42,633,553,488.23
Financial assets purchased under resale agreement	1,893,993,041.26	18,188,285,945.58
Loans and advances to customers	192,063,448,453.79	171,484,249,304.36
<b>Financial investments:</b>		
Financial assets held for trade	37,231,336,845.78	47,972,422,050.07
Debt investment	47,225,235,031.21	29,426,368,928.87
Other debt investment	22,429,130,484.08	11,592,548,744.58
Other equity instrument investment		
Fixed assets	291,657,265.20	338,492,072.21
Construction in progress	31,733,167.87	52,595,937.91
Intangible assets	172,652,599.49	180,664,861.80
Right-of-use asset	777,884,462.93	695,756,819.65
Deferred tax assets	508,106,683.59	497,535,975.32
Other assets	403,932,177.52	512,773,807.37
<b>Total assets</b>	<b>387,322,283,163.91</b>	<b>355,234,458,049.38</b>
<b>Liabilities:</b>		
Borrowings from the central bank	6,179,349,457.73	7,887,485,182.84
Due to banks and other financial institutions	39,968,195,426.43	39,871,108,684.95
Placements from banks and other financial institutions		1,501,302,777.78
Financial assets sold under repurchase agreement	17,652,083,955.22	18,939,208,240.34
Customer deposits	242,792,555,410.35	209,033,620,142.96
Payroll payable	56,751,156.98	44,313,670.26
Taxes and fees payable	462,183,304.57	299,564,600.96
Bonds payable	37,977,770,719.49	37,613,893,049.38
Lease liabilities	748,789,067.35	688,173,494.03
Estimated liabilities	356,840,861.24	337,832,126.37
Deferred income tax liabilities		
Other liabilities	3,967,433,847.06	3,566,087,026.43

Continued

Item	31 December, 2022	31 December, 2021
<b>Total liabilities</b>	350,161,953,206.42	319,782,588,996.30
Shareholders' equity		
Share capital	10,287,879,258.43	10,287,879,258.43
Other equity instruments		
Including: Preference share		
Perpetual bonds		
Capital reserves	10,192,990,714.50	10,192,990,714.50
Less: Treasury stock		
Other comprehensive income	9,698,336.87	47,445,253.70
Special reserves		
Surplus reserve	3,288,570,092.78	3,014,058,808.71
General risk reserve	4,595,380,637.49	4,594,472,006.15
Undistributed profit	8,675,400,959.97	7,214,911,823.32
Total equity attributable to shareholders of the parent company	37,049,920,000.04	35,351,757,864.81
Minority interests	110,409,957.45	100,111,188.27
<b>Total shareholders' equity</b>	37,160,329,957.49	35,451,869,053.08
<b>Total liabilities and shareholders' equity</b>	387,322,283,163.91	355,234,458,049.38

## Schedule II

### Bank of Kunlun Corporation Limited Consolidated Income statement

(Unless otherwise specified herein, the following amounts are all expressed in RMB)

Item	2022	2021
<b>I. Total operating income</b>	6,743,560,072.88	6,031,839,049.18
Net interest income	7,077,623,791.81	5,648,895,761.54
Interest income	14,203,623,673.89	12,542,829,849.43
Interest expenditure	7,125,999,882.08	6,893,934,087.89
Net fee and commission income	(1,513,020,843.69)	(1,202,993,901.84)
Fee and commission income	256,358,511.43	219,764,595.27
Fees and commission expenses	1,769,379,355.12	1,422,758,497.11
Investment income (“-” for loss)	1,167,889,576.97	526,492,676.86
Including: Income from investment in associates and joint ventures		
Income from derecognition of financial assets measured at amortized cost	144,306.16	42,226,309.89
Other revenue	50,394,045.92	3,460,361.19
Gains on changes in fair value	(237,750,905.85)	1,132,975,606.41
associates and joint ventures	187,851,081.25	(78,749,690.53)
Income from other business	2,297,780.70	1,747,702.39
Gain on disposal of assets	8,275,545.77	10,533.16
<b>II. Total operating cost</b>	3,464,668,750.95	2,985,055,149.53
Taxes and surcharges	71,352,322.68	70,152,854.66
Operating and administrative expenses	2,473,029,813.09	2,189,696,364.94
Impairment losses on credit assets	901,806,372.85	725,198,027.72
Asset impairment losses	17,536,688.34	
Other operating expenses	943,553.99	7,902.21
<b>III. Operating profit (“-” for loss)</b>	3,278,891,321.93	3,046,783,899.65
+: Non-operating revenue	6,134,051.25	5,268,790.28
-: Non-operating expenses	8,728,312.15	8,251,383.89
<b>IV. Total profit (“-” for total loss)</b>	3,276,297,061.03	3,043,801,306.04
Less: Income tax expenses	511,589,193.24	503,503,610.56
<b>V. Net profit (“-” for net loss)</b>	2,764,707,867.79	2,540,297,695.48
(I) Classification by business continuity	2,764,707,867.79	2,540,297,695.48
1. Net profit from continuing operation (“-” for net loss)	2,764,707,867.79	2,540,297,695.48
2. Net profit from discontinued operation (“-” for net loss)		

Continued

Item	2022	2021
(II) Classification by ownership	2,764,707,867.79	2,540,297,695.48
1. Net profit attributable to shareholders of the parent company (“-” for net loss)	2,754,409,098.61	2,535,631,572.48
2. Gains and losses attributable to minority interests (“-” for net loss)	10,298,769.18	4,666,123.00
<b>VI. Other comprehensive income, net of tax</b>	(37,746,916.83)	74,361,529.35
Other comprehensive income attributable to shareholders of the parent company, net of tax	(37,746,916.83)	74,361,529.35
(I) Other comprehensive income not reclassified into profit or loss subsequently		
1. Changes arising from the remeasurement of defined benefit plan		
2. Other comprehensive income that may not be transferred into profit or loss under equity method		
3. Changes in fair value of other equity instruments		
4. Changes in fair value arising from corporate credit risk		
5. Others		
(II) Other comprehensive income to be reclassified into profit or loss	(37,746,916.83)	74,361,529.35
1. Other comprehensive income that may be transferred into profit or loss under equity method		
2. Changes in fair value of other debt investments	(46,884,413.21)	77,425,044.98
3. Other comprehensive income reclassified into financial assets		
4. Credit impairment provision arising from other debt investments	9,137,496.38	(3,063,515.63)
5. Cash flow hedging reserves (Effective portion of gains or losses from cash flow hedging)		
6. Difference arising from translation of foreign currency statements		
7. Others		
Other comprehensive income attributable to minorities, net of tax		
<b>VII. Total comprehensive income</b>	2,726,960,950.96	2,614,659,224.83
Total comprehensive income attributable to shareholders of the parent company	2,716,662,181.78	2,609,993,101.83
Total comprehensive income attributable to minorities	10,298,769.18	4,666,123.00
<b>VIII. EPS:</b>		
(I) Basic EPS (RMB/share)	0.27	0.25
(II) Diluted EPS (RMB/share)	0.27	0.25



## Schedule III

### Bank of Kunlun Corporation Limited Consolidated Cash Flow Statement

(Unless otherwise specified herein, the following amounts are all expressed in RMB)

Item	2022	2021
<b>I. Cash flows from operating activities:</b>		
Net Increase in due to customers, banks and other financial institutions	33,166,883,278.77	
Net increase in borrowings from the central bank		5,227,672,331.67
Net decrease in deposits with the central bank and due from banks and other financial institutions		7,978,951,308.73
Net decrease in financial assets held for trading	3,730,946,304.93	8,945,606,504.94
Cash received from interest, charges and commissions	12,960,114,806.86	11,236,091,666.21
Cash received relating to other operating activities	209,321,046.97	888,691,481.87
<b>Sub-total of cash flow from operating activities</b>	<b>50,067,265,437.53</b>	<b>34,277,013,293.42</b>
Net increase in loans and advances to customers	21,197,302,911.69	15,929,444,183.13
Net decrease in due to customers, banks and other financial institutions		1,748,768,297.91
Net decrease in borrowings from the central bank	1,674,787,635.51	
Net increase in deposits with the central bank and due from banks and other financial institutions	2,703,252,994.96	
Net decrease in placements from banks and other financial institutions	10,920,000,000.00	1,700,000,000.00
Cash payments for interest, charges and commissions	7,588,166,600.76	6,064,715,160.45
Net decrease in financial assets sold under repurchase arrangements	715,862,449.01	3,099,888,267.39
Cash paid to and on behalf of employees	1,246,844,949.22	1,169,796,158.98
Payments of taxes and surcharges	904,645,705.62	910,746,163.29
Cash paid relating to other operating activities	558,098,926.90	2,459,654,085.44
<b>Sub-total of cash flow from operating activities</b>	<b>47,508,962,173.67</b>	<b>33,083,012,316.59</b>
<b>Net cash flows from operating activities</b>	<b>2,558,303,263.86</b>	<b>1,194,000,976.83</b>
<b>II. Cash flows from investing activities</b>		
Cash received from disposal of investments	5,999,298,689.15	43,576,589,684.29
Cash received from returns on investments	2,250,867,880.94	1,922,295,218.17
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	163,362.00	290,074.22
Net cash receipts from sales of subsidiaries and other business units		
Cash received relating to other investing activities		
<b>Sub-total of cash inflows from investing activities</b>	<b>8,250,329,932.09</b>	<b>45,499,174,976.68</b>

Continued

Item	2022	2021
Cash paid to acquire fixed assets, intangible assets and other long-term assets	106,189,782.78	59,896,750.51
Cash paid to acquire investments	35,082,232,677.07	26,740,580,180.88
Cash paid relating to other investing activities		
<b>Sub-total of cash outflows from investing activities</b>	<b>35,188,422,459.85</b>	<b>26,800,476,931.39</b>
<b>Net cash flows from investing activities</b>	<b>(26,938,092,527.76)</b>	<b>18,698,698,045.29</b>
<b>III. Cash flows from financing activities</b>		
Cash received from capital contributions		
Including: Cash received by subsidiaries from minority investments		
Cash received from borrowings		
Cash received from bonds issued	52,540,842,490.00	53,473,825,947.89
Sub-total of cash inflows from financing activities	52,540,842,490.00	53,473,825,947.89
Cash repayments of borrowings	52,176,964,819.89	52,540,432,020.00
Cash payments for distribution of dividends or profits or interest expenses	1,850,653,347.24	2,140,369,711.73
Cash received relating to other financing activities	284,687,815.05	205,540,937.27
<b>Sub-total of cash outflows from financing activities</b>	<b>54,312,305,982.18</b>	<b>54,886,342,669.00</b>
<b>Net cash flows from financing activities</b>	<b>(1,771,463,492.18)</b>	<b>(1,412,516,721.11)</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>187,851,081.25</b>	<b>(75,034,955.10)</b>
<b>V. Net increase in cash and cash equivalents</b>	<b>(25,963,401,674.83)</b>	<b>18,405,147,345.91</b>
Add: Opening balance of cash and cash equivalents	43,481,168,838.87	25,076,021,492.96
<b>VI. Closing balance of cash and cash equivalents</b>	<b>17,517,767,164.04</b>	<b>43,481,168,838.87</b>

## Schedule IV

**Bank of Kunlun Corporation Limited**  
**Consolidated Statement of Changes in Owners' Equity**  
(Unless otherwise specified herein, the following amounts are all expressed in RMB)

Project	2022								Total owners' equity
	Owner's equity attributable to parent							Minorities Shareholders' Equity	
	Share capital	Capital reserves	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit	Sub-total		
<b>I. Closing balance of previous year</b>	10,287,879,258.43	10,192,990,714.50	47,445,253.70	3,014,058,808.71	4,594,472,006.15	7,214,911,823.32	35,351,757,864.81	100,111,188.27	35,451,869,053.08
Add: Change in accounting policy									
Correction of errors in previous periods									
Business combination under same control									
Others									
<b>II. Opening balance of current year</b>	10,287,879,258.43	10,192,990,714.50	47,445,253.70	3,014,058,808.71	4,594,472,006.15	7,214,911,823.32	35,351,757,864.81	100,111,188.27	35,451,869,053.08
<b>III. Increase/decrease of current year ("+" for increase)</b>			(37,746,916.83)	274,511,284.07	908,631.34	1,460,489,136.65	1,698,162,135.23	10,298,769.18	1,708,460,904.41
(I) Total comprehensive income			(37,746,916.83)			2,754,409,098.61	2,716,662,181.78	10,298,769.18	2,726,960,950.96
(II) Shareholders' contributions and decrease of capital									
(III) Profit distribution				274,511,284.07	908,631.34	(1,293,919,961.96)	(1,018,500,046.55)		(1,018,500,046.55)
1. Appropriation of surplus reserves				274,511,284.07		(274,511,284.07)			
2. Appropriation of general risk reserves					908,631.34	(908,631.34)			

Continued

Project	2022										
	Owner's equity attributable to parent							Undistributed profit	Sub-total	Minorities Shareholders' Equity	Total owners' equity
	Share capital	Capital reserves	Other comprehensive income	Surplus reserve	General risk reserve						
3. Distribution to shareholders							(1,018,500,046.55)	(1,018,500,046.55)		(1,018,500,046.55)	
4. Others											
(IV) Internal carry-over of shareholders' equity											
1. Capital reserves converting into share capital											
2. Surplus reserves converting into share capital											
3. Deficit covered by surplus reserves											
4. Carry-over of retained earnings on changes arising from the remeasurement of defined benefit plan											
5. Carry-over of retained earnings on other comprehensive income											
6. Others											
(V) Special reserves											
1. Appropriated in current year											
2. Used in current year											
(6) Others											
<b>IV. Closing balance</b>	10,287,879,258.43	10,192,990,714.50	9,698,336.87	3,288,570,092.78	4,595,380,637.49	8,675,400,959.97	37,049,920,000.04	110,409,957.45	37,160,329,957.49		

**Bank of Kunlun Corporation Limited**  
**Consolidated Statement of Changes in Owners' Equity (Continued)**

(Unless otherwise specified herein, the following amounts are all expressed in RMB)

Project	2021									
	Owner's equity attributable to parent							Sub-total	Minorities Shareholders' Equity	Total owners' equity
	Share capital	Capital reserves	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit				
<b>I. Closing balance of previous year</b>	10,287,879,258.43	10,192,990,714.50	(26,916,275.65)	2,760,914,300.87	4,561,536,799.77	6,066,163,045.60	33,842,567,843.52	95,445,065.27	33,938,012,908.79	
Add: Change in accounting policy										
Correction of errors in previous periods										
Business combination under same control										
Others										
<b>II. Opening balance of current year</b>	10,287,879,258.43	10,192,990,714.50	(26,916,275.65)	2,760,914,300.87	4,561,536,799.77	6,066,163,045.60	33,842,567,843.52	95,445,065.27	33,938,012,908.79	
<b>III. Increase/decrease of current year ("-" for decrease)</b>			74,361,529.35	253,144,507.84	32,935,206.38	1,148,748,777.72	1,509,190,021.29	4,666,123.00	1,513,856,144.29	
(I) Total comprehensive income			74,361,529.35			2,535,631,572.48	2,609,993,101.83	4,666,123.00	2,614,659,224.83	
(II) Shareholders' contributions and decrease of capital										
(III) Profit distribution				253,144,507.84	32,935,206.38	(1,386,882,794.76)	(1,100,803,080.54)		(1,100,803,080.54)	
1. Appropriation of surplus reserves				253,144,507.84		(253,144,507.84)				
2. Appropriation of general risk reserves					32,935,206.38	(32,935,206.38)				
3. Distribution to shareholders						(1,100,803,080.54)	(1,100,803,080.54)		(1,100,803,080.54)	

Project	2021								Total owners' equity
	Owner's equity attributable to parent						Sub-total	Minorities Shareholders' Equity	
	Share capital	Capital reserves	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit			
4. Others									
(IV) Internal carry-over of shareholders' equity									
1. Capital reserves converting into share capital									
2. Surplus reserves converting into share capital									
3. Deficit covered by surplus reserves									
4. Carry-over of retained earnings on changes arising from the remeasurement of defined benefit plan									
5. Carry-over of retained earnings on other comprehensive income									
6. Others									
<b>(V) Special reserves</b>									
1. Appropriated in current year									
2. Used in current year									
(6) Others									
<b>IV. Closing balance</b>	10,287,879,258.43	10,192,990,714.50	47,445,253.70	3,014,058,808.71	4,594,472,006.15	7,214,911,823.32	35,351,757,864.81	100,111,188.27	35,451,869,053.08