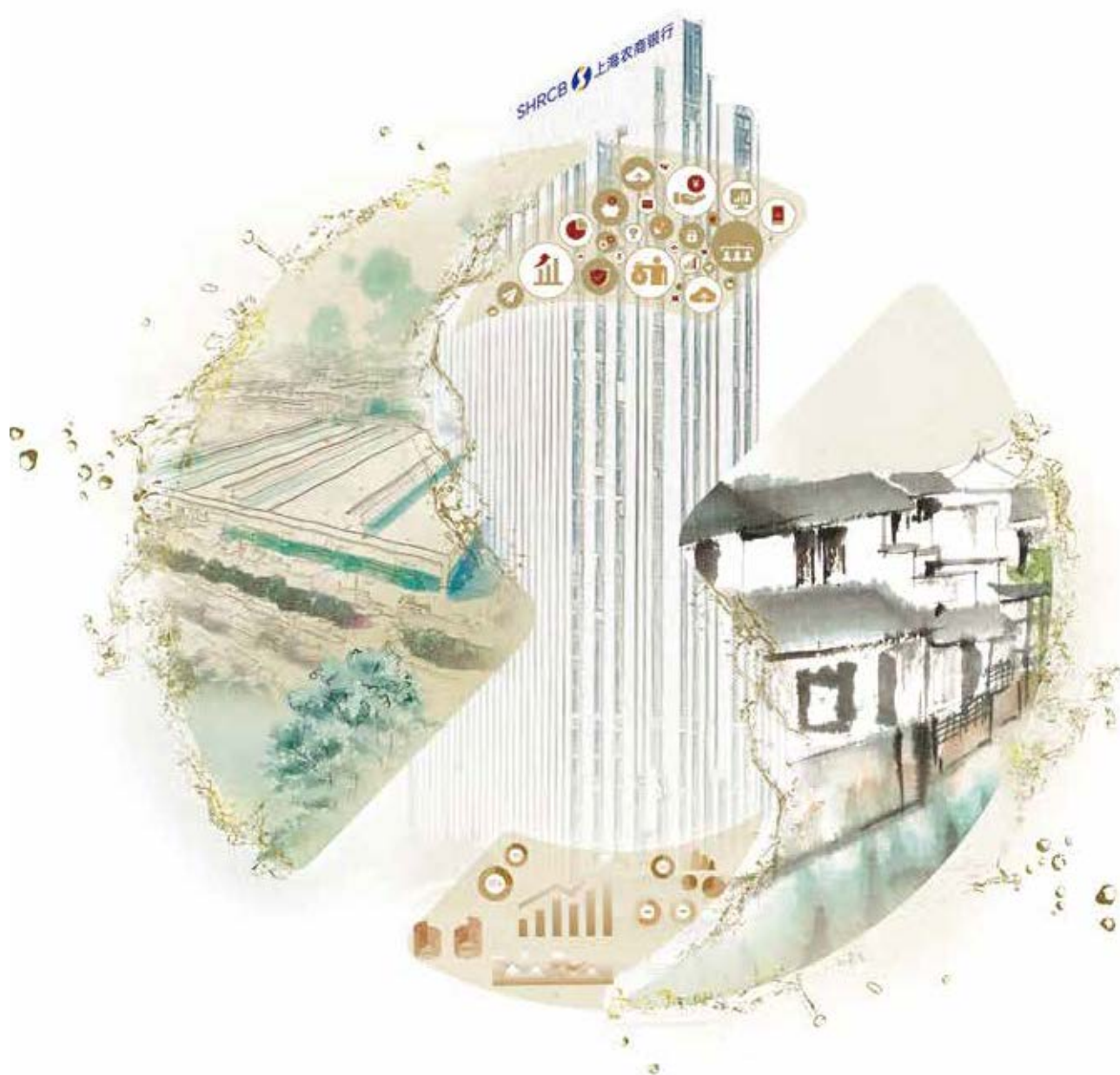


2023 ANNUAL REPORT

Shanghai Rural Commercial Bank

Stock code: 601825



– Mission –

Inclusive Finance Delivers Better Life

– Strategic Vision –

Build a service-oriented bank to create value for customers, and an integrated regional financial service group with the best experience and outstanding brand

– Core Values –

Sincerity Responsibility Creation Benefit

– Core Spirit of Corporate Culture –

Value virtue and goodness, benefit the city and the people, pursue excellence with diligence, and realize the shared dream of harmony



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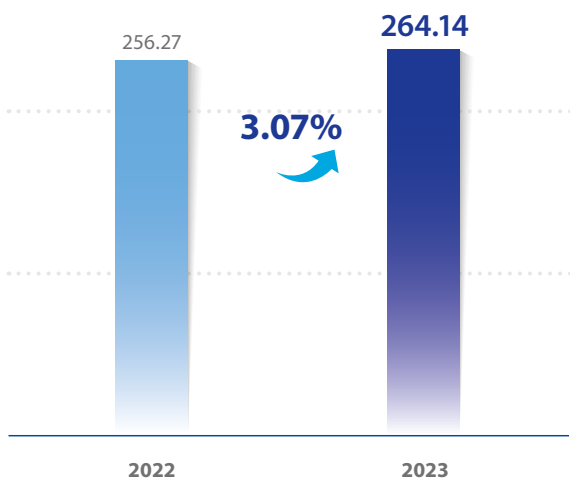
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Performance Overview

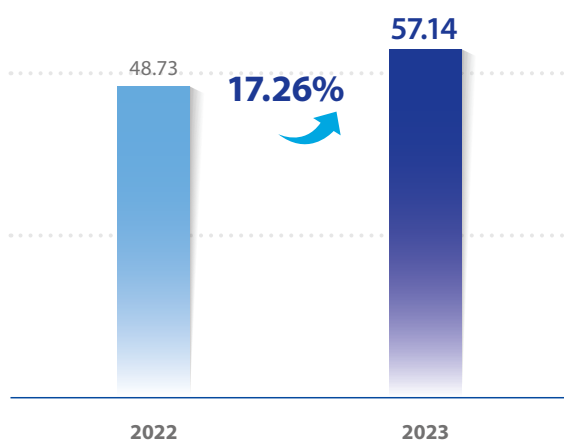
Operating income

Unit: RMB 100 million



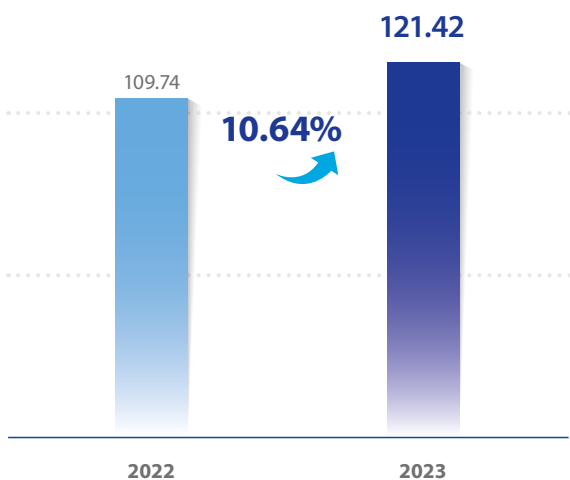
Net non-interest income

Unit: RMB 100 million



Net income attributable to the parent company

Unit: RMB 100 million



Average return on asset

0.93%

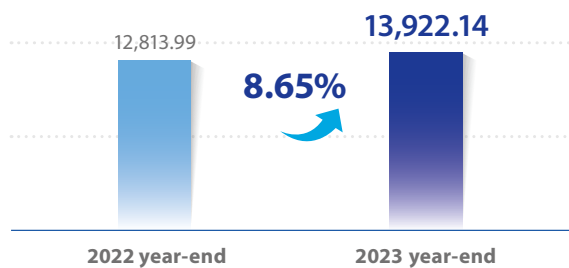
Weighted average return on equity

11.34%

YoY increase
0.12 percentage points

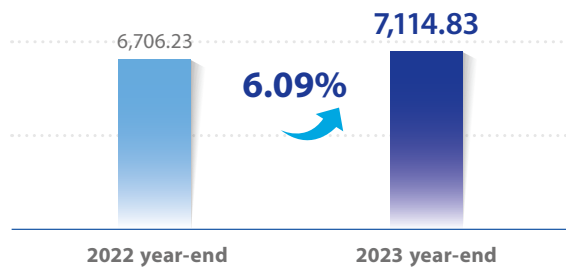
Total assets

Unit: RMB 100 million



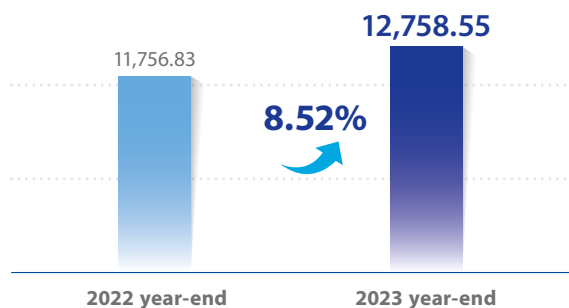
Total loans and advances

Unit: RMB 100 million



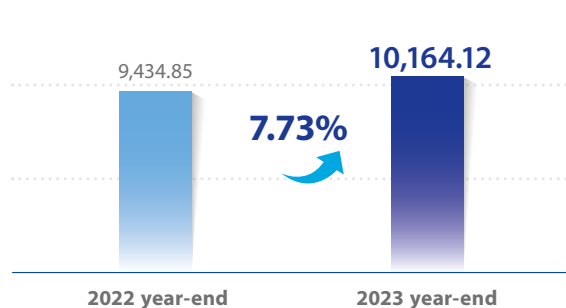
Total liabilities

Unit: RMB 100 million



Deposit principal

Unit: RMB 100 million



0.97%

NPL%



404.98%

Provision coverage ratio



15.74%

Capital adequacy ratio



13.35%

Tier-I capital adequacy ratio



13.32%

Core tier-I capital adequacy ratio

Important Notice

- The Board of Directors, the Board of Supervisors, directors, supervisors and the Senior Management members of the Company warrant that the information in this report is authentic, accurate and complete, contains no false record, misleading statement or material omission, and jointly and severally accept full responsibility for the information in this report.
- This report was reviewed and approved at the 32nd Meeting of the 4th Board of Directors on April 25, 2024. 17 directors should attend the meeting, and 15 directors actually attended the meeting in person. Mr. Zhang Xueyan, a non-executive director, was unable to attend the meeting due to other important official duties and entrusted Mr. Xu Li, Chairman of the Board of Directors, to attend and vote on his behalf; Mr. Le Jiawei, a non-executive director, was unable to attend the meeting due to other important official duties and entrusted Mr. Xu Li, Chairman of the Board of Directors, to attend and vote on his behalf; and all 17 directors exercised their voting rights. Some supervisors and non-director senior management of the Company were present at the meeting.
- The financial statements prepared by the Company in accordance with Chinese Accounting Standards ("CAS") have been audited by KPMG Huazhen (LLP), who issued a standard unqualified audit report.
- Xu Li (legal representative of the Company), Gu Jianzhong (president of the Company), Yao Xiaogang (CFO) and Chen Nanhua (person in charge from the accounting firm) warrant the authenticity, accuracy and completeness of the financial statements in this report.
- The profit distribution proposal for the reporting period reviewed by the Board of Directors of the Company: Based on the total share capital registered on the date of share registration for equity distribution, a cash dividend of RMB 3.79 (inclusive of tax) will be distributed for every 10 ordinary shares, amounting to a total of RMB 3.655 billion (inclusive of tax). For 2023, the Company does not issue bonus shares and does not convert capital reserve to share capital. This proposal is yet to be submitted to the Company's 2023 Annual General Meeting of Shareholders for review.
- There is no misappropriation of the Company's funds by its controlling shareholders or other related-parties for non-operating purposes.
- The Company has no instance of providing external guarantee that is in breach of the established decision-making procedure.
- Disclaimers on forward-looking statements: the forward-looking statements that involve future plans and development strategies etc. do not constitute a substantive commitment by the Company to its investors. Investors and people concerned should be fully aware of the risks and understand the differences between plans, forecast and commitment.
- Notice on major risks: the Company has no foreseeable major risks. Major risks of the Company's operation include credit risk, market risk, liquidity risk, and operational risk etc., and the Company has adopted various measures to effectively manage all types of risks. Please refer to the section "*Management Discussion and Analysis*" for details.

Definitions

In this report, unless the context otherwise requires, the following terms have the meanings set out below:

Definitions of frequent terms

The Company/Bank/parent company/SHRCB	Shanghai Rural Commercial Bank Co.
The Group	Shanghai Rural Commercial Bank Co., Ltd. and its subsidiaries
Yangtze Financial Leasing	Yangtze United Financial Leasing Co., Ltd.
Central Bank/ PBOC	People's Bank of China
China Accounting Standards	Accounting Standard for Business Enterprises issued by the Ministry of Finance
Former CBIRC	Former China Banking and Insurance Regulatory Commission
CSRC	China Securities Regulatory Commission
SASAC Shanghai	State-owned Assets Supervision and Administration Commission of the State Council-Shanghai
NFRA Shanghai	National Financial Regulatory Administration- Shanghai
Shanghai FTZ	China Shanghai Pilot Free Trade Zone
Lingang Special Area / Lingang Free Trade Special Area	Lingang Special Area of China (Shanghai) Pilot Free Trade Zone
Yuan	Renminbi
Reporting Period	January 1, 2023 to December 31, 2023

There may be difference between some of the total numbers and the direct sum of addends, which is a result of rounding off, not data error.

This annual report is available in both Chinese and English, and the Chinese version shall prevail when there is ambiguity in the understanding of the English version.

Catalog of Documents Available for Reference

- I. Financial statements signed by the legal representative, president, CFO, and person responsible from the accounting firm.
- II. Original audit reports signed and sealed by the accounting firm and the certified public accountants concerned.
- III. Original annual report signed by the Chairman of the Board of Directors.
- IV. Original copies of all the documents and announcements publicly disclosed by the Company within the reporting period.
- V. Articles of Association.

Message from the Chairman



Party Secretary and Chairman: XU LI

In 2023, the Central Financial Work Conference was successfully held, which put forward the goal of building a financial power and "Five Articles", providing a fundamental guideline for the financial industry to promote high-quality development in the new era. Shanghai Rural Commercial Bank's strategy for 2023-2025 was released as expected, and the strategic blueprint of "Five Financial Service Systems" has led SHRCB people, with the original intention of finance in mind, to maintain strategic focus, rise to various challenges, and strive to make progress on the road of value creation.

We focus on the concerns of the people in the society, practice the role of a financial state-owned enterprise, and strive to build a more inclusive, warmer and more responsible service-oriented bank and a regional integrated financial service group with professional operation, excellent experience and influence, and have achieved relatively sound operating results, gained wide recognition from customers and investors, and demonstrated good value resilience. At the end of 2023, the Group's total assets reached RMB 1.39 trillion, with operating income of RMB 26.414 billion and net profit attributable to the parent company of RMB 12.142 billion, ranking among the top of listed banks in terms of profitability. Continuing to maintain good asset quality, the Group's NPL ratio was 0.97%; capital adequacy ratio was 15.74%; provision coverage ratio was 404.98%, with solid and robust risk coverage. Brand power continued to rise: in 2023, SHRCB ranked

128th in UK The Banker's "Top 1000 Global Banks"; ranked 310th in the "Fortune China 500", a significant increase of 159 places over the previous year; its ranking rose by 20 places to 174th in the "Top 500 Most Valuable Banking Brands", and corporate credit rating of "AAA_{spc}" by S&P (China) with "stable" outlook on the Bank.

The road to value creation has been arduous and tortuous, and the achievements made have been invaluable. Under the macro environment of being squeezed by large banks extending to lower tiers of customers, declining returns on asset, and the gradual exposure of asset risks, we have risen to the challenge and actively explored ways for small and medium-sized banks to make breakthrough. We have balanced business logic and responsibility, long-term strategy and short-term tactics, business development and financial security, and have closely followed the note of Shanghai's "People's City by the People", and the pulse of the era of Chinese modernization, and jumped to a new stage of high-quality development.

We actively embrace the national strategy with the sentiment of serving the country with finance, which is the cornerstone of our value creation. Financial practitioners should put the country first and serve the needs of the country with the living water of finance. We adhere to the political nature of finance, firmly serve the country, always keep in mind "national priority", insist on "looking beyond finance", integrate the requirements of the

country's major development strategies into our own strategy, and comprehensively serve rural revitalization and common prosperity, "Dual Carbon" and new citizens and other national strategies, fully support Shanghai's construction of "Five Centers" and "Five New Towns", the Shanghai Free Trade Zone, CIIE and the Pudong leading area, and play a key role in Shanghai's development of "two centers, two hubs, and two highlands". Following the core purpose of serving the real economy, we have increased credit support to manufacturing sector and private enterprises, consolidated township grid-based services, and guided credit to the green industry and the real economy, with RMB 93.3 billion of manufacturing loans, over RMB 66 billion of agriculture-related loans, and over RMB 61 billion of green credit. We have actively served the new quality of productivity. Guided by the philosophy of "earlier science and technology innovation, more comprehensive science and technology, and more advanced scientific research", we have upgraded "Xindongneng" science and technology innovation service brand, built "Xinshengtai" alliance, launched "five specialized services from six dimensions", which has cumulatively served nearly 6,900 science and technology enterprises, and the balance of loans to science and technology enterprises has exceeded RMB 92 billion. We insist that economic stability must be preceded by financial stability, firmly establish the bottom-line awareness of financial risks, continuously improve corporate governance and risk prevention and control system, and establish a preventive and mitigation mechanism for early identification, early warning, early exposure and early disposal of risks, so that the Group's NPL ratio has been maintained at below 1% for a long period of time, and the provision coverage ratio is sufficient, with excellent asset quality.

We take on the responsibility of benefiting the people with inclusive finance and actively empower social governance, which is the origin of our value creation. The people's aspiration for a better life is the starting point and value pursuit of all our financial work. "Good finance" is not only about making money, but also has great vision and ideal, focusing on economic value returns as well as social value creation. We practice the people's nature of finance, adhere to the "people-centered" development philosophy and "customer-centered" business philosophy, change from scale mindset to value mindset, and strive to enhance customer value creation. We adhere to serving "small and micro businesses", promote financial services to small, micro businesses and the real economy, and broaden the width, breadth and depth of financial services, so that the sunshine of inclusive finance shines into every corner and warms up every market entity that should be served. Currently, we serve more than 23 million retail customers and 340,000 corporate customers, including more than 50,000 inclusive SME customers, and have become the main bank and host bank serving Shanghai's "agriculture, rural areas, farmers", community residents, new citizens, and SMEs. We adhere to the principle of "making profit the right way" and build a win-win value ecosystem for our customers with a platform-oriented mindset, so as to enhance the level of financial empowerment for our customers, enterprises and the society. Focusing on the retirement needs of our basic customer segment, we have strengthened the wealth management services featuring retirement finance, with the retail AUM rising to nearly RMB 750 billion and the AUM of retirement pension payment business increasing by 11.74%. We adhere to the principle of "finance for good", implement the "six degrees of common governance"

empowerment model, and build the "Xinjiayuan" as the main position for empowering social governance. There are more than 600 "Xinjiayuan" public service stations in the city, covering 16 administrative districts and more than 90% of streets and towns, providing a vivid practice for financial institutions in Shanghai to serve the society and people's livelihood and empower social governance.

Our value creation is based on our positioning as a professional bank with enhancing financial services. We have always insisted on "professionalism", "long-termism" and "specialization", built "five financial service systems" in the new round of development strategy, insisted on differentiated development, distinctive positioning and specialized operation, and strived to transform the advantage of scale into the advantage of quality. Focusing on customer experience, we promote the construction of the "FOCUS" digitalization project centering the digital transformation strategy, promote the deep integration of business and technology, enrich the digital wealth management product system and channel development, and improve the digital operation and service capability. We adhere to the heritage of red rural credit culture dated back over 70 years ago, making money with "hard work, integrity and professionalism". With the spirit of hard work, diligence, solid and professional capability, we have made every achievement of SHRCB.

The Central Financial Work Conference has issued a mobilizing order to accelerate the construction of a financial power, and sounded the horn for the new journey of high-quality development of finance in the new era, and launched the new proposition of the times. We will shoulder the responsibility of the times, adhere to the corporate mission of "inclusive finance for a better life", take root in the local market in Shanghai, perform well on the "Five Articles", and pursue the road of value creation, so as to contribute more power to the real economy and Shanghai's regional economic development, realize stable value growth for our customers, provide sustainable value returns for our investors, and build a broad stage for our employees to realize the value of their lives.

The year 2024 marks the 75th anniversary of the founding of the People's Republic of China, a crucial year for realizing the goals and tasks of the national "14th Five-Year Plan", and the year for deeper implementation of SHRCB's 2023-2025 development strategy. We will look up to the stars and adhere to serving "SMEs and scattered businesses", practice "finance for good", "make profit the right way", striving to offer SHRCB's answer to high-quality financial services for Chinese modernization with the pen of "positive finance".

Party Secretary and Chairman:



Message from the President



Deputy Party Secretary, Vice Chairman and President: Gu Jianzhong

The year 2023 is a year full of challenges. In the face of increasing uncertainty in the global economic environment and increasingly fierce market competition, the Bank has adhered to the overall leadership of the Party, thoroughly studied Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, adhered to the main keynote of seeking progress while maintaining stability, faced up to challenges, seized opportunities, and continued to maintain the sound momentum of development, creating a good start for the Bank's new three-year strategic plan.

As of the end of 2023, the Group's total assets reached RMB 1392.21 billion, an increase of 8.65%; deposit principal was RMB 1016.41 billion, an increase of 7.73%; and the total amount of loans and advances was RMB 711.48 billion, an increase of 6.09%. For the whole year, the Group realized a net profit attributable to the parent company of RMB 12.14 billion, an increase of 10.64%, an operating income of RMB 26.41 billion, an increase of 3.07%, an average return on total assets of 0.93%, and a weighted average return on equity of 11.34%.

In 2023, the Bank born in mind the "national priority", adhered to strategic orientation, focused on key areas, and continued to improve its business system. The Bank formulated a new three-year development strategic plan, defined the specific implementation path, adhered to the customer-centered approach, and proposed to build five major financial service systems, namely retail finance, integrated finance, inclusive finance, science and technology finance, and green finance. With a forward-looking layout of the retail business, the Bank completed the "1+3" organizational restructuring and built an

operating system with "integrated customer management, specialized product services and intensive resource allocation". Comprehensive services were significantly enhanced, with custodianship qualification approved, Yangtze River Delta branch approved for opening, trading banking boosted, bill discounting business volume doubled, the construction of interbank ecosystem continued to be pushed forward, and the ranking as bond underwriter continued to improve, so that the financial support for the development of the real economy has been more powerfully manifested. The quantity and quality of inclusive finance increased simultaneously. Four special teams of inclusive finance were set up at the head office level, focusing on "process optimization, team building, micro-credit business, and grid service" to enhance market competitiveness, with the scale of inclusive micro-credit growing by more than 20%, the number of loan customers increasing by nearly 50%, and the scale of online loans growing by more than 30%, and the balance of "business e-loan" exceeded RMB 20 billion, and agricultural loans continued to be the main force and leader in the industry in Shanghai. Seeking new changes in science and technology finance, the Bank established the first head office-level science and technology finance division in Shanghai, set up six second-level sub-branches with science and technology characteristics and two specialized teams in science and technology, listed the first science and technology innovation "Xin Incubation" base, and saw the loans to science and technology enterprises increase by 29.92% and the number of customers increase by 33.13%, as well as the first employee shareholding loan business under the new model of the Lingang new area in Shanghai. The scale of "Lingang Science and Technology Innovation Loan" exceeded RMB 10 billion. The

foundation of green finance was highlighted, with the initial establishment of the "2+N" institutional framework for green finance, the first batch of green wealth management products such as the "Water Saving Benefit" business loan in Shanghai, and the size of proprietary green bond position ranking first among rural financial institutions in China. The Bank actively explored its own green operation to promote sustainable development, launched personal "carbon accounts" for all bank employees, and Songjiang Sijing Sub-branch was awarded Shanghai's "Green Model Bank Outlet".

In 2023, the Bank strengthened risk prevention and control, adhered to the bottom line of compliance, focused on asset quality, and continuously optimized operational quality. Fully aware that compliance and legal governance are the cornerstones of long-term stability and prosperity, the Bank made every effort to build a 4A (Anyone, Anything, Anytime, Anywhere) compliance management system, which has been fully recognized by the industry and the market. A series of compliance motto activities were launched to mobilize the whole bank to collect good ideas and mottos as a code of conduct, which strongly promoted compliance culture. The Intelligent Compliance "3.0" management platform was launched, becoming the first bank in China to apply big language modeling and artificial intelligence technology to compliance and internal control. Meanwhile, the Bank insisted on risk prevention and control as the eternal theme of financial work, and continuously improved its professional risk capability to ensure high-quality development. The Bank established a centralized underwriting mechanism for mortgage housing loans and set up a dedicated underwriting team for science and technology finance, with specialized approval equipped with advantageous resources to better enhance business efficiency and improve customer experience. Risk resolution became more efficient, with early intervention and proper disposal of potentially risky assets. The Group's non-performing loan ratio was 0.97% at the end of the reporting period, and asset quality remained resilient to a certain extent.

In 2023, the Bank pursued efficient development, adhered to digital transformation, focused on industry-technology integration, and continuously improved operational quality. The Bank continued to deepen the "1+1+1+10+N" layout of science and technology finance, and steadily promoted the commissioning of science and technology projects, with the number of demands up by 78% year-on-year and 58 new systems were commissioned throughout the year. Key business support systems such as Corporate Internet banking 3.0, CCRM, New International Settlement System and Notes II were launched; the audio/video functions of lobby equipment were successfully piloted, and the functions of mobile smart counter equipment were actively expanded to effectively cover more business scenarios. Technology support capability was effectively enhanced with the R&D 2.0 process which shortened project delivery cycle by 52% compared with 1.0, and significantly improved stability of production system. We built a working system for process innovation and customer experience, clarified the responsibilities and working mechanism of all parties, which accelerated business process innovation and reengineering. The data governance and data quality management system was improved continuously, which significantly enhanced data quality.

In 2023, the Bank focused on cultural development, adhered to the people-oriented approach, focused on social values, and continuously deepened its corporate culture. The Bank continued to deepen the "Chief Talent Officer" mechanism, the "three-competency mechanism" and strategic human resource management, carried out "one bank, one policy" grassroots research, talent inventory and core talent selection, built a "competency + potential + culture" talent evaluation model, and improved talent management tools. We focused on innovative practices in talent cultivation and training, and applied for the establishment of a post-doctoral research station; practiced inclusive finance to empower social governance, strengthened strategic cooperation with the Bureau of Veterans Affairs, and injected the SHRCB strength into the work of "double support"; adhered to the principle of public welfare in promoting the "Xinjiayuan" public welfare service station project, which opened 601 stations to practice the people's nature of financial work;

continued to consolidate its corporate cultural identity, released the first SHRCB culture handbook to showcase its corporate culture in multiple dimensions, formed the "Common Home Committee" to strengthen the value consensus of all SHRCB people, launched official IP products such as the Yuanbao Mystery Box and completed the smooth switching to the new-generation official website, which had strongly enhanced its brand image. The management level of the Group was continuously improved, with the operation and development of Yangtze Financial Leasing maintaining a good momentum by optimizing the structure of leasing assets; actively promoted the hall marketing of village banks, the total deposits exceeded RMB 30 billion for the first time, and the micro-credit and village services became more in-depth; participated in the shareholding of Hangzhou United Bank and signed a strategic cooperation agreement.

The new year is a critical year for the implementation of the "14th Five-Year Plan", and also the opening year for the comprehensive promotion of the medium- and long-term deployment of the Central Financial Work Conference. With the new situation and new journey, the Party and the State have put forward higher requirements for the future development of financial work and the banking industry. The Bank will adhere to the overall leadership of the Party, the general tone of seeking progress while maintaining stability, and the three core strategies, continue to build the five financial service systems, strive to write "five articles", adhere to the business strategy featuring "smaller and more diversified", and continue to build a service-oriented bank that creates value for customers. We will adhere to the three core strategies, continue to build five major financial service systems, write five major articles, adhere to the business strategy of serving "SMEs and scattered businesses", continue to build a service-oriented bank that creates value for customers, and push our work to a new level.

In the new year, the Bank will focus on "implementation, management and internal strength", improve its management level, accelerate innovation and transformation and high-quality development, improve the system and mechanism, optimize business processes, innovate products and services, improve the institutional system, strengthen the empowerment of science and technology, and continuously improve the level of professional operation and service capability, precipitate an advanced management culture, and improve the modernized operation management system. The Bank will fully emancipate its mind, look to the industry, the grassroots, and the customers to identify real problems and solutions, adhere to the "first principle" thinking, benchmark with the requirements of the central government and the municipal party committee for financial work, and make good use of the methodology of "establish before breakthrough", so as to promote the source of innovation by observing the principle of integrity and achieve higher quality development.

Strive to create splendor and accumulate strength to achieve the future. Past achievements have become a solid foundation for us to move forward, and refining our internal strength will be a powerful driving force for us to create a better future. Striving on a new journey, we will carry a firm belief and determination, adhere to the customer-centric approach, grasp the opportunities and challenges, ride the tide of the times with more enthusiasm for innovation and change, continuously drive the new quality of productivity with real actions, promote the financial work to achieve higher-quality development, and strive to write a brilliant chapter of SHRCB in the new era!

Deputy Party Secretary, Vice Chairman and President:





Deputy Party Secretary
Ying Changming



Member of Party Committee, Vice President
Jin Jianhua



Member of the Party Committee, Municipal
Discipline Inspection Commission, Leader of
Discipline Inspection Team dispatched by
Municipal Supervision Commission
Duan Jikai



Vice President
Zhang Hongbiao



Vice President
Gu Xianbin

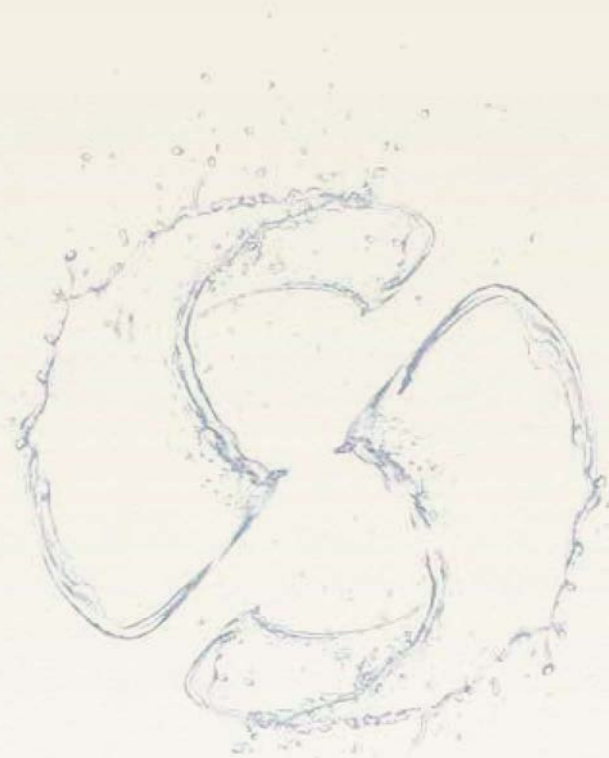


Vice President
Shen Dong

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I. Corporate Information

(I) Basic Information

Statutory name in Chinese	上海农村商业银行股份有限公司
Abbreviated name in Chinese	上海农商银行
Statutory name in English	Shanghai Rural Commercial Bank Co.,Ltd.
Abbreviated name in English	Shanghai Rural Commercial Bank
Abbreviation	SHRCB
Legal representative	Xu Li
Registered address and historical changes	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai (2005.8.23-2011.6.20, No. 981 Pudong Avenue, Pudong New District, Shanghai; 2011.6.20-2017.12.28, 15-20/F and 22-27/F, No. 8 Middle Yincheng Road, Pudong New District, Shanghai; 2017.12.28-present, No. 70 Zhongshan Road (East-2), Huangpu District, Shanghai)
Office address	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai
Postal code	200002
Unified social credit code	913100007793473149
Company website	http://www.shrcb.com
Email	ir@shrcb.com
Service & complaint hotline	021-962999

(II) Contact Person and Contact Information

	Board secretary	Securities representative
Name	Xu Li (Acting as Secretary of the Board of Directors)	Bai Zhenghui
Contact address	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai
Telephone	021-61899333	021-61899333
Fax	021-61899460	021-61899460
Email	ir@shrcb.com	

Note: On February 2, 2024, the Company held the 30th Meeting of the 4th Board of Directors, which reviewed and approved the "Proposal on the Appointment of Yao Xiaogang, Chief Financial Officer as Secretary of the Board of Directors of the Company" to appoint Yao Xiaogang, Chief Financial Officer, to concurrently serve as the Secretary of the Board of Directors of the Company and to formally perform the duties of the Secretary of the Board of Directors upon approval of the qualifications by the regulatory authorities. Before formally performing his duties, Mr. Xu Li, Chairman of the Board of Directors, will act as the secretary of the Board of Directors.

(III) Disclosure of Information and Availability

Media where the Company discloses its annual report	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website of the stock exchange where the Company discloses its annual report	Shanghai Stock Exchange website (http://www.sse.com.cn)
The Company's annual report is available at	Office of the Board of Directors

(IV) Company Stock Profile

Stock Type	Stock Exchange	Stock Abbreviation	Stock Code
A share	Shanghai Stock Exchange	沪农商行	601825

(V) Other Related Information

Appointed auditor	Name	KPMG Huazhen (LLP)	
	Office address	8 th Floor, East 2 Office Building, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing	
	Certified Public Accountants who signed the auditor's report	Li Ying, Shi Haiyun	
Sponsors who performed continuous supervision duties during the reporting period	Name	Haitong Securities Co., Ltd	Guotai Junan Securities Co., Ltd
	Office address	No.689, Guangdong Road, Shanghai	No.618, Shangcheng Road, China (Shanghai) Pilot Free Trade Zone
	Name of signatory sponsor representative	Du Juan, Hu Liansheng	Cai Rui, Zhang Duo
	Period of ongoing supervision	August 19, 2021 to December 31, 2023	

II. Company Business Overview

Established on 25th August 2005, the Company is a state-controlled corporate bank with headquarters in Shanghai, and the first provincial-level commercial bank born from the joint-stock reform of rural credit cooperatives in China. On August 19, 2021, the Company was successfully listed on the A-share capital market and became a listed company on the main board of Shanghai Stock Exchange (stock code 601825).

With the mission of "inclusive finance for a better life", the Company has inherited more than 70 years of history of Shanghai rural cooperative credit. Rooted in the metropolis, the Company works together with various industries, stays close to the people, provides comprehensive and integrated financial services to businesses and individuals based on customer centricity, and focuses on cultivating and shaping business highlights in the areas of inclusive finance, finance for science and technology innovation, rural revitalization, green finance and integrated development of the Yangtze River Delta, guards the essence of life with financial integrity and goodness, responds to market expectations with professionalism and enterprising spirit, and realizes the organic unity of commercial value and social function of the bank.

The Company's brand influence continued to improve. The Company ranked 128th in the global banking industry in UK The Banker's "Top 1000 Global Banks"; ranked 310th in the Fortune China 500 in 2023, a significant increase of 159 places from 2022; ranked 174th in the Banking 500 in 2024, an increase of 20 places from 2023; corporate credit rating of "AAA_{spc}" by S&P (China) with "stable" outlook on the Bank.

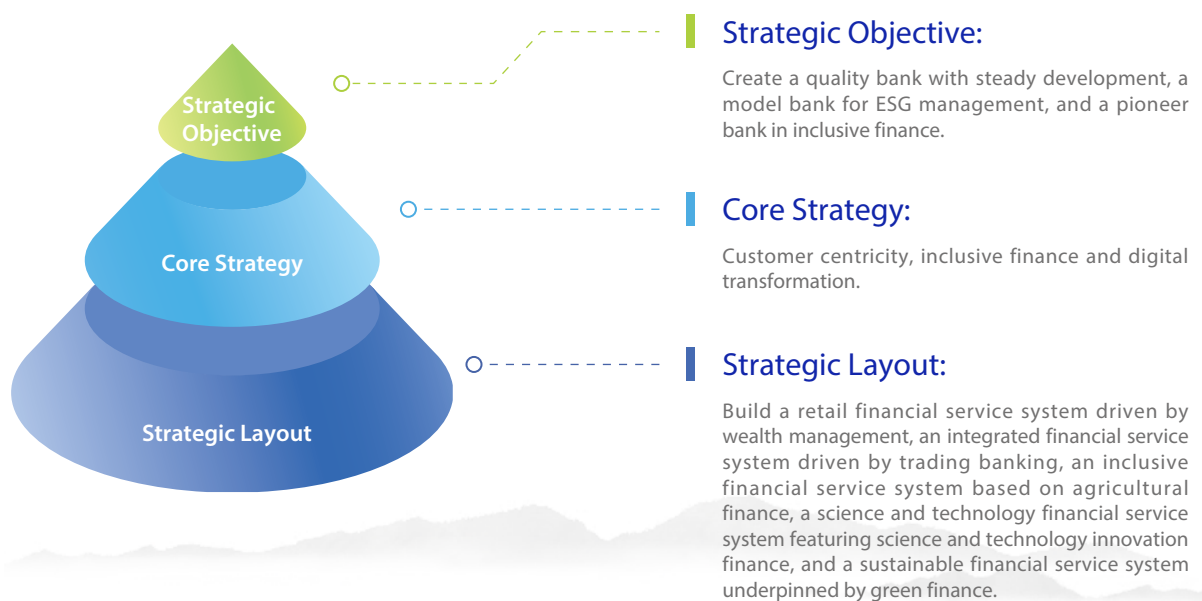
III. Development Strategy, Investment Value and Core Competitiveness

Mission:

Inclusive finance for a better life.

Strategic Vision:

Build a service-oriented bank to create value for customers, and an integrated regional financial service group with the best experience and outstanding brand.



Business Strategy:

The business philosophy emphasizes customer priority, the business positioning emphasizes small-scale priority, the business layout emphasizes retail priority, and the management progression emphasizes digital priority.

Investment Value and Core Competitiveness:

Unique location and strategic opportunities. Headquartered in Shanghai, the most developed economic and financial center in China, Shanghai's strong economic foundation, sound industrial structure, vigorous market vitality and open social culture have laid a solid foundation for the continuous improvement of the Company's performance, the national strategy of "Yangtze River Delta Integration" and Shanghai's "Five Centers"¹ and "Five New Towns"² construction opportunities have provided the Company with a broad space for development.

Solid suburban resource base and customer base. The Company has been rooted in Shanghai for nearly 70 years, especially in the suburban areas, with wide network coverage, high customer penetration and loyalty, and a strong competitive advantage. Of the 108 towns and villages in Shanghai, the Company's network has reached 106 towns and villages, with a coverage rate of 98.15%. We maintain a close working relationship with local governments and enterprises. Meanwhile, relying on the Shanghai Trade Union Card, the scope of retail customers covers employees of major large and medium-sized enterprises (groups) and public institutions in Shanghai.

Inclusive finance with distinctive features. The Company actively responds to the call of the State and takes "serving agriculture/rural areas/farmers, SMEs, and science and technology innovation enterprises" as the foundation of the Bank, relies on its advantages of localized operations, inclusive customers and specialized services, insists on "deep positioning and detailed services", and makes every effort to empower social governance with inclusive finance, improves the institutional mechanism for inclusive financial services, innovates special service products and models, and solidly promotes inclusive financial services.

Fast-growing retail business. The Company makes retail finance the "main battlefield" of its strategy, gives priority to the development of its retail business, deeply cultivates target customer segments, focuses on the two key businesses of wealth management and personal credit, actively promotes specialized operation and network transformation, and brings into play the two supporting capabilities of talent and technology to achieve faster growth in retail business contribution.

Stable and quality assets. The Company has always adhered to the principle of sound risk management, established a relatively complete and multi-level comprehensive risk management system with clear risk strategies, risk appetite and risk limits, continuously improved its risk management techniques, and kept its non-performing loan ratio at a low level in the industry.

Comprehensive services with outstanding advantages. The Company is one of the first institutions in the national rural financial system to launch financial market, investment banking and cross-border businesses, with relatively complete business qualifications and a consistently high level of transaction activity in the market, enabling the Company to provide efficient integrated financial services for investment and financing to customers.

Mature and sound corporate governance. The Company has a clear and balanced equity structure that features "diversified interest, effective balance and coordinated operation" with central enterprises, local state-owned enterprises, private enterprises and natural persons. The Company has established a relatively sound corporate governance structure, adhered to the market-oriented talent selection and incentive mechanism, and completed the professional manager reform of senior management, which has laid a solid and stable foundation for the long-term development of the Company.

Profound and excellent corporate culture. The Company has always adhered to the core values of "sincerity, responsibility, creation and benefit", the core spirit of "value virtue and goodness, benefit the city and the people, pursue excellence with diligence, and realize the shared dream of harmony", fostered an excellent corporate culture and enhanced the cohesiveness and unity of employees.

¹ "Five Centers" refers to the five centers of international economy, finance, trade, shipping, science and technology innovation.

² "Five New Towns" refers to the Five New Towns of Jiading, Qingpu, Songjiang, Fengxian and Nanhui in Shanghai.

IV. Honors and Awards

The Company won many honors and awards in the selection activities organized by domestic and foreign institutions, among which:

› Domestic and International Rankings	
128 th on the list of "Top 1000 World Banks 2023"	UK The Banker
23 rd on the "List of Top 100 among China Banking Industry in 2023"	China Banking Association
310 th on the list of "Fortune China 500 2023"	Fortune (Chinese version)
474 th on the list of "Fortune China 500 Listed Companies 2023"	Fortune (Chinese version)
› Brand Value	
174 th among the "Banking 500 2024"	Brand Finance, The Banker (UK)
› Ratings	
Long-term corporate credit rating of "BBB" by S&P Global Ratings	S&P
Corporate credit rating "AA _{spc} -" with "stable" outlook S&P China Ratings	S&P China Ratings
GYROSCOPE evaluation of commercial banks' sound development capability in 2022, ranked 1 st among rural commercial banks in overall evaluation	China Banking Association
MSCI ESG Rating A	MSCI
› Awards	
2023 Outstanding Capital Value Company of the Year	The Economic Observer
2023 Golden Bank Brand Tianji Award, 2023 Regional Impact Bank Tianji Award	Securities Times, Securities China
The 4 th China Banking Wealth Management Jinniu Award	China Securities Journal
ESG "Pioneer 100 Index" of Listed State-owned Enterprises	State Council State-owned Assets Supervision and Administration Commission (SASAC)
2023 China Asset Management and Wealth Management Industry Annual Summit and the "Jinyu Award" for "Excellent Rural Commercial Bank in Wealth Management"	PYStandard
Top 20 in Interbank Foreign Currency Pair Market 2023, Top 40 in Interbank RMB Foreign Exchange Market 2023	China Foreign Exchange Trade System
2023 Interbank Local Currency Market Influential Institution of the Year, Market Innovative Business Institution of the Year	
Outstanding Rural Commercial Bank Asset Management Award" at the 15 th Fund & Wealth Management-Jiefu Awards	Caishiv
Asset Management of the Year at the 14 th Golden Wealth Management Award	Shanghai Securities News

02

Accounting Data and Financial Indicators Highlights

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I. Major Accounting Data

Unit: RMB 1000

Operating results	2023	2022	+/- YoY (%)	2021
Operating income	26,413,798	25,627,270	3.07	24,164,319
Operating profit	14,264,150	13,674,623	4.31	12,167,929
Profit before tax	14,886,467	13,668,975	8.91	12,178,210
Net Profit	12,487,375	11,393,177	9.60	10,046,919
Net profit attributable to shareholders of the parent company	12,141,958	10,974,378	10.64	9,697,866
Net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses	11,523,415	10,950,581	5.23	9,550,939
Per share (RMB Yuan/share)				
Basic earnings per share	1.26	1.14	10.53	1.08
Diluted earnings per share	1.26	1.14	10.53	1.08
Basic earnings per share after deducting non-recurring gains and losses	1.19	1.14	4.39	1.06
Scale indicators	December 31, 2023	December 31, 2022	+/- YoY (%)	December 31, 2021
Total Assets	1,392,213,700	1,281,399,121	8.65	1,158,376,261
Total loans and advances ³	711,483,312	670,623,035	6.09	613,576,566
Corporate loans and advances	415,012,575	381,972,865	8.65	349,841,715
Personal Loans and Advances	210,949,238	213,891,965	-1.38	198,939,260
Bill discounting	85,521,499	74,758,205	14.40	64,795,591
Loan loss reserve ⁴	(28,049,658)	(28,214,612)	-0.58	(25,784,503)
Total liabilities	1,275,855,205	1,175,683,474	8.52	1,061,044,824
Deposit principal	1,016,411,756	943,484,521	7.73	838,137,569
Shareholders' equity	116,358,495	105,715,647	10.07	97,331,437
Net assets attributable to shareholders of the parent company	112,426,981	101,833,969	10.40	93,768,103
Share capital	9,644,444	9,644,444	-	9,644,444
Net capital	133,517,933	122,997,899	8.55	111,457,637
Including: Core Tier-I net capital	112,967,044	103,073,479	9.60	95,304,268
Risk-weighted assets	848,308,505	795,442,350	6.65	729,584,359
Per share (RMB Yuan/share)				
Net assets per share attributable to shareholders of the parent company	11.66	10.56	10.42	9.72

³ Note: Total loans and advances do not include accrued interest and loss reserve.

⁴ Note: The loan loss reserve comprises the reserve for loan losses measured at amortized cost and the reserve for loan losses measured at fair value through other comprehensive income.

II. Major Financial Indicators

Unit: %

Profitability Indicators	2023	2022	+/- YoY (percentage point)	2021
Average return on total assets	0.93	0.93	-	0.91
Weighted average return on equity	11.34	11.22	0.12	11.39
Weighted average return on equity after deducting non-recurring gains and losses	10.76	11.20	-0.44	11.22
Net interest spread	1.61	1.75	-0.14	1.77
Net Interest margin	1.67	1.83	-0.16	1.86
Cost-to-income ratio	32.67	30.50	2.17	29.95
Percentage of net non-interest income	21.63	19.01	2.62	19.84
Capital adequacy indicators (standard values)	December 31, 2023	December 31, 2022	+/- YoY (percentage point)	December 31, 2021
Capital adequacy ratio (≥ 10.5)	15.74	15.46	0.28	15.28
Tier-I capital adequacy ratio (≥ 8.5)	13.35	12.99	0.36	13.10
Core Tier-I capital adequacy ratio (≥ 7.5)	13.32	12.96	0.36	13.06
Asset quality indicators (standard values)	December 31, 2023	December 31, 2022	+/- YoY (percentage point)	December 31, 2021
Non-performing loan ratio (≤ 5)	0.97	0.94	0.03	0.95
Provision coverage ratio	404.98	445.32	-40.34	442.50
Provision-to-loan ratio	3.94	4.21	-0.27	4.20

III. Item and Amount of Non-Recurring Profit and Loss

Unit: RMB 1000

Item	2023	2022	2021
Net income from the disposal of non-current assets	34,239	19,717	144,518
Government subsidy included in the current profit and loss	75,247	25,364	53,726
Gains arising from the cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise being lower than the fair value of the investee's identifiable net assets at the time of investment acquisition	468,816	-	-
Non-operating income and expenses other than those listed above	112,910	(5,648)	14,141
Less: Income tax impact	60,372	13,471	54,874
Minority interest impact (after tax)	12,297	2,165	10,584
Total	618,543	23,797	146,927

IV. 2023 Key Financial Data by Quarter

Unit: RMB 1000

Item	Q1(Jan.-Mar.)	Q2 (Apr.-June)	Q3(July-Sept.)	Q4 (Oct.-Dec.)
Operating income	6,832,482	7,053,319	6,528,766	5,999,231
Profit before tax	4,448,413	4,145,844	4,324,318	1,967,892
Net profit attributable to shareholders of the parent company	3,500,275	3,427,390	3,473,058	1,741,235
Net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses	3,494,580	2,939,940	3,450,591	1,638,304
Net cash flow from operating activities	(1,600,227)	22,851,834	2,785,704	15,129,259

V. Other Financial Information Disclosed According to Regulatory Requirements

Unit: %

Item	Standard value	2023	2022	2021
Liquidity ratio	≥25	63.25	63.09	55.74
Proportion of loans to the largest customer ⁵	≤10	2.26	2.39	2.46
Proportion of loans to the top ten customers ⁶	≤50	19.57	19.06	18.66

⁵ Note: Proportion of loans to the largest customer = loan balance of single largest customer/net capital.

⁶ Note: Proportion of loans to the top 10 customers = loan balance of top 10 customers/net capital.

03

Management Discussion and Analysis

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I. Overall Business Performance

During the reporting period, the Company maintained its strategic determination, highlighted value creation, focused on the cultivation of specialties, made every effort to build five major financial service systems, continued to strengthen risk management and control, and maintained a good momentum of development in all business operations, realizing a good start of the new three-year strategic plan for the period from 2023 to 2025.

Profitability improved. During the Reporting Period, the Group realized operating income of RMB 26,414 million, representing an increase of 3.07% year-on-year; total profit of RMB 14,886 million, representing an increase of 8.91% year-on-year; net profit of RMB 12,487 million, representing an increase of 9.60% year-on-year; net profit attributable to the shareholders of the parent company of RMB 12,142 million, representing an increase of 10.64% year-on-year; and the return on average total assets of 0.93%, which was flat as the previous year; weighted average return on equity of 11.34%, up by 0.12 percentage points from the previous year.

Strength of scale grew steadily. At the end of the reporting period, the Group's total assets amounted to RMB 1,392.214 billion, representing an increase of 8.65% over the end of last year; of which, total loans and advances amounted to RMB 711.483 billion, representing an increase of 6.09% over the end of last year. The Group's total liabilities amounted to RMB 1,275,855 million, representing an increase of 8.52% from the end of the previous year; of which, the deposit principal amounted to RMB 1,016,412 million, representing an increase of 7.73% from the end of the previous year.

Asset quality remained stable. At the end of the reporting period, the Group's non-performing loan balance amounted to RMB 6,926 million, representing an increase of RMB 590 million as compared with the end of the previous year; the non-performing loan ratio was 0.97%, representing an increase of 0.03 percentage point as compared with that of the end of the previous year; the provision coverage ratio amounted to 404.98%, representing a decrease of 40.34 percentage points as compared with that of the end of the previous year; and the provision-to-loan ratio was 3.94%, representing a decrease of 0.27 percentage point as compared with that of the end of the previous year.

The capital adequacy level continued to be in good shape. At the end of the reporting period, the Group's capital adequacy ratio was 15.74%, Tier 1 capital adequacy ratio was 13.35% and core Tier 1 capital adequacy ratio was 13.32%, which were consistently higher than the capital requirements by the National Financial Regulatory Administration and had a relatively adequate capital buffer.

II. Analysis of Financial Statements

(I) Income Statement Analysis

Unit: RMB 1000

Item	2023	2022	Percentage of change (%)
Operating income	26,413,798	25,627,270	3.07
Net interest income	20,699,507	20,754,248	-0.26
Net non-interest income	5,714,291	4,873,022	17.26
Operating expense	12,149,648	11,952,647	1.65
Taxes and surcharges	313,439	268,602	16.69
Operating and administrative expense	8,599,157	7,798,740	10.26
Credit impairment loss	3,205,811	3,865,210	-17.06
Asset impairment loss	1,558	3,701	-57.90
Other operating cost	29,683	16,394	81.06
Operating profit	14,264,150	13,674,623	4.31
Net non-operating income and expense	622,317	(5,648)	NA
Profit before tax	14,886,467	13,668,975	8.91
Income tax expense	2,399,092	2,275,798	5.42
Net profit	12,487,375	11,393,177	9.60
Net profit attributable to shareholders of the parent company	12,141,958	10,974,378	10.64
Minority interest income	345,417	418,799	-17.52

1. Net interest income

During the Reporting Period, the Group realized net interest income of RMB 20,700 million, a year-on-year decrease of 0.26%, of which interest income amounted to RMB 45,460 million, a year-on-year increase of 4.62%, and interest expense amounted to RMB 24,761 million, a year-on-year increase of 9.08%. During the reporting period, the Group's average yield on interest-earning assets was 3.66%, down by 18 basis points year-on-year, and the average cost ratio of interest-bearing liabilities was 2.05%, down by 4 basis points year-on-year; the net interest spread was 1.61%, down by 14 basis points year-on-year, and the net interest margin was 1.67%, down 16 basis points year-on-year.

Unit: RMB 1000

Item	2023			2022		
	Average balance ¹	Interest income/expense	Average yield/cost ratio (%)	Average balance	Interest income/expense	Average yield/cost ratio (%)
Assets						
Loans and advances	673,473,941	28,534,334	4.24	624,564,404	28,276,206	4.53
Financial investment	346,336,702	10,963,171	3.17	275,782,280	9,234,560	3.35
Due from and placements with banks and other financial institutions ²	124,153,246	2,985,092	2.40	133,384,179	2,848,513	2.14
Balances with Central Bank	62,953,470	916,303	1.46	64,597,864	915,231	1.42
Finance Leasing ³	34,602,147	2,061,250	5.96	33,640,262	2,178,355	6.48
Total interest	1,241,519,506	45,460,150	3.66	1,131,968,989	43,452,865	3.84
Liabilities						
Deposits from customers	961,284,352	18,769,551	1.95	870,919,733	17,466,260	2.01
Debt securities issued	96,129,291	2,502,773	2.60	82,512,759	2,274,836	2.76
Borrowings from Central Bank	39,354,841	900,540	2.29	39,786,065	953,353	2.40
Due to and placements from banks and other financial institutions ⁴	113,085,581	2,587,779	2.29	94,745,038	2,004,168	2.12
Total interest-bearing liabilities	1,209,854,065	24,760,643	2.05	1,087,963,595	22,698,617	2.09
Net interest income			20,699,507			20,754,248
Net interest spread (%)⁵			1.61			1.75
Net interest margin (%)⁶			1.67			1.83

Notes:

1. The average balance of interest-earning assets and interest-bearing liabilities is the average daily balance, which is unaudited;
2. Includes deposits with interbank and other financial institutions, funds on call and financial assets bought and sold;
3. Includes finance lease receivables and long-term receivables;
4. Includes deposits with interbank and other financial institutions, funds on call, sale and repurchase of financial assets and others;
5. Calculated as the difference between the average rate of return on total interest-earning assets and the average cost rate of total interest-bearing liabilities;
6. Calculated as net interest income divided by the average balance of total interest-earning assets.

(1) Interest Income from Loans and Advances

During the reporting period, the Group generated interest income from loans and advances of RMB 28,534 million, representing a year-on-year increase of 0.91%, with an average yield of 4.24%, representing a year-on-year decrease of 29 basis points. The decrease in loan yields was mainly due to multiple factors such as concessions to the real economy, continued interest rate marketization and lower interest rates on new loans.

Unit: RMB 1000

Item	2023			2022		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	396,026,874	16,450,741	4.15	354,735,236	16,376,078	4.62
Personal loans	209,157,701	10,958,342	5.24	202,298,233	10,560,415	5.22
Discounted bills	68,289,365	1,125,251	1.65	67,530,935	1,339,713	1.98
Total loans and advances	673,473,941	28,534,334	4.24	624,564,404	28,276,206	4.53

Note: As of the end of the reporting period, the Bank's general short-term loan yield was 4.03% and the medium and long-term loan yield was 4.58%.

(2) Interest Expense on Deposits

During the reporting period, the Group's interest expenses on deposit taking amounted to RMB 18,770 million, representing a year-on-year increase of 7.46%, and the average interest payment rate was 1.95%, representing a year-on-year decrease of 6 basis points. This was mainly due to the Group's continuous strengthening of active deposit management, implementing the requirements of marketization of deposit interest rates, promoting structural optimization and reducing deposit costs.

Unit: RMB 1000

Item	2023			2022		
	Average balance	interest expense	Average cost ratio (%)	Average balance	interest expense	Average cost ratio (%)
Corporate demand deposit	268,801,952	1,873,056	0.70	263,771,340	1,750,636	0.66
Corporate time deposit	184,846,179	4,609,731	2.49	169,745,776	4,371,942	2.58
Personal demand deposit	75,735,852	165,460	0.22	71,086,770	198,644	0.28
Personal time deposit	431,900,368	12,121,304	2.81	366,315,847	11,145,038	3.04
Total deposit	961,284,352	18,769,551	1.95	870,919,733	17,466,260	2.01

2. Net Non-interest Income

During the Reporting Period, the Group realized net non-interest income of RMB 5,714 million, representing a year-on-year increase of 17.26%, and accounting for 21.63% of operating income, representing an increase of 2.62 percentage points as compared with the previous year.

(1) Net Fee and Commission Income

During the reporting period, the Group realized net fee and commission income of RMB 2,268 million, representing a year-on-year increase of 5.23%, of which: fee and commission income from agency business amounted to RMB 1,771 million, representing a year-on-year increase of 9.62%, which was mainly attributable to the fact that the Group actively expanded its wealth business, and the income from the agency sale of insurance etc. grew relatively fast; fee and commission income from settlement and clearing business, fee and commission income from guarantees and commitment business amounted to RMB 252 million and RMB 55 million, representing year-on-year increases of 15.79% and 56.51%, respectively, mainly due to the Group's strengthening of the concept of FPA integrated financing services and the relatively fast growth of income from bills and letters.

Unit: RMB 1000

Item	2023	2022
Fee and commission income	2,513,743	2,448,001
Including: Agency business	1,771,026	1,615,614
Consulting & advisory	255,361	303,334
Settlement and clearing	252,107	217,736
E-banking	88,194	86,148
Guarantees and commitment	55,366	35,375
Bank card	51,232	65,081
Other businesses	40,457	124,713
Fees and commission expense	245,322	292,338
Net fee and commission income	2,268,421	2,155,663

(2) Other Net Non-Interest Income

Other net non-interest income includes investment income, gains on fair value change and exchange, other operating income, gains on asset disposal and other income. During the reporting period, the Group realized other non-interest net income of RMB 3,446 million, representing a year-on-year increase of 26.81%. Among them, investment income and gain from changes in fair value amounted to RMB 3,148 million, representing a year-on-year increase of 48.52%, which was mainly attributable to the Group's proactive efforts in grasping market opportunities and optimizing the structure of asset allocation, resulting in the continuous enhancement of its operating efficiency; the Group also realized exchange gain of RMB 181 million, representing a year-on-year decrease of 65.10%, which was mainly attributable to the decrease in the foreign exchange gain arising from foreign exchange derivatives and foreign-currency assets.

Unit: RMB 1000

Item	2023	2022
Investment income	1,525,284	1,586,676
Profit/(loss) from fair value changes	1,622,524	532,786
Profit/(loss) on exchange	181,172	519,069
Other operating income	47,995	33,747
Profit/(loss) on asset disposal	34,239	19,717
Other income	34,656	25,364
Total	3,445,870	2,717,359

3. Operating and Administrative Expenses

During the Reporting Period, the Group incurred operating and administrative expenses of RMB 8,599 million, representing a year-on-year increase of 10.26%, which was mainly due to the fact that in 2023, the Group firmly implemented the strategies of retail transformation, inclusive finance and digital transformation, and continued to strengthen the development of its marketing team and investment in technological resources.

Unit: RMB 1000

Item	2023	2022
Employee compensation	5,660,043	5,240,786
Depreciation, amortization and lease expense	1,024,251	970,899
Other general and administrative expenses	1,914,863	1,587,055
Total	8,599,157	7,798,740

4. Credit Impairment Losses/Asset Impairment Losses

During the reporting period, the Group recorded credit impairment losses of RMB 3,206 million, a decrease of 17.06% year-on-year. This was mainly due to the fact that the quality of the Group's credit assets remained stable, resulting in a decrease in the provision of credit impairment losses.

Unit: RMB 1000

Item	2023	2022
Loans and advances measured at amortized cost	2,377,760	3,183,898
Loans and advances measured at fair value through other comprehensive income	(74,621)	152,572
Debt investment	154,075	(154,716)
Other debt investment	296,348	16,005
Financing lease receivables and long-term receivables	308,310	330,781
Projected liability	93,322	271,712
Other	50,617	64,958
Total credit impairment losses	3,205,811	3,865,210

5. Income Tax Expense

During the reporting period, the Group accrued income tax expense of RMB 2,399 million, representing a year-on-year increase of 5.42%, which was mainly attributable to the increase in total profit.

Unit: RMB 1000

Item	2023	2022
Profit before tax	14,886,467	13,668,975
Income tax expense	2,399,092	2,275,798

(II) Balance Sheet Analysis

1. Assets

During the reporting period, the Group served the development of the real economy, adhered to the strategy of inclusive finance, and accelerated the transformation of innovative finance, and the scale of the Group's assets grew steadily. At the end of the reporting period, the total assets of the Group amounted to RMB 1,392,214 million, representing an increase of RMB 110,815 million, or 8.65%, as compared with that at the end of the previous year. The increase in asset scale was mainly due to the growth of the Group's loans and advances, financial investments, etc.

Unit: RMB 1000

Item	December 31, 2023		December 31, 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances	711,483,312	51.10	670,623,035	52.34
Accrued loan interest	1,230,190	0.09	1,253,007	0.10
Loan loss reserve ¹	(27,834,218)	(2.00)	(27,924,551)	(2.18)
Net loans and advances	684,879,284	49.19	643,951,491	50.25
Financial investment ²	494,078,101	35.49	403,635,384	31.50
Cash, and balances with Central Bank	69,533,946	4.99	70,251,957	5.48
Due from and placements with banks and other financial institutions ³	89,301,726	6.41	112,133,551	8.75
Finance leasing ⁴	34,797,958	2.50	32,762,960	2.56
Other ⁵	19,622,685	1.41	18,663,778	1.46
Total assets	1,392,213,700	100.00	1,281,399,121	100.00

Notes:

- Loan loss reserve includes loan loss reserve measured at amortized cost;
- Financial investment includes trading financial assets, debt investment, other debt investment and other equity instrument investment;
- Including deposits and placements with banks, and financial assets held under resale agreements;
- Including financing leasing receivables and long-term receivables
- Including precious metal, derivative financial assets, long-term equity investment, fixed assets, and construction in progress, right-of-use assets, deferred income tax assets, and other assets.

(1) Loans and Advances

During the reporting period, the Group followed the guidance of national financial policies and continuously enhanced its ability to serve the real economy, achieving steady growth in loan scale. As at the end of the reporting period, the total loans and advances of the Group amounted to RMB 711,483 million, representing an increase of RMB 40,860 million, or 6.09%, as compared with the end of last year. For details of the Group's loans and advances, please refer to the section "Loan Quality Analysis".

(2) Financial Investments and Interbank Assets

During the reporting period, the Group actively responded to market changes, rationally optimized the structure of financial investment and interbank assets and promoted the orderly development of financial interbank business. At the end of the reporting period, the Group's total financial investment and interbank assets amounted to RMB 583.380 billion, representing an increase of RMB 67.611 billion, or 13.11%, as compared with the end of last year.

Unit: RMB 1000

Item	December 31, 2023		December 31, 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Held-for-trading financial assets	59,242,408	11.99	44,080,000	10.92
Debt investment	173,856,650	35.19	143,318,577	35.51
Other debt investment	260,742,543	52.77	216,000,307	53.51
Investments in other equity instrument	236,500	0.05	236,500	0.06
Total financial investment	494,078,101	100.00	403,635,384	100.00

Including, financial investment classified by the nature of financial assets is as follows:

Unit: RMB 1000

Item	December 31, 2023		December 31, 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Debt investment	493,841,601	99.95	403,398,884	99.94
Equity instrument	236,500	0.05	236,500	0.06
Total financial investment	494,078,101	100.00	403,635,384	100.00

Held-for-trading Financial Assets

Held-for-trading financial assets are financial assets measured at fair value through profit or loss. At the end of the reporting period, the balance of financial assets held for trading amounted to RMB 59,242 million, mainly including bond investments and fund investments. For details, please refer to Note V.7 to the financial statements.

Debt Investment

Debt investments are investments in debt instruments measured at amortized cost. At the end of the reporting period, the balance of debt investments amounted to RMB 173,857 million, mainly including bond investments and debt financing plans. For details, please refer to Note V.8 to the financial statements.

Other Debt Investments

Other debt investments are debt instrument investments measured at fair value through other comprehensive income. At the end of the reporting period, the balance of other debt investments amounted to RMB 260,743 million, mainly bond investments. For details, please refer to Note V.9 to the financial statements.

Other Equity Instrument Investment

Other equity instrument investments are investments in equity instruments that are measured at fair value through other comprehensive income. At the end of the reporting period, the balance of investments in other equity instruments amounted to RMB 237 million, which were mainly non-trading equity investments held by the Group with no control, joint control or material impact over the investees. For details, please refer to Note V.10 to the financial statements.

Top 10 Financial Bonds by Value held by the Group at the End of the Reporting Period

Unit: RMB 1000

Bond Name	nominal value	Coupon rate (% per annum)	maturity (of an investment bond)	provision for impairment
2018 Policy Bank Bonds	8,810,000	4.0400	2028/7/6	-
2016 Policy Bank Bonds	6,870,000	3.0500	2026/8/25	-
2016 Policy Bank Bonds	4,810,000	3.1800	2026/4/5	-
2022 Policy Bank Bonds	4,670,000	2.8200	2027/6/17	-
2018 Policy Bank Bonds	4,580,000	4.0000	2025/11/12	-
2018 Policy Bank Bonds	4,450,000	4.6500	2028/5/11	-
2019 Policy Bank Bonds	4,420,000	3.2800	2024/2/11	-
2023 Policy Bank Bonds	4,260,000	2.8500	2033/7/7	-
2020 Policy Bank Bonds	4,010,000	3.3400	2025/7/14	-
2017 Policy Bank Bonds	3,780,000	4.0400	2027/4/10	-

2. Liabilities

During the reporting period, the Group actively optimized its liability structure, consolidated its deposit base, broadened its sources of high quality liabilities and flexibly used active financing instruments to achieve steady growth in the scale of liabilities. At the end of the reporting period, the total liabilities of the Group amounted to RMB 1,275,855 million, representing an increase of RMB 100,172 million, or 8.52%, as compared with the end of last year.

Unit: RMB 1000

Item	December 31, 2023		December 31, 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Deposits	1,037,738,098	81.34	961,369,501	81.77
Due to and placements from banks and other financial institutions ¹	83,541,444	6.55	70,077,761	5.96
Borrowings from Central Bank	50,215,083	3.94	37,095,461	3.16
Debt securities issued	92,120,146	7.22	87,225,642	7.42
Other ²	12,240,434	0.96	19,915,109	1.69
Total liabilities	1,275,855,205	100.00	1,175,683,474	100.00

Notes:

1. Including deposits from banks and other financial institutions, borrowings, and financial assets sold for repurchase.

2. Including financial liabilities, derivative financial liabilities, employee compensation payable, taxes payable, leasing liabilities, estimated liabilities and other liabilities measured at fair value through profit and loss.

(1) Deposits

During the reporting period, the Group adhered to its core business philosophy of "customer centricity", consolidated its customer base, optimized its product system, enriched its customer acquisition methods and enhanced customer stickiness, resulting in a relatively rapid growth in the scale of deposits. At the end of the reporting period, the principal amount of deposits absorbed by the Group amounted to RMB 1,016.412 billion, representing an increase of RMB 72.927 billion, or 7.73%, as compared with the end of last year.

Unit: RMB 1000

Item	December 31, 2023		December 31, 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate deposits	421,414,561	40.61	412,384,035	42.90
Demand deposit	261,622,802	25.21	260,989,469	27.15
Time deposit	159,791,759	15.40	151,394,566	15.75
Personal deposits	532,567,799	51.32	475,929,711	49.51
Demand deposit	76,930,384	7.41	81,563,186	8.48
Time deposit	455,637,415	43.91	394,366,525	41.02
Pledged deposits	10,463,430	1.01	9,961,011	1.04
Other	51,965,966	5.01	45,209,764	4.70
Principal amount of deposits	1,016,411,756	97.94	943,484,521	98.14
Accrued interest	21,326,342	2.06	17,884,980	1.86
Total deposits	1,037,738,098	100.00	961,369,501	100.00

(2) Liability Quality Analysis

The Company has formulated the SHRCB Liability Quality Management Measures in accordance with the Liability Quality Management Measures for Commercial Banks, established an organizational structure for liability quality management, clarified that the Board of Directors assumes the ultimate responsibility for liability quality management, and the senior management assumes specific management of liability quality. With the objective of balancing safety, liquidity and profitability, the Company formulates and implements the six elements of liability quality based on factors such as business strategy orientation, risk appetite, overall business characteristics, external market environment and regulatory requirements, and focuses on the stability of liability sources, diversity of liability structure, reasonableness of matching liabilities with assets, proactivity of liability acquisition, appropriateness of liability costs and authenticity of liability items. During the reporting period, the Company improved its liability management strategy and optimized the control and supervision system to ensure that the liability business meets regulatory requirements and the Company's operational reality.

During the reporting period, the Group focused on the six elements of liability quality and gradually improved the liability quality by strengthening refined management. Firstly, standardized the system of liability quality management, improved internal management requirements and enhanced the level of refinement of active management of liability quality; secondly, actively expanded customer sources, enriched product systems to promote stable growth in the scale of liabilities; thirdly, strengthened market research and judgment, grasped the pace of financing, proactively obtained funds in a timely manner through multiple channels such as bond issuance and continuously strengthened the initiative in acquiring liabilities; fourthly, improved the pricing mechanism of internal and external funds, prospectively researched and judged market changes, dynamically adjusted the pricing strategy of deposits and promoted the decrease in the cost of liabilities.

At the end of the reporting period, the ratio of deposits taken by the Group to total liabilities was 81.34%, a decrease of 0.43 percentage points compared with that of the previous year, with deposits contributing to a stable source of funding; the Group's liquidity ratio was 63.25%, liquidity coverage ratio was 189.20%, and net stable funding ratio was 135.33%, all higher than the regulatory requirements, with good liability quality overall.

3. Shareholders' Equity

At the end of the reporting period, the Group's shareholders' equity amounted to RMB 116,358 million, representing an increase of RMB 10,643 million, or 10.07%, as compared with the end of the previous year.

Unit: RMB 1000

Item	December 31, 2023	December 31, 2022	Increase/decrease from the end of the previous year (%)
Share capital	9,644,444	9,644,444	-
Capital reserve	16,550,194	16,495,416	0.33
Other comprehensive income	3,310,694	1,616,018	104.87
Surplus reserve	32,135,260	28,013,982	14.71
General risk reserve	14,511,669	12,785,082	13.50
Undistributed profits	36,274,720	33,279,027	9.00
Total equity attributable to shareholders of the parent company	112,426,981	101,833,969	10.40
Minority interest	3,931,514	3,881,678	1.28
Total shareholders' equity	116,358,495	105,715,647	10.07

(III) Cash Flow Statement Analysis

During the reporting period, the Group generated a net cash inflow from operating activities of RMB 39,167 million, which was mainly due to the net increase in customer deposits and deposits with interbank and other financial institutions. Net cash outflow from investing activities amounted to RMB 63,441 million, mainly due to cash paid for investments. Net cash outflow from financing activities amounted to RMB 1,288 million, mainly due to cash paid for debt repayment.

(IV) Items in the accounting statements with changes of more than 30% and the reasons for them

Unit: RMB 1000

Item	December 31, 2023	December 31, 2022	+/- from previous year-end (%)	Main reasons for changes
Deposits with interbank and other financial institutions	17,086,981	32,366,243	-47.21	Decrease in deposits with domestic banks
Precious metals	77,099	24,679	212.41	Increase in precious metal assets
Derivative financial asset	2,036,268	1,198,288	69.93	Increase in fair value of interest rate, exchange rate and precious metal derivative financial assets
Buy-back financial assets	18,054,688	28,527,869	-36.71	Decrease in pledged buy-back financial assets
Finance lease receivables	7,716,421	12,216,424	-36.84	Gradual expiration of sale and leaseback transactions entered into prior to the implementation of the new leasing standards and decrease in assets
Long-term receivables	27,081,537	20,546,536	31.81	Increase in new sale and leaseback transactions entered into following the implementation of the new leasing standards.
Financial assets held for trading	59,242,408	44,080,000	34.40	Increase in financial assets such as trading interbank certificates of deposit
Long-term equity investments	1,780,780	443,305	301.71	Participation in Hangzhou United Rural Commercial Bank Co.
Borrowing from the Central Bank	50,215,083	37,095,461	35.37	Increase in borrowing from the Central Bank
Deposits with interbank and other financial institutions	7,005,581	10,783,444	-35.03	Decrease in deposits with depository financial institutions in the domestic banks
Loans from other banks and financial institutions	44,915,989	28,923,860	55.29	Increase in loans from domestic banks
Financial liabilities held for trading	97,128	55,955	73.58	Increase in Jicunjin trading financial liabilities
Derivative financial liabilities	1,781,336	1,247,609	42.78	Increase in fair value of interest rate derivative financial instrument liabilities
Taxes payable	659,708	1,552,563	-57.51	Increase in quarterly prepaid corporate income tax
Other liabilities	4,962,528	12,699,121	-60.92	Decrease in amounts to be settled and transferred
Other comprehensive income	3,310,694	1,616,018	104.87	Increase in changes in fair value of financial assets classified as at fair value through other comprehensive income
Item	2023	2022	+/- over the same period of the previous year (%)	Main reasons for changes
Gain on change in fair value	1,622,524	532,786	204.54	Increase in gain from changes in fair value of financial assets for trading and precious metals
Exchange gains	181,172	519,069	-65.10	Decrease in exchange gains arising from foreign exchange derivatives and foreign currency assets
Other operating income	47,995	33,747	42.22	Increase in other operating incomes such as sale of voucher
Gain on disposal of assets	34,239	19,717	73.65	Increase in gain on disposal of properties
Other gains	34,656	25,364	36.63	Increase in government grants received
Impairment losses on assets	1,558	3,701	-57.90	Decrease in provision for impairment of debtor assets
Other operating costs	29,683	16,394	81.06	Increased expenditure on voucher costs
Non-operating income	671,034	42,002	1,497.62	Increase in non-operating income from participation in Hangzhou United Rural Commercial Bank Co.
Other comprehensive income, net of tax	1,694,676	(15,179)	Not applicable	Increase in changes in fair value of financial assets classified as at fair value through other comprehensive income

(V) Off-balance Sheet Items That May Have a Material Impact on Financial and Business Results

See Note X to the financial statements for details.

III. Analysis of Loan Quality

(I) Loan Distribution by Five-category Classification

Unit: RMB 1000

Item	December 31, 2023		December 31, 2022		+/- from previous year-end (%)
	Amount	Percentage (%)	Amount	Percentage (%)	
Normal	695,782,722	97.80	659,322,368	98.31	5.53
Special mention	8,774,335	1.23	4,964,875	0.74	76.73
Substandard	3,798,285	0.53	2,595,875	0.39	46.32
Doubtful	1,398,718	0.20	2,424,021	0.36	-42.30
Loss	1,729,252	0.24	1,315,896	0.20	31.41
Total loans and advances	711,483,312	100.00	670,623,035	100.00	6.09
Total balance of non-performing loans	6,926,255	0.97	6,335,792	0.94	9.32

During the reporting period, the Group insisted on strictly determining the risk classification of loans and truly reflecting the quality of assets, the scale of credit assets grew steadily and non-performing loans remained low. At the end of the reporting period, the Group's total loans and advances amounted to RMB 711,483 million, representing an increase of 6.09% as compared with the end of the previous year; the balance of non-performing loans amounted to RMB 6,926 million, representing an increase of RMB 590 million as compared with the end of the previous year; NPL% was 0.97%, representing an increase of 0.03 percentage point as compared with the end of the previous year; the proportion of loans under the category of special mention was 1.23%, representing an increase of 0.49 percentage point as compared with the end of the previous year, and the large fluctuation was mainly due to the impact of implementing the latest regulations on restructured assets and special-mention loans in the Measures for Risk Classification of Financial Assets of Commercial Banks.

(II) Loan Structure and Quality by Product Type

Unit: RMB 1000

Item	December 31, 2023			December 31, 2022		
	Loan balance	NPL balance	NPL%	Loan balance	NPL balance	NPL%
Corporate loans and advances	415,012,575	4,565,498	1.10	381,972,865	4,647,042	1.22
Personal loans and advances	210,949,238	2,353,435	1.12	213,891,965	1,688,750	0.79
Bill discounting	85,521,499	7,323	0.01	74,758,205	-	0.00
Total loans and advances	711,483,312	6,926,255	0.97	670,623,035	6,335,792	0.94

At the end of the reporting period, the balance of the Group's corporate loans and advances amounted to RMB 415.013 billion, representing an increase of 8.65% as compared with the end of the previous year, with a NPL% of 1.10%, a decrease of 0.12 percentage points as compared with the end of the previous year; the balance of personal loans and advances amounted to RMB 210.949 billion, representing a decrease of 1.38% as compared with the end of the previous year, with a NPL% of 1.12%, a higher increase of 0.33 percentage points as compared with the end of the previous year; and the bill discounting increased by 14.40% from the end of the previous year, and the NPL% was at a low level.

(III) Loans to the Top 10 Sectors

Unit: RMB 1000

Sector	December 31, 2023			December 31, 2022		
	Loan balance	NPL balance	NPL%	Loan balance	NPL balance	NPL%
Real estate	104,664,765	2,284,006	2.18	100,487,579	1,393,791	1.39
Leasing and commercial services	95,013,113	542,953	0.57	88,556,712	235,876	0.27
Manufacturing	83,730,810	430,023	0.51	74,111,686	462,113	0.62
Wholesale and retail	33,388,568	462,938	1.39	28,989,836	785,039	2.71
Transportation, warehousing and postal services	15,353,415	37,051	0.24	13,614,423	526,615	3.87
Construction	13,926,035	61,559	0.44	12,108,343	46,689	0.39
Information transmission, software and information technology services	11,368,635	134,850	1.19	11,415,546	139,055	1.22
Finance	8,005,163	-	-	5,838,574	-	-
Accommodation and catering	7,111,178	60,132	0.85	8,909,538	560,030	6.29
Scientific research and technical services	6,279,788	53,444	0.85	4,876,195	16,968	0.35

This table is defined according to the type of sector of the borrower and does not include bill discounting.

During the reporting period, the Group's corporate loans were mainly concentrated in the real estate industry, the leasing and commercial services industry and the manufacturing industry, with loan balances accounting for 14.71%, 13.35% and 11.77% of the Group's total loans respectively. At the end of the reporting period, the NPL% of the real estate industry increased due to the risk exposure of individual large corporate customers, while the non-performing level of other industries basically remained stable. The Group actively implemented various initiatives and intensified its efforts in collection and disposal to effectively prevent and control risks in the credit sector and ensure controllable asset quality.

(IV) Loan Structure and Quality by Region

Unit: RMB 1000

Item	December 31, 2023			December 31, 2022		
	Loan balance	NPL balance	NPL%	Loan balance	NPL balance	NPL%
Shanghai	674,564,475	6,396,923	0.95	631,018,689	5,704,360	0.90
Non-Shanghai	36,918,837	529,332	1.43	39,604,347	631,432	1.59
Total loans and advances	711,483,312	6,926,255	0.97	670,623,035	6,335,792	0.94

As a regional bank headquartered in Shanghai, the Group's loans were mainly invested in the Shanghai region. At the end of the reporting period, the balance of loans in the Shanghai region accounted for 94.81% of the total loans, while those outside Shanghai accounted for only 5.19%; the NPL% of loans in the Shanghai region was 0.95%, representing an increase of 0.05 percentage point as compared with that at the end of the previous year; and the NPL% of non-Shanghai loans was 1.43%, representing a decrease of 0.16 percentage point as compared with that at the end of the previous year.

(V) Loan Structure and Quality by Type of Collateral

Unit: RMB 1000

Item	December 31, 2023			December 31, 2022		
	Loan balance	NPL balance	NPL%	Loan balance	NPL balance	NPL%
Credit loans	144,577,030	1,710,335	1.18	106,540,845	843,700	0.79
Guaranteed loans	112,682,655	1,445,583	1.28	107,526,461	1,224,336	1.14
Secured loans	355,640,187	3,719,010	1.05	347,899,200	4,254,537	1.22
Pledged loans	98,583,440	51,328	0.05	108,656,529	13,220	0.01
Total loans and advances	711,483,312	6,926,255	0.97	670,623,035	6,335,792	0.94

The Group attaches importance to the credit risk mitigating role of pledge guarantees and strengthens the foundation of credit risk defense through collateral and security. At the end of the reporting period, the proportion of the Group's secured and pledged loans to total loans was 63.84%. The NPL% of credit loans, guaranteed loans and pledged loans increased as compared with the end of the previous year, while the NPL% of secured loans decreased.

(VI) Loan Migration Ratios

Unit: %

Item	December 31, 2023	December 31, 2022	December 31, 2021
Migration ratio of normal loans	2.24	1.34	0.86
Migration ratio of special mention loans	40.82	21.21	29.68
Migration ratio of substandard loans	20.44	55.79	25.44
Migration ratio of doubtful loans	24.33	37.11	11.32

Note: Migration ratios are calculated by the parent company definition.

At the end of the reporting period, the migration rate of normal loans by parent company definition was 2.24%, the migration rate of special-mention loans was 40.82%, the migration rate of substandard loans was 20.44%, and the migration rate of doubtful loans was 24.33%. Among them, the migration rate of normal and special-mention loans increased from the end of the previous year, while the migration rate of substandard and doubtful loans decreased.

(VII) Loans to the Top 10 Single Borrowers

Unit: RMB 1000

	December 31, 2023	
	Amount	Percentage of total loans and advances (%)
Customer A	3,016,009	0.42
Customer B	2,849,753	0.40
Customer C	2,700,000	0.38
Customer D	2,688,220	0.38
Customer E	2,631,496	0.37
Customer F	2,591,241	0.36
Customer G	2,554,000	0.36
Customer H	2,500,000	0.35
Customer I	2,486,700	0.35
Customer J	2,113,925	0.30
add up the total	26,131,343	3.67

At the end of the reporting period, the Group's largest single borrower had a loan balance of RMB 3,016 million, or 0.42% of total loans, and the top ten single borrowers had a combined loan balance of RMB 26,131 million, or 3.67% of total loans.

(VIII) Loan Distribution by Overdue Period

Unit: RMB 1000

Item	December 31, 2023		December 31, 2022	
	Amount	Percentage of total loans and advances (%)	Amount	Percentage of total loans and advances (%)
1 day-90 days overdue (inclusive)	2,364,033	0.33	4,186,754	0.62
91 days-360 days overdue (inclusive)	3,565,360	0.50	1,434,310	0.21
361 days-3 years overdue (inclusive)	2,718,075	0.38	2,932,931	0.44
3 years+ overdue	251,955	0.04	1,082,195	0.16
Total	8,899,423	1.25	9,636,190	1.43

At the end of the reporting period, the Group's overdue loans amounted to RMB 8,899 million, accounting for 1.25% of total loans, representing a decrease of 0.18 percentage points as compared with the end of last year. Overdue loans were mainly distributed in the range of 91 days to 360 days overdue (inclusive), accounting for 0.50%, representing an increase of 0.29 percentage points as compared with the end of the previous year. The Group adopted targeted control measures for overdue loans, formulated liquidation and restructuring and conversion plans according to the classification of customers, and actively promoted risk management and resolution, with the overall risk being controllable.

(IX) Restructured of loans

Unit: RMB 1000

Item	December 31, 2023		December 31, 2022	
	Amount	Percentage of total loans and advances (%)	Amount	Percentage of total loans and advances (%)
Restructured loans	2,213,425	0.31	448,902	0.07

At the end of the reporting period, the Group's restructured loans amounted to RMB 2,213 million, accounting for 0.31%, representing an increase of 0.24 percentage points as compared with the end of the previous year. The significant increase of restructured loans was mainly due to the expansion of the scope of assets included in restructured loans in accordance with the provisions of the Measures for Risk Classification of Financial Assets of Commercial Banks.

(X) Changes in Loan Loss Reserve

Unit: RMB 1000

	Changes in expected credit loss/impairment reserve on loans and advances measured at amortized cost				Changes in expected credit loss/impairment reserve on loans and advances measured at fair value through other comprehensive income			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	15,447,495	6,168,775	6,308,281	27,924,551	284,080	1	5,980	290,061
Transfer:								
-to Stage 1	1,858,795	(1,745,438)	(113,357)	-	-	-	-	-
-to Stage 2	(737,922)	1,173,292	(435,370)	-	-	-	-	-
-to Stage 3	(65,163)	(345,825)	410,988	-	-	-	-	-
Accrual of the current period / (reversal)	(177,828)	1,203,540	1,352,048	2,377,760	(75,966)	2	1,343	(74,621)
Write-offs of the current period	-	-	(3,198,257)	(3,198,257)	-	-	-	-
Recovery after write-off	-	-	730,164	730,164	-	-	-	-
Closing balance	16,325,377	6,454,344	5,054,497	27,834,218	208,114	3	7,323	215,440

(XI) Debt Assets and Accrual of Impairment Provision

Unit: RMB 1000

Category	December 31, 2023		December 31, 2022	
	Amount	Accrual of impairment provision	Amount	Accrual of impairment provision
Houses and buildings	41,140	(16,286)	41,200	(14,728)

IV. Analysis of Capital Adequacy Ratio

(I) Capital Adequacy Ratio

Unit: RMB 1000

Item	December 31, 2023		December 31, 2022	
	The Group	The Company	The Group	The Company
Core Tier-I capital	113,641,737	109,898,262	103,580,315	100,078,986
Including: Eligible portion of paid-in capital	9,644,444	9,644,444	9,644,444	9,644,444
Eligible portion of capital reserve	16,826,301	16,826,301	16,775,026	16,775,026
Surplus reserves	31,571,069	31,571,070	27,552,704	27,552,704
General reserve	13,956,708	13,956,709	12,262,296	12,262,296
Undistributed profits	37,131,631	35,266,036	34,142,165	32,490,013
Eligible portion of minority interest	1,877,798	-	1,848,893	-
Other	2,633,785	2,633,703	1,354,787	1,354,503
Other Tier-I capital	250,373	-	246,519	-
Including: Other Tier-I capital instruments and premiums	-	-	-	-
Eligible portion of minority interest	250,373	-	246,519	-
Tier-II capital	20,300,516	19,098,229	19,677,901	18,559,672
Including: Tier-II capital instruments and related premium	10,000,000	10,000,000	10,000,000	10,000,000
Excess loan loss reserve	9,804,043	9,098,229	9,185,157	8,559,672
Eligible portion of minority interest	496,473	-	492,744	-
Total capital	134,192,625	128,996,492	123,504,735	118,638,658
Deductions				
Core Tier-I capital deduction	674,692	3,358,482	506,836	3,063,144
Net core Tier-I capital	112,967,044	106,539,781	103,073,479	97,015,842
Other Tier-I capital deduction	-	-	-	-
Net Tier-I capital	113,217,417	106,539,781	103,319,998	97,015,842
Tier-II capital regulatory deduction	-	-	-	-
Net capital	133,517,933	125,638,010	122,997,899	115,575,514
Risk-weighted assets	848,308,505	787,389,036	795,442,350	741,195,256
Including: Credit risk-weighted assets	794,127,460	736,956,586	743,997,677	693,333,445
Market risk-weighted assets	6,879,440	6,879,440	6,753,447	6,753,447
Operational risk-weighted assets	47,301,606	43,553,010	44,691,225	41,108,364
Core Tier-I capital adequacy ratio (%)	13.32	13.53	12.96	13.09
Tier-I capital adequacy ratio (%)	13.35	13.53	12.99	13.09
Capital adequacy ratio (%)	15.74	15.96	15.46	15.59

Notes:

- The above is the data and information related to the capital adequacy ratio measured by the parent Company and the Group in accordance with the Measures for Capital Management of Commercial Banks (Trial) issued by the former CBIC.
- For more capital information, please refer to the SHRCB Annual Capital Adequacy Report 2023 disclosed on the Company's official website (<http://www.srbc.com>).

(II) Leverage Ratio

Unit: RMB 1000

Item	December 31, 2023		December 31, 2022	
	The Group	The Company	The Group	The Company
Net Tier-I capital	113,217,417	106,539,781	103,319,998	97,015,842
Adjusted on-and-off-balance sheet asset balance	1,460,212,577	1,381,426,912	1,355,128,734	1,284,684,585
Leverage ratio (%)	7.75	7.71	7.62	7.55

(III) Information on Various Risk Exposures

1. Credit Risk Exposure

The Company uses the weighting method to measure credit risk. As of the end of the reporting period, the Group's total credit risk exposure is detailed in the table below:

Unit: RMB 1000

Item	Pre-mitigation risk exposure	Risk exposure after mitigation
On-balance sheet credit risk exposure	1,361,251,669	1,304,303,955
Off-balance sheet converted credit risk exposure	51,701,663	44,236,382
Counterparty credit risk exposure	17,119,004	8,907,052
Total	1,430,072,336	1,357,447,389

2. Market Risk Exposure

The Company uses the standardized approach to measure market risk capital. As of the end of the reporting period, the Group's market risk capital using standardized approach under the consolidated criteria was RMB 550 million. See the table below for the occupation of general risk capital and specific risk capital:

Unit: RMB 1000

Time	General risk capital					Specific risk capital requirement	Total
	Interest rate risk	Stock risk	Foreign exchange risk	Commodity risk	Option risk		
End of 2023	303,693.20	0.00	98,774.81	2,152.08	227.42	145,507.69	550,355.21

3. Operational Risk Exposure

The Company uses the basic indicator approach to measure the operational risk capital. As of the end of the reporting period, the Group's operational risk capital requirement under the consolidated basis was RMB 3,784 million.

4. Other Risk Exposures

(1) Counterparty Credit Risk Exposure

The risk-weighted assets of the Company's counterparty credit risk exposure mainly include the counterparty credit risk from OTC derivative instrument transactions and securities financing transactions. As of the end of the reporting period, the Group's counterparty credit risk exposure under the consolidated criteria was RMB 8,907 million.

(2) Bank Account Equity Risk Exposure

The Company's measurement of equity risk is in strict compliance with the relevant provisions of the Capital Management Measures for Commercial Banks, and the equity risk exposure of the bank accounts under the Group's consolidated definition is detailed in the following table:

Unit: RMB 1000

Type of invested institutions	December 31, 2023	
	Public trading risk exposure	Non-public trading risk exposure
Banking financial institutions	-	1,771,895
Non-Banking financial institutions	-	11,500
Non-financial institutions	-	225,000
Total	-	2,008,395

Note: Public trading equity exposure refers to equity exposure where the investee is a listed company and non-public trading equity exposure refers to equity exposure where the investee is an unlisted company.

V. Operating Information of Business Segments

During the reporting period, the operating income from corporate banking business amounted to RMB 13.197 billion, accounting for 49.96% of the Group's operating income, a year-on-year decrease of 1.16 percentage points; the operating income from personal banking business amounted to RMB 10.220 billion, accounting for 38.69% of the Group's operating income, a year-on-year increase of 3.70 percentage points; the operating income from financial market business amounted to RMB 2.880 billion, accounting for 10.90% of the Group's operating income, a year-on-year decrease of 0.73 percentage points; operating income from other lines of business amounted to RMB 116 million, accounting for 0.44%, a year-on-year decrease of 1.81 percentage points.

VI. Implementation of the Development Strategy

During the reporting period, the Company adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implemented the spirit of the 20th National Congress of the CPC, adhered to the overall leadership of the CPC, the political, people's and professional nature of the financial work, the general tone of seeking progress while maintaining a steady growth, the three core strategies, the business strategy of serving "SMEs and scattered businesses", created five major financial service system, pushed forward innovation and transformation, benchmarked against the high-quality listed banks, comprehensively enhanced the specialization of the operation capability and the level of refined management, accelerated the enhancement of the operation quality, and built a service-oriented bank that creates value for customers, and promoted the various work to a new stage.

In response to the general trend of economic and financial development and changes, the Company insisted on a high positioning, innovation, synergy and execution, formulated the development strategy for 2023-2025, clearly defined the construction plan and roadmap, and made efforts to build the "five financial service systems", and during the reporting period, the Company mainly promoted the following tasks in accordance with the requirements of the strategic plan:

(I) Insisted on customer-centricity and continuously deepened retail transformation

The Company promoted the construction of the "nine systems" of retail finance⁷ in a holistic manner, adhered to the customer-centric approach, focused on value creation, enhanced specialized management capabilities, promoted the integration of online and offline channels on the basis of customer segmentation, and built a retail financial service system with wealth management as

the engine. During the reporting period, the Company achieved its first-year strategic objectives in terms of retail financial assets (AUM), optimization of asset structure and scale of wealth customers.



Upgraded management structure to facilitate high-quality development of retail transformation. Based on the overall requirements of retail transformation and development, and with value creation as the core, the Company upgraded and restructured the management structure of the retail segment during the reporting period, clarified the functional positioning of "the retail finance headquarters as the strategic leadership and integrated operation and management center of the retail finance segment of the entire Bank, the three major business divisions as the operation and profit centers of the business lines, and the branch offices as the execution and profit subcenters", and formed the operation system with the functional positioning of "integrated customer management, specialized product services and intensive resource allocation". Adhered to the customer-centric approach, the Company took the lead in establishing the Basic Customer Segment Management Department to better grasp the characteristics and needs of different customer groups and provide customers with refined and specialized financial services in a tiered manner. Through the optimization of organizational structure, the Company further stimulated the organizational vitality for transformation and development, and deepened the mechanism of segment integration and collaboration. Strengthened the linkage and integration of debit and credit cards to enhance the stickiness of customer service in various aspects; strengthened the linkage and integration of wealth and personal loan business to meet the comprehensive financial needs of customers; and strengthened the linkage and integration of basic customers and wealth customer base to enhance the ability of value creation.

Mined into key customer segments and built a specialized management system. Focusing on key customer segments, the Company enhanced the influence of the three "Xinshenghuo" brands, deepened the four-way linkage mechanism of "Corporate-

⁷ "The "nine systems" refer to specialized management system, customer management system, product service system, channel construction system, digital management system, risk management system, team building system, performance evaluation system, and organization and operation system.

personal business, retail-operation linkage, online-offline linkage, and branch-community linkage", optimized customer management strategies, and improved customer service experience and business stickiness. The Company strengthened the management of retail customers by tier and category, and enhanced its professional management capability in terms of product management, customer base management, team building and other dimensions. At the end of the reporting period, the balance of retail financial assets (AUM) of the Company amounted to RMB 745.883 billion, representing an increase of RMB 49.168 billion, or 7.06%, compared with the end of the previous year.

Enriched the product matrix and built a diversified product platform. With the introduction of leading asset management institutions and advantageous products, the Company launched more than 500 new products during the reporting period, and new products such as agency wealth management and insurance fund trusts etc. At the same time, the Company focused on the wealth management needs of customers throughout their life cycle and made efforts to build a wealth management brand characterized by "stability", launched the "Anxian Wealth Planning" product to meet the financial needs of customers for retirement planning. Upgraded our retail loan product system, enriched product forms, improved product quality and efficiency, and formed a "1+N" retail loan product service matrix for all customer segments, with "Xin e Loan" as the core.

Relied on channel construction, deepened the integration of online and offline channels. Optimized the layout of outlets, enhanced the radiation capacity of offline channels, and formed a distribution system of outlets that penetrated the entire jurisdiction; continuously improved the design and construction standards of outlets, and launched themed outlets such as pension finance specialty outlets according to the demand characteristics of the surrounding customer groups, so as to enhance the warmth of offline services and customer experience. An omni-channel operation and service system was formed with mobile banking APP as the main position and WeChat banking, Internet banking, mini programs and other online channels as effective supplements to enhance the convenience of online services and customer experience. At the end of the reporting period, electronic channels carried 96.05% of the Bank's wealth management transactions and 94.83% of fund transactions. Through the integration of online and offline scenarios, we broke down channel barriers and effectively enhanced our operational efficiency.

Focused on value creation to achieve sustained improvement in economic efficiency. Focusing on customers, we provided full-coverage and differentiated asset allocation services based on customers' different needs and preferences, combined with product features. Built centralized, efficient and controllable support for intensive retail lending operations, and established multi-level retail lending professional operation channels within and outside the bank, online and offline. By optimizing the loan structure and enhancing risk pricing ability, yield was improved when interest rate was trending down. At the end of the reporting period, retail financial assets (AUM) steadily improved, retail deposit and loan spread steadily expanded, and economic efficiency continued to improve.

(II) Strengthened the engine of trading banking and steadily improved comprehensive financial service capacity

In the new round of strategic planning, the Company put forward the strategic layout of building a "comprehensive financial service system driven by trading banking", focusing on customer-centered development and emphasizing the construction of the 5+3⁸ system to build a comprehensive financial service system. During the reporting period, the Company focused on the four dimensions of customer experience optimization, digital transformation, professional team building and comprehensive financial services enhancement, and concentrated its advantageous resources on building trading banking as the base of the Company's financial business, building a comprehensive financial services system for the whole life cycle and business needs of customers. At the end of the reporting period, the total amount of corporate customer financing (FPA) reached RMB 574.7 billion, representing an increase of RMB 73 billion or 14.54% from the end of the previous year, and successfully realized the strategic objectives of the first year.



Promoted product upgrading and optimized customer experience. Promoted the process reshaping of bill products, realized personalized pricing for Xinniaotie business, paperless offline banknote discounting, and extended the operation time of electric bill business to realize year-round business; continuously upgraded the functions of treasury management business, added new intelligent capital pool module, enriched online supervision services, opened up the Treasury channel for incoming and outgoing sub-accounts, optimized the Xinzhangbu transaction, and helped customers manage their funds efficiently; perfected the functions of all series of products of wealth management to corporate customers, added new layered products of corporate finance, and realized online sales of deposit and wealth management products through all channels to enhance customers' ultimate experience; actively docked with the cross-border financial service needs of overseas enterprises such as facilitated payment and settlement, cross-border RMB fund pooling, asset allocation, and fund management, and actively

⁸ 5 i.e. transaction settlement, supply chain finance, trade finance, cross-border finance, channel construction, 3 i.e. investment banking, asset management, wealth management.

implemented various types of facilitation policies to support high-quality enterprises in simplifying the process and facilitating the settlement of corporate funds.

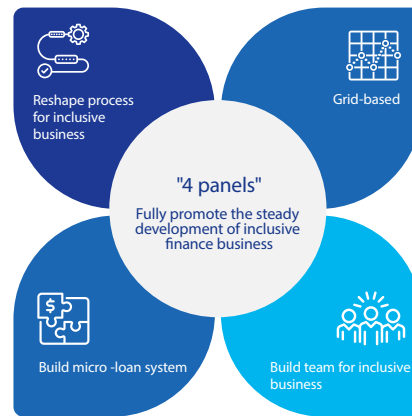
Strengthened system construction and enhanced digital transformation. During the reporting period, we actively promoted the construction of the trading banking system cluster, with the first phase of Enterprise Internet banking 3.0 and the new generation of bill system fully launched, and newly built trade finance business support system, international settlement system II, and foreign exchange income and expenditure declaration system to create a brand-new customer experience and enhance the support of the middle-office; continued to optimize the online functions of trading banking, such as electronic letter of guarantee, intelligent supply chain, multi-bank treasury, capital pooling, and Xinzhangbu, and improved the business process and facilitated customer operation; launched the CCRM corporate customer management system to enhance the support of data application, realized the visualization of customer information, the flow of customer management and the closed-loop task management, and provided one-stop services for the first-line marketing staff in the corporate customer operation.

Cultivated the talent team and consolidated the professionalization ability. Reshaped the structure of the corporate finance center of the operating institution, constructed a support system for the corporate finance center with the product manager as the core, implemented qualification management, and comprehensively improved the professional support for customer service; carried out a thematic empowerment program for trading banking, conducted strategic publicity, learning exchanges, and case diagnosis for the entire line, and promoted the formation of strategic consensus among the teams to improve their comprehensive service capability; focused on trading banking, and upgraded the special work of "Ten Things for Settlement" to continuously strengthen the settlement return to the bank and improve customer stickiness and settlement activity.

Focused on integrated finance and strengthened service capabilities. Strengthened the construction of upstream channels to provide platform support and list diversion for business development. During the reporting period, we signed strategic cooperation agreements with Shanghai Municipal Commission of Economy and Information Technology, Shanghai Pilot Free Trade Zone Lingang New Area Management Committee and Putuo District People's Government; signed a special cooperation agreement on "Water Saving " with Shanghai Municipal Water Affairs Bureau, and launched the "Quality Loan" financial service program with Market Supervision Administration. The company also obtained the qualification for handling migrant workers' wage deposit business from the Shanghai Municipal Bureau of Human Resources and Social Affairs, and successfully accessed the electronic bidding bond platform of the Shanghai Public Resources Trading Center and the pre-sale fund supervision platform for newly built commercial properties in Shanghai. Focusing on customer needs, the Company actively docked with 167 national, municipal and district industrial parks and 53 Shanghai specialty industrial parks, and did a good job in adding new industrial customers and digging deep into the comprehensive value of the existing customers. In addition to traditional financing, the Company also actively promoted the business of bond underwriting, agent recommendation, investment and loan linkage, etc., to enhance the level of comprehensive customer services.

(III) Stick to the original aspiration with distinctive features of inclusive finance

The Company actively practiced inclusive finance, empowered social governance, focused on micro, small and medium-sized enterprises, "agriculture, rural and farmer" and other entities for inclusive finance, deepened digital transformation, improved team building, and through the establishment of the "four special teams"⁹, pushed forward the steady development of inclusive financial business, becoming a leader in inclusive financial innovation and development. During the reporting period, the balance of the Company's inclusive small and medium-sized loans amounted to RMB 77.9 billion, the number of inclusive small and medium-sized customers increased by more than 16,000, and the loan in the agricultural industry chain exceeded RMB 2.2 billion in the same year, fully accomplishing the goals of the first year of the strategy period.



Reinvented business processes to unleash the effectiveness of business development. The Company set up a special task force for inclusive business process reshaping, focused on promoting the reshaping of inclusive offline business processes, took the time-consuming inclusive offline lending operations as a clue for analysis, and reshaped the entire process by upgrading the level of digitization in order to "reduce costs and increase efficiency internally, and enhance the competitiveness of the products externally". During the reporting period, the Company formulated an optimization plan from marketing to customer acquisition to loan disbursement, releasing the capacity of account managers and boosting consolidated revenue. As at the end of the reporting period, the time spent on first loans and loan renewals decreased by approximately 20% and 10% respectively.

Promoted grid-based service to consolidate township and village positions. We established a special team for grid-based work, selected pilot townships, explored and perfected the grid-based pilot, provided one-stop financial solutions, enhanced the coverage of comprehensive services for villagers, consolidated the traditional core positions, and steadily improved the construction of rural revitalization, forming a comprehensive service system of grid-based services for the G, B, and C ends. At the end of the

⁹ The "four task forces" refer to the Task Force on Reinventing the Inclusive Business Process, the Task Force on Grid-based Service, the Task Force on Building the Microfinance System, and the Task Force on Building the Inclusive Team.

reporting period, we had completed the identification of 4 credit townships and 159 credit villages through the "whole village credit" program, and granted credit of more than RMB 200 million to more than 1,000 village residents on our own initiative.

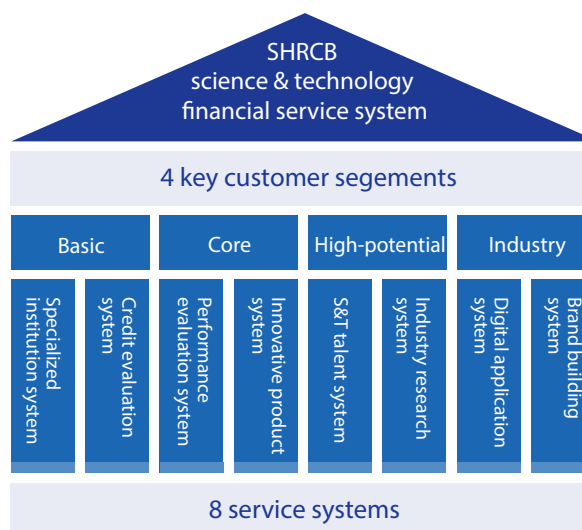
Deepened the microfinance system and innovated diversified development. Set up a special team for the construction of the microfinance system, continued to promote the business model of inclusive microfinance with differentiated positioning, differentiated services and differentiated products as its characteristics and competitiveness, strengthened independent customer acquisition, and enhanced the coverage and brand value of inclusive financial services. Adhering to the principle of serving "SMEs and scattered businesses" and sinking deeper into the inclusive customer base, the Company focused on promoting the construction of microfinance centers, setting up sub-centers, carrying out the integration of branches, and promoting the integration of business and management. At the end of the reporting period, the loan scale and the number of customers of the Microfinance Center had doubled, with the loan balance of the Microfinance Center amounting to RMB 1.97 billion, an increase of RMB 1.174 billion from the end of the previous year, and the average loan per account amounting to RMB 1.499 million.

Focused on team building and improved institutional mechanisms. Set up a special team for inclusive team building, constructed a full-life cycle management system led by customer manager rating, actively conducted internal and external study and research, continuously optimized and improved the tiered and graded organizational structure system, and preliminarily formed a pilot program for inclusive line team building, a rating system for inclusive customer managers, and performance assessment guidance to improve the professional support capacity of the mid-field team. Improved the training management mechanism, strengthened the vertical management of the line with the goal of professional and efficient team, business transformation and upgrading, and enhanced the effectiveness of inclusive financial services.

(IV) Innovated and transformed services to science and technology enterprises, reaching a new level of services.

The Company closely followed the requirements for the construction of Shanghai Science and Technology Innovation Center and Science and Technology Innovation Financial Reform Pilot Zone, put forward the development concept of "Four Pillars and Eight Columns" of science and technology finance¹⁰, completed the goals of the first year of the new three-year strategic development with high quality, further improved the sustainable, full-coverage and guaranteed science and technology financial service system, and made a good job in writing the article of financial resources focusing on scientific and technological innovation.

The source of customer base continued to be enriched. During the Reporting Period, the Company leveraged on the strengths of special industrial parks, innovation and entrepreneurship carriers, and quality investment institutions to form win-win cooperation channels for customer traffic. The Company continued to focus on the core customer segments cultivated by various committees and offices, and carried out precise services with one policy for one customer. Accompanied high-potential customers in strategic emerging industries for the long run, joining hands with incubators to create a "Xinfuhua" service system, taking leading enterprises in the industry as an entry point, cultivating and expanding SME customers in the industry chain, and creating an industry financial ecosystem. At the end of the reporting period, the balance of loans to technology enterprises amounted to RMB 92.516 billion, representing an increase of 29.92% compared with the end of the previous year; the number of customers of loans to technology enterprises amounted to 3,275, representing an increase of 33.13% compared with the end of the previous year, and the scale of loans to "specialized and new"¹¹ enterprises was in the forefront of the industry in Shanghai.



Upgraded professional capacity. During the reporting period, the Company set up six second-tier sub-branches specializing in science and technology finance and two teams specializing in science and technology finance, and established the first head office-level science and technology finance division in Shanghai. We implemented the management policy of "market-oriented operation, line management, professional operation, differentiated assessment and innovative development", and created a favorable atmosphere of "daring to lend, willing to lend and able to lend" by promoting differentiated performance assessment, implementing due diligence and responsibility exemption mechanism, deploying dedicated approval personnel and optimizing the authority of credit approval.

¹⁰ The "four pillars and eight columns" refer to the four major customer segments: basic, core, high-potential, and industrial, a more complete operation system, a more efficient credit evaluation system, a more scientific performance appraisal system, a more comprehensive system of innovative products, a more professional system of scientific and technological talents, a more pragmatic system of industry research, a more accurate system of digital application, and a more comprehensive system of brand building.

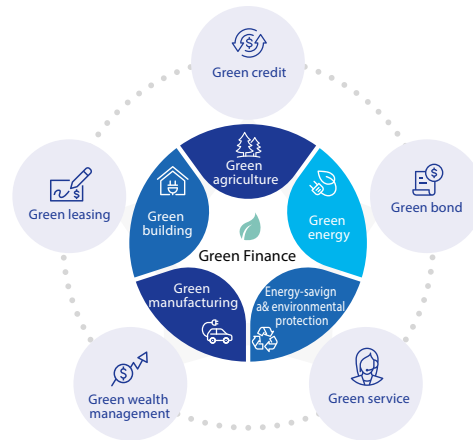
¹¹ "Specialized and New" refers to "Specialized and New" small and medium-sized enterprises and "Specialized and New" small giant enterprises within the validity period of Shanghai.

The quality and efficiency of innovative products were improved. During the reporting period, the Company launched new products based on the enterprise's "core talent + core technology + core advantages" as the measurement coordinates. We released "R&D Loan" to study the credit demand and investment strategy in the process of technological innovation, transformation and upgrading in key technology areas of key industries. Customized "Xinke Express Loan", an online special credit product for technology enterprises. Launched innovative products such as "Xinlian Loan" and forward win-win interest business. Giving full play to the credit-enhancing role of intellectual property pledge financing and exploring model innovation, the balance of the Company's intellectual property pledge financing exceeded RMB 2.2 billion at the end of the reporting period, representing an increase of 169.73% over the end of the previous year.

Ecological empowerment and cohesion. During the reporting period, the Company upgraded and formed "Xindongneng" 3.0, built a comprehensive service system centered on "five specialized services + six-dimensional empowerment"¹². Launched the "Xindongneng Science and Technology Innovation Loan" exclusive product. Improved the exclusive rights and benefits system for "Xindongneng" customers, optimized the approval authority of operating institutions, and effectively enhanced customer perception. Jointly created the "Xin Ecology", a cooperation ecosystem for science and technology enterprises with external professional organizations, to comprehensively enhance the differentiated service capability to "Xindongneng" customers, which significantly increased the number of products and the value contribution of "Xindongneng" customers, further expanding the influence of the "Xindongneng" brand. At the end of the reporting period, the number of enterprises in the Company's "Xindongneng" pool amounted to 940, representing an increase of 208 enterprises as compared with the end of the previous year.

(V) Green finance highlighted and sustainable development service level further enhanced

The Company always adhered to the concept of sustainable development, deepened the construction of its green financial management system in a comprehensive manner, actively promoted the development of its green business and explored new modes of green operation, and was committed to building a bank underpinned by green finance in the Yangtze River Delta region. During the reporting period, the Company achieved excellent results in the implementation of its green financial strategy, successfully accomplishing the first-year strategic objectives in the construction of green management system, the enhancement of green investment and financing scale, and its own green operation, laying a solid foundation for promoting the green and low-carbon transformation of society and empowering social governance.



Deepened the construction of management system and built the cornerstone of green development. The Company initially established the "2+N" institutional framework for green finance, further refined the strategic implementation path, formulated green finance management methods, improved credit investment policies, and enriched the green product system and marketing programs to provide a solid institutional guarantee for the development of green finance. The Company continued to strengthen the whole process of credit management, gradually carried out the identification and assessment of climate-related risks and opportunities, conducted physical risk analysis for credit bond entities, expanded the scope of environmental benefit measurement for green project loans, carried out carbon emission measurement for investment and financing as well as its own operation for the first time, explored the climate transition stress test and ESG risk management evaluation system, and gradually incorporated climate risk into the overall risk management system.

Expanded the scale of investment and financing to facilitate green transformation and upgrading. The Company focused on five core sectors, namely, green agriculture, green energy, energy conservation and environmental protection, green manufacturing and green building, and provided green financial services in five business directions, namely, green credit, green bonds, green services, green finance and green leasing. At the end of the reporting period, the balance of green credit of the Company amounted to RMB 61.431 billion¹³, with an increase of 41.00%, which was significantly higher than the overall credit growth rate in the same period; the balance of green bond investment on balance sheet amounted to RMB 11.549 billion, with an increase of 27.84%, and the scale of green debt financing instruments ranked in the forefront of the rural financial institutions in the country; the balance of green leasing amounted to RMB 10.147 billion¹⁴, with an increase of 45.19%, and a growth rate quadrupled compared with that of the previous year.

¹² The "Five Specialized Services" refers to specialized approval mechanism, exclusive financial products, professional service team, special service solutions, and exclusive rights and benefits system; the "Six Dimensional Empowerment" refers to the integration of industrial resources, docking of policy resources, referral of investment institutions, professional counseling and consulting, talent management services, and financial technology empowerment.

¹³ In accordance with the statistical caliber of the National Financial Regulatory Administration, including on-balance sheet loans, off-balance sheet letters of credit and promissory notes.

¹⁴ According to the statistical definition of the National Financial Regulatory Administration.

Innovated products and services to meet diversified financing needs. The Company was committed to the innovation of green wealth management products with many "first". We co-underwrote and sold the first "Carbon Neutral / Rural Revitalization" green medium-term note in Shanghai, successfully launched Shanghai's first "Water Saving " business, CCER pledge credit, sewage right mortgage and other innovative products, and explored corporate and personal carbon accounts to meet the market's diversified green financing needs. Based on agriculture, the Company actively docked with Shanghai's specialty agricultural geographical indication products and green food, and provided financial services for the production and circulation of a large number of green agricultural clusters, such as Nanhui peaches and 8424 watermelons.

Accelerated digital transformation and improved the quality and efficiency of green financial services. The Company actively embraced digital transformation, completed the continuous iterative upgrade of the first phase of the green financial system, realized the intelligent identification of green business through big data models, and promoted the construction of the system's second phase in which green identification was embedded in the business system to enhance business efficiency. The Company continued to carry out data governance, conducted bank-wide self-inspection and regular spot checks to continuously strengthen the quality of basic data, and strengthened the collection, analysis and application of internal and external green data to provide strong support for green financial decision-making.

Strengthened information disclosure to enhance transparency and credibility. The Company attached great importance to information disclosure and publicly disclosed its first Environmental, Social and Governance (ESG) report, the first environmental information disclosure report compliant with TCFD standards and the first Principles for Responsible Banking (PRB) report in 2023 to demonstrate its social responsibility. The Company continued to enhance its green finance brand image and social influence, and was awarded the MSCI ESG rating of "A", the "Carbon Finance Practice Award" by the Shanghai Environment and Energy Exchange, and the "Best Financial Institution Award" by the GF60 Green Finance Awards.

VII. Business Overview

(I) Retail Finance

The Company practiced customer-centricity, focused on value creation, enhanced specialized operation, empowered management and brand building, deepened retail transformation, accelerated high-quality development, and provided customers with a "financial + non-financial" integrated service system. During the reporting period, the business scale of the retail finance segment maintained stable growth, the business structure continued to be optimized, the deposit and loan spreads further widened, the net income achieved rapid growth, the degree of contribution continued to improve and the value creation ability continued to strengthen.

Key Indicators for Retail Finance Business (Partial)

		Unit: RMB 1000		
Dimension	Item	2023 December 31st	2022 December 31st	Change from previous year (%)
Size	Retail AUM balance	745,882,655	696,714,602	7.06
	-Savings AUM balance	508,323,469	456,309,500	11.40
	-Non-savings AUM balances	237,559,186	240,405,102	-1.18
	Personal loan balances (excluding credit cards)	189,895,929	191,101,344	-0.63
	-Property mortgage loan balances	101,936,325	107,821,023	-5.46
	-Non-property mortgage loan balances	87,959,604	83,280,321	5.62
Customers	Number of personal customers (excluding credit card customers) (Unit: 10,000 accounts)	2,324.60	2,094.41	10.99
	-Number of VIP and wealth customer (Unit: 10,000 accounts)	99.36	91.54	8.53
	-Number of private banking customers (Unit: 10,000 accounts)	0.34	0.33	2.64
	Number of pension payment customers (Unit: 10,000 accounts)	121.88	117.68	3.57
	Number of users on personal online channels (Unit: 10,000 accounts)	613.28	567.70	8.03

Retail Customers and AUM

During the reporting period, the Company adhered to its customer-centric approach and deepened its operations in terms of products, services and channels to effectively enhance its professional service capabilities, focusing on the growing demand for prudent asset allocation. Focusing on key retail customer segments, the Company clarified the operation path of segmentation and categorization, enhanced the influence of the three "Xinshenghuo" brands, strengthened multi-channel linkage and accelerated the transformation of customer value. As at the end of the reporting period, the number of personal customers (excluding credit card customers) amounted to 23,246,000, an increase of 2,301,900 or 10.99% over the end of the previous year. The balance of retail financial assets (AUM) amounted to RMB 745.883 billion, an increase of RMB 49.168 billion, or 7.06%, from the end of last year.

The Company created the "Anxiang Xinshenghuo" pension financial service brand and launched the "Elderly Companion Account", which is a comprehensive, differentiated and companionable featured financial service with the core of diversified asset portfolio allocation using the Anxiang wealth planning as the carrier. At the end of the reporting period, the number of pension payment customers increased by 42,000 as compared with the end of the previous year, with pension payment amount increased by 11.76% as compared with the previous year, and the retail AUM of pension payment customers increased by 11.74% as compared with the end of the previous year. The number of pension payment customers of the Company ranked second in the city in terms of market share in the Shanghai region, and the number of pensions paid during the year increased by 1.08 percentage points compared with the previous year, ranking first in the city in terms of the rate of increase.

Tapped into the brand value of "Yuxiang Xinshenghuo" payroll payment customers, creating a customer base management matrix and adapting exclusive 1+N products for the customer base. During the reporting period, in order to continue to promote the value-added service solutions for payroll payment enterprises, the Company launched the "Xinxintong" payroll platform, which centered around the scenario of payroll payment, and created a one-stop enterprise comprehensive service platform integrating collaborative office, payroll management, intelligent payroll payment, e-payroll, financial management and business management, and empowered the online transformation of traditional businesses. During the reporting period, the Company's payroll payment amount increased by 9.78% as compared with the previous year, and the retail AUM of payroll payment customers increased by 6.18% as compared with the end of the previous year.

Deepened the scope of the "Kaxiang Xinshenghuo" trade union member service, and organized the "Happiness Express" project with the Shanghai Federation of Trade Unions to deliver high-quality time-honored brand products and financial services to workers and boost the city's "lunchtime economy". Meanwhile,

the Company further strengthened dual-card linkage, optimized resource allocation, integrated credit card business into comprehensive customer service solutions, continued to enhance customer stickiness and service quality and efficiency, and actively fulfilled its social responsibility of boosting regional consumer confidence. As at the end of the reporting period, the Company had issued a total of 21,422,500 debit cards, of which 5,984,300 were trade union membership service cards (debit cards), representing an increase of 4.93% as compared with the end of the previous year.

Wealth Management

The Company continued to build a wealth management service system centered on diversified asset allocation for customers and characterized by stability.

First, focusing on value creation, we met the actual needs of customers through differentiated pricing, asset allocation and other initiatives to enhance customer satisfaction and trust. We promoted the growth of low-cost core deposits and optimized the structure of savings deposits, achieving a steady growth in scale while the cost of liabilities was effectively controlled, and achieving both quantitative and qualitative growth. At the end of the reporting period, the balance of retail AUM amounted to RMB 745.883 billion, an increase of RMB 49.168 billion, or 7.06%, compared with the end of the previous year; among which, the balance of savings AUM amounted to RMB 508.323 billion, an increase of RMB 52.014 billion, or 11.40%, compared with the end of the previous year; and the interest rate of RMB savings deposits continued to decline by 19 BPs compared with the end of the previous year.

Secondly, we adhered to the positioning of "steady" wealth management, continuously enriched the "shelf" of wealth management products, launched more than 500 new products, created a portfolio of products adapted to the characteristics of the customer base, formed a "1+N" product and service series with an effective combination of basic and differentiated products to meet the needs of different customer segments for prudent wealth asset allocation, and rapidly promoted wealth management, fund, insurance and other distribution businesses, leading to an effective growth in wealth business revenue, with a year-on-year increase of 18.59%.

Thirdly, the Company strengthened the operation of customer stratification and classification, constructed a three-tier service system comprising wealth management specialists, VIP account managers and private banking account managers, enhanced its professional service capability, further enhanced the richness of customer asset allocation and consolidated its wealth management capability with capital allocation as the core. At the end of the reporting period, the number of VIP and wealth customers of the Company reached nearly 1 million, representing an increase of 8.53% compared with the end of the previous year, and the number of first-time buyers of wealth management, insurance, non-monetary funds and other wealth products exceeded 70,000.

Personal Loan

During the reporting period, the Company steadily implemented its digital development strategy and continued to promote the transformation of the asset structure and optimization of the management system of its personal loan business. In the face of fierce market competition and a wave of price cuts in the industry, the Company realized a significant increase in value contribution and promoted the high-quality development of its personal loan business by continuously strengthening the capacity building of its product, technology, risk control and service systems.



In terms of property mortgage loans, the Company resolutely implemented various real estate policies and continued to support residents' reasonable demand for home ownership; in terms of non-property mortgage loans, in order to positively respond to the national measures for restoring and expanding consumption, and to boost the domestic consumption, the Company vigorously promoted loans for green finance, "New Citizens"¹⁵ and automobile consumption to satisfy the people's pursuit of a better life. During the reporting period, the "New Citizen" loan amounted to RMB 1.027 billion, which greatly enhanced the sense of security, belonging and happiness of new citizens. At the same time, the personal loan business was empowered by digitalization, gradually realizing the in-depth integration of digital technology and business, and greatly enhancing the customer experience and operational management efficiency of the personal loan business.

Amidst changes in the external operating environment and insufficient credit demand from customers, the scale of the Company's personal loans was basically stable and in line with the overall market trend. At the end of the reporting period, the balance of personal loans (excluding credit cards) amounted to RMB 189,896 million, representing a slight decrease of RMB 1,205 million, or 0.63%, from the end of last year. Affected by the wave of early repayment of loans, the balance of property mortgage loans amounted to RMB 101.936 billion, a slight decrease of RMB 5.885 billion, or 5.46%, compared with the end of last year; the balance of non-property mortgage loans amounted to RMB 87.960 billion, an increase of RMB 4.679 billion, or 5.62%, compared with the end of last year, of which the balance of personal consumption loans amounted to RMB 39.346 billion, an increase of RMB 1.669 billion, compared with the end of last year; the balance of personal business loans amounted to RMB 48.613 billion, an increase of RMB 3.011 billion from the end of last year. The balance of personal non-performing loans (excluding credit cards) amounted to RMB 1.915 billion, with a NPL% of 1.01%. The balance of non-performing loans in the property mortgage category was RMB

469 million and the balance of non-performing loans in the non-property mortgage category was RMB 1,446 million. In response to the competitive environment of declining interest rates in the lending market, the Company, through refined management and differentiated risk pricing strategies, continued to improve the yield on personal loans, which increased by 2BPs from the end of the previous year, and the increase in interest income from personal loans by 3.77%, which further enhanced the revenue contribution and realized the high-quality development of the personal loan business.

(II) Corporate Finance

Focusing on the national and regional development layout and the new three-year strategic plan, the Company has built four strategic financial layouts, including an integrated financial service system driven by trading banking, an inclusive financial service system highlighted by agricultural finance, a science and technology financial service system featuring science and technology innovation finance, and a sustainable financial service system underpinned by green finance, by giving full play to its comprehensive financial service advantages in products, services, channels, technology and teams. At the end of the reporting period, the total number of corporate customers of the Company was 344,300, representing an increase of 1.29% over the end of the previous year; the balance of corporate loans amounted to RMB 452.023 billion, representing an increase of RMB 46.713 billion, or 11.53% over the end of the previous year, with the proportion of the balance of corporate loans in the suburbs amounting to 62.57%; the balance of Corporate deposits amounted to RMB 477.321 billion, representing an increase of RMB 18.625 billion, or 4.06% over the end of the previous year, with the proportion of the balance of corporate deposits in the suburbs reached 58.80%; the interest payment rate of corporate deposits decreased by 5 BPs.

Key Indicators for Corporate Finance Business (Partial)

Unit: RMB 1000

Dimension	Item	2023 December 31st	2022 December 31st	Change from previous year (%)
Size	Total corporate customer finance (FPA)	574,685,131	501,729,386	14.54
	-Non-credit FPA	143,739,447	112,338,079	27.95
	Balance of corporate loans ¹⁶	452,023,341	405,310,611	11.53
	-Manufacturing loan balance	93,302,670	81,083,616	15.07
	- Science and technology enterprise loan balance ¹⁷	92,515,644	71,211,935	29.92
	- Inclusive SME loan balance	77,927,601	64,113,342	21.55
	-Green credit balance ¹⁸	61,430,550	43,567,214	41.00
	Corporate deposit balance ¹⁹	477,321,465	458,696,154	4.06
Customer	Number of corporate customers (10,000 accounts)	34.43	33.99	1.29
	-Active corporate settlement customers (accounts)	45,016	39,926	12.75
	-Number of science and technology enterprise loan customers (accounts)	3,275	2,460	33.13
	-Number of inclusive SME loan customers (10,000 accounts)	5.03	3.41	47.51

¹⁵ "New citizens" mainly refers to various groups of people who come to live permanently in cities and towns for reasons such as their own business or employment, children's schooling, and reliance on their children, and who have not obtained local household registration or who have obtained local household registration for less than three years, including, but not limited to, migrant workers, workers, blue-collar workers, owners of micro- and small-scale enterprises, self-employed business owners, and students of colleges and employed fresh graduates, and so on.

¹⁶ Data on public loan balances do not include reposting.

¹⁷ According to the statistical caliber of the National Financial Regulatory Administration.

¹⁸ According to the statistical caliber of the National Financial Regulatory Administration, it includes green loans, green letters of credit and green promissory notes.

¹⁹ Includes margin deposits and other public deposits.

Trading Bank

The Company continued to focus on the construction of the 5+3 business system of transaction settlement, supply chain finance, trade finance, cross-border finance, channel construction, investment banking, asset management, and wealth management with a customer-centered approach, to further promote the transformation and development of "commercial banking + investment banking", giving full play to its core competitiveness, and building up an eco-financial ecosystem with trading banking as the engine.

In terms of transaction settlement, the Company focused on corporate cash management and multi-banking services around the actual needs of enterprises in digital transformation, exported scientific and technological innovations, and continued to enhance customer experience. We promoted the scenario penetration of cash management business, and deeply penetrated into customers' daily payment and settlement and fund management through products such as funds pool, Xinyi account book and corporate settlement card. The Company also advanced the research and development of the Xinyi Multi-bank Treasury System 2.0 in an orderly manner, and explored the comprehensive financial services of "business and finance integration". As at the end of the reporting period, there were 1,222 core customers for treasury management, with a transaction volume of RMB 296.9 billion in treasury business, 45,000 active corporate settlement customers, representing an increase of 12.75% compared with the end of the previous year, and RMB transaction volume of corporate customers through online channels amounted to RMB 2.73 trillion.

In terms of supply chain finance, the Company continued to conduct in-depth research on the characteristics of the industry and gradually increased the scale of supply chain project placement; gave full play to the Company's professional advantages and explored the acquisition of a number of core enterprises in the field of agriculture; and delved into the front line to understand customer needs, comprehensively optimized the customer experience of the intelligent supply chain system, the level of risk management, and enhanced the product stickiness of the upstream suppliers. During the reporting period, the Company's online supply chain finance disbursement amounted to more than RMB 5 billion in total, with the number of loans exceeding 25,000, serving nearly 50 local core enterprises, with an average ticket size of just over RMB 200,000 per loan.

In terms of trade finance, the Company focused on the development of bill business system and business process reshaping, created a new discounting product "Xinmiaotie", and launched a new generation of bill business system to realize the compatibility and processing capability of the traditional electronic commercial drafts (ECDS bills) and the new-generation "Equal Separation Notes" (ESPs). At the end of the reporting period, the Company's direct discounting scale of bills amounted to RMB 39.544 billion, representing an increase of RMB 13.219 billion, or 50.21%, over the end of the previous year. During the reporting period, the Company accumulated 1,174 discounting customers, an increase of 295 customers or 33.56% over the previous year, and the annual discounting amount rose to the 6th place in Shanghai market. Giving full play to the advantages of low capital consumption of off-balance sheet products of trade finance, the Company actively customized

comprehensive trading banking service solutions for customers based on trade background through trade finance products such as domestic letters of credit, international letters of credit and primary market forfaiting, etc. During the reporting period, the incurred amount of letters of credit of the Company amounted to RMB 20.625 billion, representing an increase of 29.22% over the previous year. Launched Electronic Letter of Guarantee 3.0, which supports three types of scenarios, namely, quick-issuance mode for full deposit below 5 million, open facility mode which enables multiple online issuance after signing a facility contract, and electronic bidding mode directly connected to Shanghai Public Resources Transaction Center, to satisfy diversified needs of enterprises in terms of speed of issuance, guarantee modes, application channels, etc. During the reporting period, nearly 5,000 non-financing letters of guarantees were issued and nearly 1,000 customers were served, which fully supported the business strategy of servicing "SMEs and scattered businesses".

In terms of cross-border finance, the Company explored customer needs in depth in multiple scenarios and innovated business types. During the year, the Company landed the Bank's first M&A loan for privatization of China concept stocks and a number of green projects in support of the "Belt and Road Initiative", which, while implementing the green transformation of cross-border financing, further promoted Chinese enterprises to go global and optimized the structure of cross-border assets to green finance, and effectively fulfilled the strategic policy of increasing support for green industries and low-carbon economy.

In terms of channel construction, the Company built a "one main and two auxiliary" online service system for its corporate banking line around three major corporate e-channels, namely, Enterprise Internet Banking, Enterprise Mobile Banking and Enterprise WeChat Banking. During the reporting period, the online service capacity of the Company's financial business was upgraded, with the launch of Enterprise Internet Banking 3.0, focusing on the development of Enterprise Mobile Banking 5.0, and newly built the Enterprise WeChat Banking, gradually unifying the service window for corporate businesses.



In terms of investment banking, the Company focused on the synergistic business model of "Financing + Intelligence", realized full coverage of mainstream investment banking products, and provided customers with comprehensive financial services throughout their life cycle. In terms of bond underwriting business, we successfully landed six innovative bond projects, including the first "Carbon Neutral + Rural Revitalization" double-labeled bond in Shanghai, the Company's first insurance company capital replenishment bond, and the Company's first purpose-built science and technology innovation note + CRMW etc. During

the reporting period, bond underwriting amounted to RMB 45.069 billion, representing a year-on-year increase of 31.53%. The underwriting amount of non-financial corporate debt financing instruments ranked the first among the principal underwriters of rural and commercial banks nationwide, and the fifth among the principal underwriters in Shanghai, with a rise of four places compared with the ranking at the end of the previous year; of which, the underwriting amount of medium- and long-term bonds amounted to RMB 15.681 billion, ranking the second among the principal underwriters in Shanghai. In terms of M&A business, we focused on enhancing the level of M&A financial services to technology enterprises and the real economy, continuously improving the all-round and full-chain M&A financing needs covering core enterprises, management and shareholders of core enterprises and the Group system, and forming a new business system of "financing + intelligence". During the reporting period, the scale of M&A business grew by 34.52% against the trend, and the number of new customers increased by 24.44%. In respect of agency referral business, the Company made every effort to build an ecosystem covering various non-banking institutions such as insurance, trusts, brokerage firms, leasing, funds, etc., focusing on two types of customer segments, namely, inclusive finance and science and technology finance, and giving full play to the advantages of synergy between institutions and complementary products, so as to further enhance the level of comprehensive services for customers. During the reporting period, the scale of agency referral business continued to grow, with the number of customers doubling compared to the same period last year, of which more than 30% were technology enterprises.

In terms of asset management, the ability of the Company's asset management business to serve corporate customers and build a trading bank steadily improved. The head office and branch offices collaborated efficiently around the comprehensive financial service needs of corporate customers, promoted cross-marketing in a comprehensive manner, met the diversified investment, financing and transaction settlement needs of corporate customers through customized wealth management, asset linkage, and investment to expand new business models, etc., enhanced customer stickiness and effectively attract customers to open corporate accounts which leads to comprehensive financial services and marketing opportunities, promoted the quality and quantity of FPA+AUM and the comprehensive value creation contribution of wealth management business. In addition, the Company was approved by the China Securities Regulatory Commission for the qualification of securities investment fund custodian. During the reporting period, the Company completed various preparatory work such as team formation, system construction and institution building to meet the requirements of laws and regulations for custodian organizations, and established connections with a number of peer financial institutions such as fund companies, brokerage capital management companies, trust companies and banks' wealth management subsidiaries, so as to prepare for the subsequent cooperation in custodianship.

In terms of wealth management, the Company continued to polish its agency products and optimize customer service experience. In terms of the RMB agency business, by enriching the types of products such as over-the-counter bonds and structured deposits, and by combining customers' actual needs with cross-market research, the Company provided customers with asset allocation, risk avoidance and other asset preservation and value-

added strategies, and endeavored to enhance customer activity. In terms of foreign exchange agency business, we strengthened exchange rate risk-neutral publicity, regularly carried out on-line and off-line exchange market seminars and customer salon events, and integrated on-line and off-line services through publicity for pan-customer groups and follow-up with key customers, so as to optimize the information exchange between the bank and its customers, and to effectively increase the foreign exchange hedging rate of the Bank.

Inclusive Finance

During the reporting period, the Company insisted on finance for the real economy, and continued to enhance the accessibility of financing for small and micro enterprises, personal business owners, farmers and new agricultural business entities, with a richer system of inclusive financial credit products, and the long-term mechanism with courage, willingness, capability and professionalism to lend. At the end of the reporting period, the balance of the Company's inclusive SME loans amounted to RMB 77.928 billion, representing an increase of 21.55% over the end of the previous year; the number of inclusive SME loan customers amounted to 50,300, representing an increase of 47.51% over the end of the previous year, with the customer base coverage further expanding, and the results of the strategy of serving "SMEs and scattered businesses" further manifested; and the balance of agriculture-related loans amounted to RMB 66.378 billion, representing an increase of 3.04%. During the reporting period, the weighted average interest rate of newly issued inclusive SME loan was 4.04%, a decrease of 31 basis points from the end of the previous year.

Continuously optimized the layout of inclusive SME customer base and product system. During the reporting period, the Company improved its integrated management system, strengthened the loading of diversified products, further consolidated the construction of the basic customer base of inclusive finance, and continuously improved the comprehensive service capacity and management level of Inclusive SME customers, with increasing customer stickiness. The Company strengthened the management of marketing and customer promotion, and the Precision Marketing 1.0 program was put into production and launched to support precision customer promotion and improve the quality and efficiency of precision marketing. Based on the integration and optimization of the inclusive product system, the Company carried out digital innovation and transformation of offline inclusive products, developed the online cumulative loan business, and continued to optimize products such as the bank tax loan and the business e-loan, so as to continuously improve the efficiency of business development and customer experience. The Company further strengthened the penetration of the Microfinance Center, and through effective screening, accurately positioned the potential target customer groups, focused on centralization and batching, innovated the marketing and business development mode, and intensified the downward penetration of the customer groups to serve the real economy. At the end of the reporting period, the balance of the Company's inclusive online loans amounted to RMB 24.152 billion, representing an increase of RMB 6.205 billion, or more than 30%, compared with the end of the previous year, and the number of serviced accounts was 9,228, of which the balance of "business e-loan" amounted to RMB 21.180 billion, representing an increase

of RMB 5.732 billion compared with the end of the previous year. The Company was awarded the Outstanding Organization Award of the 2nd China Yangtze River Delta Financing Guarantee Vocational Skills Competition in Shanghai and the title of Outstanding Partner of Shanghai Entrepreneurial Guaranteed Loan Special Training.

Further improved processes, mechanisms and team building.

During the reporting period, the Company focused on carrying out inclusive business process reshaping, formulated the whole process online and offline reshaping plan and specific strategies in a tiered and categorized manner, and pushed forward the integration of the inclusive intelligent risk control system with the credit management system of the Corporate Credit Management System, the introduction of the regular due diligence system and other digital risk controls, so as to improve the operational efficiency and enhance the new experience of the inclusive business process. Strengthened team building, completed the inclusive team building pilot program and rating system, continuously improved the tiered and graded organizational structure system, and enhanced the combat and execution power of the inclusive team. Improved the seamless loan renewal mechanism to enhance new customer experience in loan renewal and financing. We promoted the seamless connection between matured loan and loan renewal, and actively carried out seamless loan renewal work mainly in the form of loan renewal without principal payment, T+0 loan renewal and revolving loan. During the Reporting Period, the Company provided a total of RMB 61.174 billion in seamless loan renewals for SMEs, of which RMB 19.995 billion in cumulative loan renewals without principal payment for SMEs, benefiting 2,382 enterprises, and was honored with the Shanghai Banking Association's "Outstanding Cases of Inclusive Financial Services in the Banking Sector of Shanghai in 2023".

Fully utilized policy tools to highlight the effectiveness of policy benefits. During the reporting period, the Company actively utilized the central bank's refinancing funds and various policy tools, focusing on inclusive finance for small and micro-enterprises, "agriculture, rural areas and farmers", science and technology and other credit entities, to promote the precise and effective targeting of monetary policy and help market entities recover and develop. During the reporting period, the Company issued loans totaling over RMB 28 billion under the PBOC's refinancing policy, supporting the credit needs of more than 5,800 SMEs, SME owners, farmers and other credit demands. In addition, passed on the policy sub loans to benefit enterprises, during the reporting period, the Company cumulatively utilized nearly RMB 5 billion of sub loan funds from policy banks, benefiting approximately 1,200 accounts of inclusive SMEs and agricultural entities.

Continuously supported the construction of rural credit system in Shanghai. During the reporting period, the Company deepened the cooperation between banks and villages, increased the coverage of rural financial services, and continued to promote the gradual renovation of honest villages into credit villages of the central bank, and successively inaugurated the first "credit town" and "credit township" in Jinze Town, Qingpu District, Shanghai, and Hengsha Town, Chongming District, Shanghai. Through the special activity of "credit to whole village", 159 credit villages and 4 credit (township) towns were recognized. The Company cooperated with the Shanghai Rural Revitalization Research Center to carry out financial assistance to the development

of fixed observation points for rural revitalization. All outlets and fixed observation points for rural revitalization under their jurisdiction carried out grid-based party building and created a grid-based party building brand, giving full play to the pulling effect of finance on the development of Shanghai's rural areas and effectively enhancing the accessibility, affordability and sustainability of inclusive finance, with a coverage rate of 90%.

Promoted the sustained growth of financial ecosystem in the agriculture-related field. During the reporting period, the Company initiated a special research on the agricultural industry chain of new industries, taking financial support for the agricultural industry chain as the research theme, and visited 43 core enterprises/platforms of the agricultural industry chain one after another. Promoted the iteration of credit risk model and focused on process management. Continued to provide customized and complementary online financial services for the core enterprise industry chain. During the reporting period, the Company disbursed industry chain loans of RMB 2.290 billion to 476 farmers in the industry chain. At the end of the reporting period, the balance of the Company's inclusive agricultural loans amounted to RMB 14.295 billion, representing an increase of 26.28%, with the service coverage continuing to expand, maintaining the leading position in the regional market for financial services to "agricultural, rural areas and farmers". During the reporting period, the Company's cumulative loans to agricultural business entities under the Shanghai Administer Center of Policy Financing Guarantee Funds for SMEs exceeded RMB 1 billion, continuing to rank first in the industry in Shanghai.

Science and Technology Finance

The Company continued to implement the service concept of "earlier science and technology innovation, more comprehensive science and technology, and more advanced scientific research" to build a science and technology financial service system featuring science and technology innovation finance, explored the effective path of financial support for the construction of Shanghai Science and Technology Innovation Center and Shanghai Science and Technology Innovation Financial Reform Pilot Zone, refined and improved its science and technology financial business with professionalism. During the reporting period, the Company laid out four major channels for expanding customers from science and technology enterprises in multiple dimensions, built up eight major science and technology financial system structures in an all-round way, and continuously improved its professional and comprehensive service capacity in science and technology finance. The Company was honored with the "2022 Shanghai Science and Technology Finance Cooperative Bank Excellence Award", "2022 Shanghai Intellectual Property Finance Excellent Contribution Award" and "2022 Shanghai Banking Industry Outstanding Unit in Science and Technology Financial Services" and other awards.

Steadily expanded the basic customer base of technology enterprises. At the end of the reporting period, the balance of loans to technology enterprises amounted to RMB 92.516 billion, representing an increase of RMB 21.304 billion, or 29.92%, compared with the end of the previous year; the balance of loans to technology enterprises accounted for 20.47% of the loan balance, representing a rise of 2.90 percentage points compared with the end of the previous year; the number of customers for loans to technology enterprises amounted to 3,275, representing

an increase of 815, or 33.13%, compared with the end of the previous year, and ranked among the top in the industry in Shanghai, serving nearly 6,900 customers cumulatively. The average ticket size of loans to technology enterprises was further reduced, with 74.7% of the accounts having a single account balance of RMB 10 million or below, representing an increase of 2.26 percentage points from the end of the previous year.

Continued to deepen the core customer base of technology enterprises. As at the end of the reporting period, the Company focused on high-tech, specialized and new, and technology SMEs and other enterprises on the government certification list, and had provided services to nearly half of the "Specialized and New 'Small Giant'" enterprises and about 30% of the "Specialized and New" SMEs in Shanghai. Among them, 175 "Specialized and New 'Small Giant'" enterprises and 1,761 "Specialized and New" SMEs in Shanghai were our credit customers, with credit balances of RMB 8,848 million and RMB 38,860 million, representing an increase of 41.48% and 36.07% respectively compared with that as at the end of the previous year, with loan balances of RMB 7,464 million and RMB 32,937 million respectively, up by 43.82% and 37.02% respectively compared with that as at the end of the previous year.

Made efforts to attack high-potential customer groups of technology enterprises. The Company continued to promote its service model supported by industry research, with industry development and enterprise valuation growth as key references, focusing on the technological attributes, development track, core technology, actual controller and team background of the enterprise, and providing financial services support to early- to mid-stage technology enterprises with venture capitalist mindset. On the basis of the existing product system, the Company actively responded to the call of the regulator to launch the "Forward Win-Win Interest" product, which utilized stepped interest rates as the pricing mechanism, to further strengthen the cultivation and support for early- and mid-stage enterprises. Meanwhile, the Company continued to strengthen the expansion and construction of key channels such as incubators and investment institutions by formulating special service products or plans, optimizing the proprietary evaluation system, supporting special service teams and approval channels, and carrying out the construction of "Xinfuhua" base. At the end of the reporting period, there were 214 investment institutions in the Company's fund pool in total, an increase of 60 compared with the end of the previous year.

Focused on connection with the science and technology finance industry segments. The Company focused on the development of Shanghai's "2+(3+6)+(4+5)" industries, plowed deeply into industrial parks, and drove the circulation of the industrial chain with financial support. As at the end of the reporting period, our 3,275 technology enterprises with credit accounts were mainly concentrated in the manufacturing industry, information transmission, software and information technology service industry, and scientific research and technology service industry, with the proportion of the number of accounts accounting for 56.42%, 16.49% and 9.59% respectively.

Built a multi-level specialized institution system. During the reporting period, the Company set up the first headquarter-level technology finance division in Shanghai, which was organically integrated with the existing business and model of Zhangjiang

Science and Technology Sub-branch to form a synergy, and gradually built it into a research and development center for innovation and mechanism optimization of technology wealth management products and an incubator for technology-specialized teams; and set up six second-level sub-branches featuring technology finance and two technology finance featured teams in conjunction with the spatial layout of the important areas for Science and Technology Creation Center of Shanghai, and systematically formulated implementation plans, and implemented differentiated support policies for subsequent sub-branches and technology finance featured teams in terms of assessment, incentives, approval and due diligence exemption, etc., so as to provide an experience model for the comprehensive promotion of subsequent science and technology finance specialty sub-branches and science and technology finance specialty teams.

Enriched diversified specialty product system. During the reporting period, the Company, in line with the characteristic of "knowledge-heavy and asset-light" of science and technology enterprises, actively explored the intellectual property pledge financing business for new businesses such as integrated circuit layout; launched the "Xindongneng Science and Technology Innovation Loan", and experimented with a credit mechanism of "medium- and long-term credit term + short-term debit term + annual review system renewal"; developed the "R&D Loan" special product and explored the credit investment in science and technology innovation; upgraded "Science and Technology Innovation Loan in Lingang Park" 3.0, aiming at realizing the goal of "targeting early-stage and small businesses, innovation-driven, and building ecology"; carried out digital transformation and promoted the construction of the online assessment mini program for incubator enterprises and the online marketing system of "Xinke Express Loan"; optimized industry-specific service solutions, such as clinical lending, to meet the financing needs of pharmaceutical R&D enterprises whose products are in the early stages of clinical trials. At the end of the reporting period, the balance of the Company's intellectual property pledge financing exceeded RMB 2.2 billion, representing an increase of 169.73% as compared with the end of the previous year, and the Company was awarded the title of "Shanghai Intellectual Property Finance Innovation Center". Credit disbursement further highlighted the characteristics of "targeting early-stage and small businesses, medium and long-term, and credit", with the balance of loans to science and technology SMEs and the number of loan accounts accounting for 80.17% and 97.13%, respectively. The balance of unsecured loans for technology enterprises accounted for 62.9%, while the balance of medium- and long-term loans for technology enterprises accounted for 42.9%.

Formed an ecology of customer empowerment system. During the Reporting Period, the Company continued to promote the cultivation of "Xindongneng" strategic emerging customers, and joined hands with the government, commissions and offices, exchanges, investment institutions and brokerage firms to build the "Xinshengtai" in-depth alliance of science and technology financial services. Centering around "Xindongneng" customers' development characteristics and service needs at different growth cycles, the Company launched "Xindongneng" 3.0 service program, comprehensively upgraded the mode, mechanism, products, empowerment, and ecology, formed a comprehensive service system with "five specialized services

+ six-dimensional empowerment" as the core, highlighted the integration of investment and commercial banking, strengthened comprehensive empowerment, formed the "Pilot Program" brand of Xindongneng, and organized a series of thematic activities. The Company further strengthened the dissemination of the "Xindongneng" brand to enhance market recognition and reputation, thereby effectively deepening customer stickiness and enhancing customer value contribution. At the end of the reporting period, the number of enterprises in the Company's "Xindongneng" pool amounted to 940, the number of listed enterprises in the pool had reached 100, an increase of 34 compared with the end of the previous year, and the number of enterprises to be listed had reached 89, an increase of 19 compared with the end of the previous year, which highlighted the role of incubation and the capacity of capital market serving high-growth enterprises.



Green Finance

The Company actively implemented the national "dual-carbon" strategy, practiced the concept of sustainable development, and explicitly proposed to build a "sustainable financial service system underpinned by green finance", promoting green development with financial strength and vigorously promoting green finance.

Continuously improved the green financial system. During the reporting period, the Company revised the Green Finance Development Strategy of SHRCB for 2021-2025, formulated the Measures for the Management of Green Finance of SHRCB and the Credit Policy of SHRCB for 2023, and issued the Action Program of SHRCB on Implementing Carbon Emission Reduction Support Tools and Accelerating Green Transformation of Assets, the Guidelines for the Marketing of Carbon Emission Reduction Loans of SHRCB and the Management Measures for Sewage Right Mortgage Loan of SHRCB and Management Measures for CCER Pledge Credit Business of SHRCB to make up for institutional deficiency and improve the business system.

Continuously improved green financial management system.

During the reporting period, the Company actively promoted the construction of green financial business management system by taking digital transformation as a starting point; continuously improved the level of data governance for green financial business and strictly controlled the quality of data; and continued to carry out disclosure of information related to green finance, and disclosed to the public during the year the Company's first ESG report, the first environmental information disclosure report benchmarking against the international TCFD standard, and the first United Nations Principles for Responsible Banking ("PRB") Report.

Actively strengthened the innovation of green wealth management products and services.

During the reporting period, the Company co-underwrote the first green medium-term note of 2023 for SPI Ronghe Financial Leasing Co., Ltd. and realized the first "Carbon Neutral Debt / Rural Revitalization" green medium-term note underwriting and issuance in the Shanghai region; landed the first distributed photovoltaic loan and the first collateralized loan for sewage rights of the Bank; signed a cooperation agreement with Shanghai Pudong Water Affairs (Group) Co. Ltd. for the first water network renovation "Water Saving" loan in Shanghai; and as the co-lead bank, landed a RMB 3 billion ESG sustainability-linked syndicated loan for Ronghe Leasing, which was the largest RMB green syndicated loan to be financed by the whole market in 2023.

Continuously increased the scale of green financial investment and financing.

At the end of the reporting period, the balance of the Company's green credit was RMB 61.431 billion²⁰, an increase of 41.00% over the end of last year, mainly invested in energy-saving and environmental protection industry, clean energy industry and infrastructure green upgrading; the balance of on-balance-sheet green bond investment position was RMB 11.549 billion, an increase of 27.84% over the end of last year; the allocation of green bonds in asset management products was RMB 2.139 billion, an increase of 28.97% over the end of last year; the balance of green financial leasing was RMB 10.147 billion²¹, an increase of 45.19% over the end of last year. During the reporting period, the Company underwrote a total of RMB 1.05 billion of green bonds.

(III) Financial Markets and Financial Institutional (FI) Business

Focusing on the construction of the "Trading + Agency" dual center, the Company's financial market business, in the face of the complex financial market environment, responded to market trends, made every effort to cope with the uncertainties brought about by market fluctuations, seized advantageous investment opportunities, and achieved a steady rise in asset returns. At the same time, we continued to strengthen the construction of the FI ecosystem and enrich the variety of products for our customers, so as to promote the synergy and empowerment of the "Bank + customers + institutions" through "products + services", and to enhance the quality of our integrated financial services.

²⁰ In accordance with the statistical caliber of the National Financial Regulatory Administration, including on-balance sheet loans, off-balance sheet letters of credit and promissory notes.

²¹ According to the statistical caliber of the National Financial Regulatory Administration.

Investment Trading

During the reporting period, the Company focused on the main line of high-quality development and promoted the steady development of investment trading business in the financial market. Firstly, we implemented the spirit of the Central Financial Work Conference, boosted the high-quality development of finance with our investment trading business, optimized the allocation of resources, served the real economy, and increased the asset investment in the green, inclusive and science and technology fields. Secondly, closely followed the direction of the economic environment and situation, strengthened the tracking and monitoring of fiscal and monetary policies, grasped market opportunities, switched strategies at the right time, flexibly adjusted the asset structure, and enriched asset returns. Thirdly, effectively performed our duties as a primary dealer in open market business, market maker for spot bonds in the interbank bond market, underwriter for treasury bonds and policy financial bonds, and did a good job in liquidity transmission and market pricing, and took the initiative to participate in the underwriting of thematic bonds such as "Urban Infrastructure" and "Inclusive Schooling" for policy banks to fulfill our responsibility. Fourthly, actively integrated into the factor market innovation, and landed the "Yangtze River Delta Green Theme Commercial Bond Basket", "Centralized Bond Lending" and many other market "firsts", strengthened the construction of trading ecosystem to support Shanghai as an international economic center and financial center.

During the reporting period, the Company successfully became an attempted spot market-making institution for the interbank RMB foreign exchange market, and its foreign exchange trading business took a new step forward. Participated in RMB bond investment under FT; became the only member of rural commercial institution for lending and foreign currency pair trading under FT of the Foreign Exchange Trading Center. Participated in the Foreign Exchange Trading Center with RMB foreign exchange trading volume exceeding USD 360 billion, ranking among the top 40 in the whole market for three consecutive years; foreign currency market trading volume exceeding USD 340 billion, ranking among the top 20 in the whole market. In both rankings, the Company was the only rural commercial institution in the program.

During the reporting period, the Company continued to maintain active market trading and was awarded "Annual Market Influential Organization", "Market Innovative Business Organization", "Best Foreign Currency Pair Member", "Excellent RMB Foreign Exchange Currency Swap Member" by China Foreign Exchange Trading Center, "Best Inquiring Institution", "Best Contributing Institution for Business Innovation" by Shanghai Gold Exchange; China Central Depository & Clearing Co., Ltd. (CCDC): "Top 100 Settlement Institutions", "Socially Responsible Institution for Collateral Business", "Excellent Underwriter for Over-the-Counter Bonds Business"; "Excellent Collateral Business Participating Institution" of Shanghai Clearing House; "Excellent Underwriter Award" of China Development Bank's Financial Bond Inter-bank Market; "Innovative Cooperation Award" of China Exim Bank, etc.

Agency Business

During the reporting period, the Company proactively responded to customers' needs and focused on optimizing the service experience of its agency products to enhance customer stickiness through high-quality services. **In respect of the RMB agency business**, we enriched the range of wealth management products and launched products such as short-duration counter bonds and structured deposits linked to new benchmarks in a timely manner. We also launched a number of investment strategies at the right time, relying on our professional service capabilities to help customers avoid risks and preserve and appreciate their assets in a volatile market environment. The number of active customers for our RMB agency products increased by approximately 108% year-on-year. **In respect of foreign exchange agency business**, the Company actively promoted the concept of exchange rate risk neutrality, improved the system of foreign exchange agency products, and endeavored to promote the use of foreign exchange derivatives by corporate customers to avoid exchange rate risks. The trading volume of the Company's agency foreign exchange derivative products amounted to approximately USD 3,185 million, representing a year-on-year increase of 66%.

FI Business

During the reporting period, the Company continued to expand the breadth and depth of FI cooperation, and was committed to providing customers with comprehensive financial service packages and realizing value empowerment through diversified product loading. **Firstly**, we focused on the construction of the FI ecosystem, strengthened the linkage of multiple departments within the Bank and upgraded the marketing service expansion system. **Secondly**, deeply engaged in the operation of the ecosystem customer base, sharing resources with peer institutions and tapping the potential of multi-disciplinary business cooperation. **Thirdly**, actively engaged in peer-to-peer communication and cooperation to maintain and expand our global agent bank network. At the end of the reporting period, the Company had a total of 579 correspondent banking institutions worldwide, continuing to maintain its leading position in the domestic agricultural financial system.

Asset Management

The Company's asset management business has always adhered to the prudent and steady operation strategy, with the aim of serving customers' wealth management needs and the development of the real economy, continuing to enrich the system of wealth management products mainly based on steady strategies, constructing investment portfolios based on fixed-income assets and diversified asset allocations, improving the specialized investment management and trading capacity of wealth management funds, and increasing investment and financing support for entities in key regions through comprehensive financial service solutions to provide value for customers through the development of the economy based on the characteristics of the region. At the end of the reporting period, the Company had 483 wealth management products in existence, with a total scale of RMB 181.894 billion²², the scale

²² According to the statistical caliber of the National Financial Regulatory Administration.

of wealth management continued to be the largest among rural financial institutions in China, and the performance of wealth management product redemption remained "zero net break".

Enriched the spectrum of wealth management products and consolidated the solid brand reputation. Closely following the changes in the market and customer demand, we focused on the layout of the "Anxiang Series" of low-fluctuation and stable wealth management products according to the risk-return characteristics, and effectively enhanced the stability of product net value performance. With the dual strategy of "assets" and "amortized valuation", the Company smoothed the net value curve and effectively enhanced the stability of the net value performance of the products; based on the excavation of high-quality assets, the Company further enriched the duration of the private wealth management products to fully satisfy the diversified allocation needs of the customers; and formed the "Wealth + Inclusive + Characteristic" "5+X" wealth management product system.

Adhered to the strategy of value creation and empowered the operation and management of customer segments. Focusing on the characteristics of customer segments, the company issued exclusive wealth management products for key customer segments such as payroll, social security, union cards, mortgages and new wealth management customers, thus promoting the stickiness of payment and settlement, activity and value creation of retail customers as a whole. Since the full netting of wealth management products, the cumulative revenue generated for customers has exceeded RMB 9.7 billion.

Consolidated the quality of our investment and research strengths and brought into play our professional operation standards. We continued to strengthen the integration of investment and research, improved the all-round research system covering macro, capital, interest rate, credit and broad asset allocation; built a ladder-type product management structure, formulated a product performance early warning mechanism, and set up an investment manager's investment behavior analysis model, so as to further enhance refined investment management of wealth management products.

Continuously enhanced management capability and effective brand building. During the Reporting Period, the Company received a number of awards, including the "Golden Bull Award" by China Securities Journal, the "Jiefu Award" by Caixin China, the "Annual Asset Management Award" by Shanghai Securities News and the "Golden Goodwill Award" by P&E Standard. " by China Securities Journal, "Jiefu Award" by Caixin China, "Annual Asset Management Award" by Shanghai Securities News and "Golden Goodwill Award" by PY Standard, etc. The Company has been ranked No. 1 for four consecutive quarters in the rural commercial banks for wealth management institutions in the 2023 Bank Wealth Management Comprehensive Capability Ranking released by CSI Jinniu.

(IV) Fintech

The Company firmly promoted the "Focus+" digital transformation strategy and insisted on high-quality and sustainable development of Fintech. During the reporting period, focusing on strategic priorities and adhering to the value creation orientation, the top-level design of digital transformation continued to be

improved, the development strategy for digital transformation was formally released and the planning was iteratively compiled, and key digital projects were steadily promoted, injecting strong kinetic energy for high-quality development. The working mechanism for business and technology integration was continuously optimized, forming a new pattern of business-technology mutual promotion and gradually showing the results of collaborative work. We established a working system structure for process innovation and customer experience, and enhanced service quality and efficiency through standardized management. The technology support capability was significantly enhanced, the technology management system was continuously upgraded, the R&D process optimization was effective, the R&D delivery capability was effectively improved, and the technology architecture and fault management were continuously deepened.

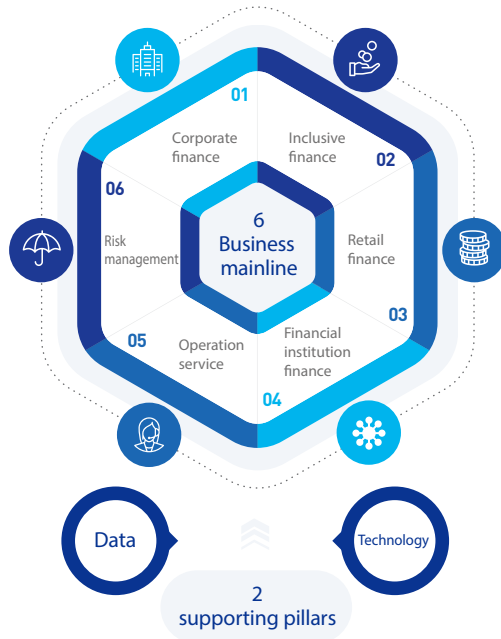
During the reporting period, the Company invested approximately RMB 1.135 billion in Fintech representing a year-on-year increase of 14.05%. At the end of the reporting period, the Company had 818 full-time Fintech personnel, accounting for 9.15% of the total number of employees, and the number of Fintech personnel increased by 14.4% compared with the end of the previous year; the number of software copyrights was 7, and the number of national patents was 5, of which 3 were invention patents.

During the reporting period, the Company was honored with the People's Bank of China Fintech Development Award, the Asian Banker 2023 Best Compliance Risk Technology Implementation Award for Regional Finance, the 2023 Digital Finance Gold List Award - Best Corporate Internet Banking Award, the Shanghai Banking Industry Digital Transformation Excellent Case, the Financial Institutions' Best Practice Award in the 4th Yangtze River Delta Global Competition on Fintech Innovation and Application, the 7th Outstanding Case of Technology Innovation of Rural Small and Medium-sized Financial Institutions - Outstanding Case of Technology Management Innovation, the 4th Outstanding Case of Digital Transformation of Small and Medium-sized Financial Institutions - Outstanding Case of Business and Data Platform Innovation Award, the 14th Fintech Innovation Award - Fintech Enabled Business Innovation Award, the 2023 Shanghai Banking Industry Fintech Enabling Inclusive Finance Special Merit Competition First Prize, 2023 Agricultural Credit System Cybersecurity Competition Team Second Prize and Cybersecurity Technical Competent Person, the Diamond Award of the 3rd China RPA+AI Developer Competition, and many other Fintech competitions and innovation awards.

Deepening the top-level design and mechanism of digital transformation

During the reporting period, the Company actively promoted the implementation of the "Digital Transformation and Fintech Development Strategy of SHRCB for 2023-2025". New progress was made in the six business lines of corporate finance, inclusive finance, retail finance, interbank finance, operation services and risk management in the six major areas of "scenario ecology, product self-service, channel integration, operation digitization, risk control intelligence and operation automation". The data support segment continued to improve, and the data governance and data quality management system continued to be perfected. The technology support segment implemented specific initiatives to accelerate the enhancement of agile R&D and independent

control capabilities with the goals of "centralized architecture, dual-mode R&D, automated operation and maintenance, three-dimensional security, and systematic governance".



During the reporting period, the Company completed the second round of rolling preparation of digital transformation and system group planning with the business digital transformation target as the anchor point, covering a total of 23 system groups in 7 major professional segments and forming more than 400 tasks, effectively connecting the long-term development direction with the short- and medium-term work targets, and accelerating the promotion of the digital transformation of the business in conjunction with the construction of the system system.

During the reporting period, the Company conducted extensive grassroots research to stimulate the enthusiasm of frontline staff to think about and put forward their demands for digital transformation, with a 100% feedback rate and 99% resolution rate for the current year. The "Woodpecker Management Platform" was built to form a sustainable and highly efficient closed-loop management mechanism for the bank's digital transformation pains and difficulties, as well as innovations and ideas, so as to realize a good situation in which knowledge is shared across the bank, consensus is reached on proposals, and actions are actively taken to advance together.

During the reporting period, the Company consolidated and deepened the mechanism of business and technology integration. In conjunction with the general requirements of "theme education", the Company optimized the working mechanism of "joint decision-making, joint visitors and joint implementation", and improved and detailed the implementation and promotion initiatives. Relying on carriers such as the "Integration and Progress" thematic merit competition and the special issue of digital transformation work, the Company summarized its

experience and practices, publicized and promoted typical cases, achieved knowledge sharing and reuse, and accelerated the effectiveness of organizational integration. During the reporting period, the Company's "Digital Transformation "Integration+" Business and Technology Integration Mechanism" was awarded the 2023 Shanghai Banking Industry Digital Transformation Excellent Case.

Strengthening the basic capabilities of Fintech

During the reporting period, the Company continued to consolidate the basic capabilities of financial science and technology, deepened the science and technology management 2.0 system, improved the various management mechanisms and institutions, and steadily advanced its science and technology work towards standardization and normalization.

Upgraded Technology Management 2.0 and released the "3+2" application architecture system to standardize the construction of application systems. Optimized the architect training system to continuously improve the effectiveness and control of technology management. Continuously optimized the application system infrastructure, 63 sets of key information systems were put into production with dual-center and dual-activation transformation in an orderly manner, and the time consumed for disaster cutover was significantly shortened, while system availability and business continuity was significantly improved.

Upgraded Test Management 2.0, formed the "3+2+1" working system, enhanced the automation of testing work, further improved testing efficiency, and successfully passed the TMMi3 certification, test management work entered a new stage of standardized development.

Upgraded R&D Management 2.0, R&D delivery capability was significantly enhanced, with a 78% year-on-year increase in the number of projects put into production, significantly accelerated R&D pace, and significantly shortened delivery cycle, effectively promoting the quality and efficiency of science and technology R&D.

Upgraded IT Risk Management 2.0, the "Risk Analysis, Risk Examination and Risk Indicator" trio made concerted efforts to achieve effective fault management, significant R&D quality optimization, effective control of production risks and significant progress in management level. During the reporting period, the Company's "IT Risk Management Methods Enhancement Project" was honored as an excellent case of technological management innovation in the Seventh Small and Medium-sized Rural Financial Institutions Technological Innovation Excellence Case Selection in 2023.

Solidified the talent guarantee for digital transformation, steadily expanded the scale of the team, and strengthened personnel training and echelon construction. Optimized the dual-channel development system for talents, improved the multi-level Fintech training and cultivation system, and built a differentiated cultivation model with obvious results. Attached importance to the management of cultural positions, innovated cultural publicity methods, set up models and benchmarks, and further improved the team's strength and organizational cohesion.

Upgraded data governance capacity

The Company's data strategy for 2023-2025 was based on deepening the application of data elements, deepening the comprehensive application of data, enhancing the data supply capacity, improving the data governance system, and guaranteeing data security and compliance, so as to improve the level of data management, support the development of business operations and assist the digital transformation of the entire bank. The Company continuously improved its data governance capability, improved the coordination mechanism among business, data and technology, continuously promoted the standardization and implementation of data standards, and strengthened the management of master data at the enterprise level for customers and products; established a mechanism for "special + daily" enhancement of data quality, as well as a mechanism for upgrading and expanding the scope of data quality issues, and moved the quality verification rules forward to the source system, and built a cloud verification system to strengthen data quality control and improve data quality management. Being value-oriented, the content of data assets was enriched, and on the basis of basic data assets, service data assets such as NCM indicators and external data were unified to realize the visualization of indicator data, promoted the sharing and utilization of external data, and gradually empowered business development.

Deepened the innovative use of Fintech

During the reporting period, the Company joined hands with securities and insurance institutions to establish the Intelligent Finance Professional Committee of Shanghai Fintech Industry Alliance to strengthen the cross-industry, cross-market and cross-institution application of AI in the financial sector, and to promote technical exchanges, joint research and collaborative innovation among peer institutions.

The Company established the Usability Research Laboratory, which focused on "setting goals and tasks and mobilizing resources", and made comprehensive use of research methods such as assessment visits, usability tests, in-depth interviews, focus groups and eye movement tests to promote the laboratory's projects in project research, innovation and exploration, and visits and exchanges. During the reporting period, we focused on electronic channels and conducted research on the customer experience of Mobile Banking 7.0 and Corporate Internet Banking 3.0, as well as explored and practiced data mining to empower customer management and enhance customer experience by digital means.

The Company improved the working mechanism of Fintech research, builds a platform for Fintech research, exchange and display within the Company, creates a Fintech research team with strong learning and drilling ability, launches a batch of research results with high quality and transforms them on the ground, and helps technology empowerment to create value.

The Company deepened the application of Fintech. In terms of the application of artificial intelligence technology, we established technical frameworks such as Perception Capability Group,

Cognitive Capability Group and Decision-making Capability Group, which were applied in business scenarios such as identity identification, intelligent customer service, intelligent marketing and intelligent risk control; we empowered nearly 30 business application scenarios by using OCR technology and 100+ business application scenarios by using RPA technology; and we constructed the Privacy Computing Platform to realize "data availability and invisibility", deepened data application under the premise of security and compliance, effectively solved the problems of data security and privacy protection, and applied in business scenarios such as retail long-tail promotion and potential customer mining for inclusive; finance big model technology had achieved bright results in the application of intelligent compliance system.

Strengthened security operations and maintenance and information protection

The Company established a "two locations and three centers" disaster recovery structure in Shanghai and Shenzhen to further enhance its disaster recovery capability, set up production and operation management mechanisms and teams in line with it, and successfully passed the annual review of ISO20000 in an effort to enhance the maturity of its data center service capability and to provide basic support for digital transformation. During the reporting period, the information system of the Company operated stably and reliably.

The Company adhered to the bottom line of safety, strengthened network security management and improved the integrated security defense system. During the reporting period, we continued to optimize the management mechanism and technical means to enhance our data security management capability, protect customer privacy and build a solid data security defense. We continued to enhance the awareness of cybersecurity responsibility of all staff, continuously improved the level of cybersecurity management, safeguarded the quality of production operation and maintenance services, and successfully passed the annual review of ISO27001. Continuously improved our security development life cycle management system to guarantee the quality of R&D delivery. Continuously implemented security reinforcement, improved threat discovery, blocking and deep defense capabilities, successfully completed various key protection tasks, and provided customers with secure and stable financial services.

Strengthened Fintech to enable digital transformation

During the reporting period, the Company steadily pushed forward various aspects of digital transformation, enriched its wealth management products and service system, strengthened the application of business scenarios and value creation, and accelerated the development of business empowered by Fintech. Throughout the year, 58 sets of new systems were launched, effectively promoting the implementation of the Bank's strategic plan and major business transformation.

In terms of empowering retail business, we refreshed and upgraded Mobile Banking 7.0 to strengthen the omni-channel

support for customer operations. Improved the visualization system of the retail business platform, operational decision-making data support, data timeliness, and analysis of business development potential. Upgraded and optimized the retail data mart to enhance the ability to support the operation data of customer public and wealth business-related indicators. Newly put into production retail marketing strategies to strongly support the automated operation of business scenarios.

In terms of empowering corporate business, we upgraded Enterprise Internet Banking 3.0, upgraded six core business modules, including transfer, issuance, bills, foreign exchange, etc., to create a customer experience that is "specialized, refined, versatile and easy to use". The new corporate customer management system was launched, realizing a new level of lifecycle management in customer reach, marketing and customer service. During the reporting period, the Company's "CCRM1.0" was awarded the Best Practice Award for Financial Institutions in the 4th Yangtze River Delta Fintech Innovation and Application Global Competition. A new-generation note business system was put into production, significantly enhancing the self-service and online capabilities of note business. Launched the new international settlement business system, restructuring the business process of cross-border remittance, and comprehensively improving the customer experience.

In terms of empowering inclusive finance, digitalization helped to effectively improve the coverage and convenience of rural financial services, and launched the Agricultural Wholesale and Trade Ecological Platform Project, forming a scenario-based, platform-based and intelligent business expansion model for the industry chain. The Company enriched its inclusive loan product line with the launch of innovative products such as Inclusive Easy Loan, Micro Enterprise Loan and Accumulated Loan. During the reporting period, the Company's "Agricultural Industry Chain Financing Service Based on Big Data Technology" project was included in the innovative application of Shanghai's Fintech innovation and regulatory tools (regulatory sandbox), and entered the testing and operation stage. The "Intelligent Inclusive Financing Platform for Rural Revitalization" project won the third prize of the Fintech Development Award of the People's Bank of China.

In terms of empowering risk management, we built a digital risk control support system, improved the construction of a digital credit platform, and continued to promote the iterative optimization of models. Constructed an intelligent compliance "3.0" management platform and an account risk prevention and control platform to enhance the level of risk control intelligence. Promoted the construction of the Basel III system project group, and put into production the second generation of the risk-weighted asset measurement system and the credit risk market system to effectively enhance the level of risk measurement and capital management. Continuously optimized the corporate credit management system and launched online e-guarantee, employee shareholding loan, Xindongneng, investment and loan incubator and other products, which effectively boosted business development. Constructed the second generation of the credit risk early warning system to create an intelligent early warning

system and enhance the ability of post-loan risk management and control. Launched the construction of the second generation of the personal credit business system to help the digital transformation of the personal credit business.

In terms of empowering operation and management, we promoted the intensive operation mode of the back office to continuously improve operation efficiency. Continuously expanded the promotion of mobile smart counter equipment for corporate door-to-door account opening business scenarios, enhancing the ability of corporate door-to-door service. Enhanced the customer experience of smart machines in the halls and carried out financial accessibility transformation to meet aging service needs.

(V) Channel Development

During the reporting period, the Company firmly established the core positioning of outlets as the main business entity, optimized the layout of outlets, promoted the transformation of outlets in an orderly manner, accelerated the upgrading of offline channels, constructed a three-dimensional operation pattern of "Outlet+APP+Remote", set up a new mode of online and offline interaction for customer management, promoted the synergistic and integrated operation of channels, and constructed a large-scale, synergistic and intelligent bank with wide coverage, standardized processes, replicable systems and sustainable effects.

Network Management

During the reporting period, based on market research, data analysis and policy research, the Company scientifically formulated the new three-year branch layout plan, optimized the branch layout on the basis of maintaining a balanced total number of branches, accelerated the allocation of branches to customer resource-rich districts, and made the branches compatible with the distribution of urban planning, the regional economy and the resident population, so as to form a branch distribution system that penetrates the entire jurisdiction with in-place radiation. Further optimized the layout of suburban outlets, based on consolidating the advantages of the existing outlets in townships, focused on the construction of Shanghai's "Five New Towns", "urban clusters" and "large residential communities", the Company effectively expanded the coverage of its services through the adjustment of sites.

At the end of the reporting period, the Company had a total of 364 branches, including: 357 branches in Shanghai and 7 branches outside Shanghai. The number of branches in 108 towns in Shanghai totaled 243, basically realizing full coverage. In the "Five New Towns", a total of 128 branches were constructed. During the reporting period, the Company initiated adjustment of 27 branches and completed the adjustment of 13 branches, of which 1 was newly established, 11 were relocated and 1 was merged. The specific distribution of the outlets is set out in the table below:

Name	Business address	Number of outlets	Number of employees	Asset scale (RMB Million)
Headquarters Business Department	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai, China	1	123	126,792.47
Pudong Branch	1F, Building 4, No.58 Yaoyuan Road, Pudong New District, Shanghai	43	781	146,714.70
Shanghai Pilot Free Trade Zone Branch	Room 103, No.8 Yincheng Zhong Road, Pudong New District, Shanghai, China	1	59	6,924.58
Minhang Branch	1-2/F, No. 670, Qixin Road, Minhang District, Shanghai	25	512	73,810.12
Jiading Branch	1F, No. 3081, Huyi Highway, Jiading District, Shanghai; 1F, No. 557, 561, Yecheng Road; Room 206, 207, 22F, 23F, 25F, 26F. No. 565	26	471	59,490.99
Baoshan Branch	No. 1198, Mudanjiang Road, Baoshan District, Shanghai	27	436	74,287.79
Songjiang Branch	No. 405, North Renmin Road, Songjiang District, Shanghai	25	485	61,445.47
Jinshan Branch	No. 505, West Weiqing Road, Jinshan District, Shanghai	20	443	51,038.11
Qingpu Branch	No. 399, Gongyuan Road, Qingpu District, Shanghai	22	434	63,239.59
Fengxian Branch	No. 2251, 2259, 2263, 2267, Wangyuan South Road; No. 399,407, Zhanyuan Road, Fengxian District, Shanghai	26	423	52,234.08
Shanghai Pilot Free Trade Zone Lingang New Area Sub-branch	1/Floor, No. 162 Shengang Avenue, Nanhui New Town/ 2nd Floor, No. 628-2 Yunjuan Road , Pudong New District, Shanghai	29	503	81,802.17
Chongming Branch	No. 188, Beimen Road, Chengqiao Town, Chongming Township, Shanghai	31	412	55,612.38
Putuo Branch	No. 599, Xincun Road, Putuo District, Shanghai	19	295	36,515.85
Changning Branch	No. 8, Lane 555, Gubei Road, Changning District, Shanghai	9	184	16,953.33
Xuhui Branch	No. 3-7, Lane 9, Zhaojiabang Road, Xuhui District, Shanghai	16	288	39,006.64
Hongkou Branch	L1-01, No.399 East Changzhi Road, Hongkou District, Shanghai	10	162	14,458.60
Yangpu Branch	No. 1599, Huangxing Road, Yangpu District, Shanghai	9	202	20,886.92
Huangpu Branch	1F, East Annex Building, No.29 Jianguo Middle Road, Huangpu District, Shanghai	5	144	19,733.21
Jing'an Branch	No. 770, West Beijing Road, Jing'an District, Shanghai	10	194	16,853.99
Zhangjiang Science and Technology Branch	Room 103-108, No. 8, Zone B, Lane 500, Zhangheng Road, Pudong New District, Shanghai	3	81	13,704.75
Zhejiang Yangtze River Delta Integration Demonstration Zone Sub-branch	No. 67-63, Jiashan Avenue, Luoxing Sub district, Jiashan Township, Zhejiang Province	2	47	7,512.12
Xiangtan Township Branch	No. 598, Jingui South Road, Yisuhe Town, Xiangtan Township, Hu'nan Province	3	74	4,284.03
Kunshan Branch	Room 1-5, Building 18, Jiulongwanhuayuan, No. 388, Chezhan Road, Kunshan Development Zone, Jiangsu Province	2	66	6,880.72

Note: The number of employees includes labor dispatchers.

With the goal of enhancing customer experience, the Company has continuously optimized the construction standards of its outlets to create an outlet environment with convenient business handling, professional services and a warm environment, to promote the transformation of the outlets from settlement transactions to experiential services that satisfy the diversified needs of customers, and to enhance the overall image of the outlets; and based on the needs of the elderly customer base, the Company has actively built a pilot of outlets featuring pension finance and enhanced the service capability of its outlets by means of a featured business model. During the reporting period, 26 new standard outlets of the Company were newly opened. At the end of the reporting period, the Company had a total of 794 intelligent teller machines with 159 business functions and a business diversion rate of around 80%. During the reporting period, the average daily transaction volume of the Company's core accounting system amounted to 7,879,900 transactions, representing a year-on-year increase of 15.79%.

Online Channels

With respect to the construction of personal online channels, the Company has continued to promote the upgrading and optimization of online channels with the customer experience as the center, forming an omni-channel operation and service system with the Mobile Banking APP as the main position, and WeChat Banking, Internet Banking, mini programs and other online channels as effective supplements. Among them, mobile banking upgraded more than a hundred business functions from the perspective of users, making

digital financial services faster and warmer through the digital process re-engineering of user journey and business journey. At the end of the reporting period, the number of users of the Company's personal online channel was 6,132,800²³, representing an increase of 8.03% from the end of the previous year, and the e-channel carried 96.05% of the Bank's wealth management and 94.83% of fund transactions.

As for the remote banking center, the Company deepened its service orientation, improved the construction of the system platform, accelerated the application of intelligent technology, and focused on improving its service capability. At the end of the reporting period, the satisfaction rate of the Company's manual remote banking services reached 99.43%.

(VI) Major Subsidiaries

The Company strictly complies with the relevant provisions of the Company Law, the Commercial Bank Law, the Guidelines on the Consolidated Management and Supervision of Commercial Banks, the Code of Corporate Governance for Banking and Insurance Institutions and other laws and regulations to exercise shareholders' rights in compliance with the law and continuously improve the management of its subsidiaries. During the reporting period, the Company exercised comprehensive and continuous control over corporate governance, capital management, risk management, financial management, incentives and restraints of its subsidiaries, strengthened the Group's strategic leading role over subsidiaries, enhanced the business synergy between the Group and subsidiaries, established a Group linkage management mechanism, formed integrated service within the Group, and continuously enhanced its regional competitive advantages.

1. SHRCB Rural Bank

In response to the call of the CPC Central Committee, the State Council and the former CBRC, the Company established the first village bank in Chongming Township in 2009 to fill the gap in rural financial services, meet the increasingly diversified rural financial needs and promote the development of the township, SMEs and the development of "agriculture, rural areas and farmers". In 2011, it initiated and established 34 village banks in Shandong, Hunan and Yunnan provinces and in Beijing and Shenzhen, forming a strategic layout of "organic integration of the East, Middle and West, one in the South and one in the North". At the end of the reporting period, the registered capital of the 35 SHRCB rural banks totaled RMB 2.878 billion of which the Company held RMB 1.778 billion shares.

During the reporting period, the 35 rural banks centred on the new three-year strategic plan, understood the "four-self" principles of commercial banks, namely self-management, self-risk management, self-financing and self-restraint, and adhered to the market positioning of serving SMEs and scattered businesses, the marketing of community halls, and the services of villages, and steadily pushed forward the various strategic initiatives to the ground. Steadily pushed forward all strategic initiatives, gradually formed a business model with the characteristics of "SHRCB rural bank", enhanced the brand influence, and contributed to the high-quality and sustainable development.

At the end of the reporting period, 35 SHRCB rural banks achieved total assets of RMB 36.084 billion, total net assets of RMB 3.689 billion, principal balance of deposits of RMB 30.775 billion, principal balance of loans of RMB 19.982 billion, and the share of agricultural and SME loans in total loans reached 90.43%. During the reporting period, the 35 rural banks together realized operating income of RMB 912 million and net profit of RMB 81 million.

2. Yangtze United Financial Leasing Co., Ltd.

Founded in June 2015, Yangtze United Financial Leasing Co., Ltd. is one of the first financial leasing companies under banking system in China to implement the mixed ownership reform of state-owned enterprises under the State Council and comprehensively implement the market-oriented operation mechanism. The Leasing Company headquarters in China (Shanghai) pilot free trade zone. As of the end of the reporting period, the registered capital of Yangtze Financial Leasing Co., Ltd. was RMB 2.45 billion, and the Company controlled 54.29% of its equity.

During the reporting period, with the vision of "creating a 'specialized, refined and beautiful' financial leasing brand with distinctive professional features and convenient customer service capabilities", Yangtze United Financial Leasing established the core business strategy of "industrialized development, digital transformation and specialized operation", focusing on the three business development directions of "inclusive leasing, green leasing and equipment leasing". Based on the Yangtze River Delta urban agglomeration, it provides convenient and efficient services to SME customers, and is the bridgehead for SHRCB's group layout of business in the Yangtze River Delta.

At the end of the reporting period, Yangtze United Financial Leasing had total assets of RMB 37.815 billion and net assets of RMB 4.889 billion. During the reporting period, it realized an operating income of RMB 1.334 billion and a net profit of RMB 645 million.

(VII) Major Participating Companies

During the reporting period, the Company invested in Hangzhou United Rural Commercial Bank Co., Ltd. with the aim of responding to the national integrated development strategy of the Yangtze River Delta, proactively seeking synergistic development between the two regions, and linking rural financial institutions in the Yangtze River Delta region with capital as a "link" to form a synergistic force for development. At present, the two parties have signed a strategic cooperation agreement, and in the future will strive to realize the linkage of the two regions, common development, and common services to the Yangtze River Delta integrated development strategy.

At the end of the reporting period, the Company's major equity participation companies included Jiangsu Haimen Rural Commercial Bank Co., Ltd. and Hangzhou United Rural Commercial Bank Co., Ltd. with shareholding ratios of 8.96% and 4.00% respectively. Other major equity participation companies include Rural Credit Banks Funds Clearing Center Co., Ltd. and National Green Development Fund Co., Ltd., with shareholdings of 5.76% and 1.13%, respectively.

²³ The number of personal online channel users includes the number of personal mobile banking users, personal Internet banking users, and WeChat banking users.

VIII. Key Focuses in Operation

(I) Net Interest Margin

During the reporting period, the domestic and international situation was complicated and severe, the marketization of interest rates continued to advance, and the regulation guided financial institutions to give benefits to the real economy, and the interest rate spread of the banking sector as a whole was under pressure. The Group's net interest margin was 1.67%, a decrease of 16 basis points from the previous year.

On the asset side, the Group's asset yield declined by 18 basis points from the previous year. Under the orientation and market environment of benefiting the real economy and interest rate market reform, the LPR quotes for loans were reduced twice, and the LPR for 1-year term and 5-year term or above were reduced by 20 BPs and 10 BPs cumulatively during the year, and the interest rate for new loans continued to decline, which, coupled with the impact of repricing of existing loans, resulted in a downward trend in the yield on assets. In the face of the downward pressure on asset yields, the Group intensified its efforts in asset restructuring and actively responded to market changes. Firstly, continued to strengthen the allocation of broad asset classes to promote the steady growth of credit scale and support the development of the real economy; secondly, increased credit support in key areas and optimized the structure of loan investment. At the end of the reporting period, the growth rate of inclusive SME loans, science and technology enterprise loans, and green loans was higher than the growth rate of loans in general; thirdly, optimized the strategy of financial investment and FI operation, dynamically adjusted asset structure, flexibly adjusted the pace of investment, and actively responded to the changes in the market interest rates.

On the liability side, the Group's cost of debt ratio decreased by 4 basis points compared with the previous year. The Group insisted on optimizing the liability structure and continued to strengthen the active management of liability costs. Firstly, implemented the requirements of the marketization of deposit interest rates, looked forward to market changes, optimized deposit pricing strategies and effectively lowered the level of deposit interest rates; secondly, continued to enhance its comprehensive service capabilities, ploughed deep into the operation of customer tiering, expanded settlement deposits and drove a steady growth in the scale of demand deposits, while at the same time, strengthened the management of long-duration and high-cost time deposits to promote the optimization of the deposit maturity structure, and the effectiveness of active management of deposit maturity structure continued to be reflected; thirdly, under the market environment where the pivot of the interbank funds interest rate rose compared with that of the previous year, the Company dynamically planned its liability structure, broadened financing channels such as central bank refinancing and bond issuance, and realized the basic stability of the cost of interbank funds liabilities.

Looking ahead to 2024, the external environment is expected to remain a mix of opportunities and challenges, macro policy adheres to seeking progress while maintaining stability, interest rate marketization reform continues to be promoted, and the level of interest rate spreads, in line with the overall trend of the

industry, is expected to continue to narrow. On the asset side, asset yields are expected to maintain a downward trend due to multiple factors such as benefiting the real economy, interest rate marketization reform, existing mortgage rate adjustment and existing loan repricing. On the liability side, the dividends from the reform of deposit interest rate marketization will continue to be released. With the repricing of medium- and long-term deposits at maturity and the continuous adjustment of the maturity structure, it is expected that the level of interest payment rates will continue to decline, providing some cushion for the downward trend of asset returns. In the future, the Group will continue to strengthen its forward-looking research and judgment, closely follow the policy guidance and support the development of the real economy. Meanwhile, the Group will strengthen its refined management, further optimize and adjust its asset and liability structure, proactively and flexibly respond to changes in the market, and align interest margin with the market.

(II) Net Non-Interest Income

During the reporting period, the Group achieved net non-interest income of RMB 5,714 million, representing a year-on-year increase of 17.26%, and accounting for 21.63% of the operating income, representing an increase of 2.62 percentage points as compared with that of the previous year, with the structure of the income being optimized. Among them: in respect of fees and commissions, the Group focused on key customer segments and seized market opportunities in a timely manner, with sales of insurance and other wealth products increasing at a fast pace and steady growth in settlement and bills and letters of credit businesses, which drove net fee and commission income up by 5.23% year-on-year; in respect of other non-interest income, the Group kept up with the market trend and continued to optimize the structure of assets and liabilities, with the combined income from investments and gain from changes in fair value increasing by 48.52% year-on-year.

Looking forward to 2024, the Group will promote the high-quality development of net non-interest income in the following aspects: first, strengthen the management concept of financial and private customer segment, expand customer coverage, target at full-volume customers, improve operation quality and efficiency through stratification and classification, and continuously improve the contribution of customers' value; second, continue to build a product center stage, provide diversified wealth products and services, and at the same time, utilize Fintech means to improve customers' experience of wealth asset allocation and realize the quantitative and qualitative increase of customers' financial assets; thirdly, strengthen the concept of FPA operation, focus on the diversified needs of customers, continue to push forward the development of the bill letter business, expand the bond underwriting, mergers and acquisitions, agent referral, and other investment banking businesses, and broaden the non-interest income.

(III) Capital Management

The Group has thoroughly implemented the requirements of the new three-year capital plan, and promoted an effective balance between the use of capital and its return by playing the roles of capital constraints and resource allocation, so as to enhance the organic growth capacity of capital. Firstly, supported business development and balanced output and efficiency, differentiated

the allocation of risk-weighted assets (RWA) in accordance with the efficiency of capital utilization, and guided the investment of capital in business areas with higher returns; secondly, promoted structural adjustment, and tilted the capital to key areas such as inclusive, green, science and technology, agriculture and pension finance, etc., and pushed forward the practice of "capital-light" development mode throughout the Bank. At the end of the reporting period, the ratio of the Group's risk-weighted assets to total assets stood at 60.93%, a decrease of 1.15 percentage points from the end of the previous year; thirdly, insisted on endogenous accumulation of capital as the main method of capital replenishment, maintaining a healthy and stable level of profitability, an adequate and reasonable level of provision, and a reasonable and stable dividend policy, and at the same time utilizing diversified capital replenishment tools in accordance with the needs in due course to enhance the strength of capital. At the end of the reporting period, the Group's capital adequacy ratios at all levels were slightly higher than those at the beginning of the year, and capital buffers were relatively sufficient.

The Measures for Capital Management of Commercial Banks ("New Capital Regulations"), which came into effect on January 1, 2024, implemented differentiated capital regulation and more detailed and risk-sensitive measurement rules, resulting in both increases and decreases in capital consumption in different business segments of the Company. The Company has proactively responded to the changes in the new regulations by accelerating the construction of the new risk-weighted asset measurement system and related data governance, conducting bank-wide publicity and training on the new capital regulations, and reflecting the latest requirements in internal management mechanisms such as credit investment policies, RWA allocation, capital assessment and evaluation, etc., to guide the bank in forward-looking planning of asset layouts oriented around the new regulations.

In the next phase, the Company will take the implementation of the new capital regulations as an opportunity to comprehensively enhance its ability to manage capital in a refined manner, enhance its endogenous capital accumulation capacity by optimizing the allocation of internal capital resources and promoting the transition to a "capital-light" business, so as to maintain an adequate and reasonable level of capital.

(IV) Asset Quality

The Company continuously strengthened its risk management and control and intensified its efforts to dispose of non-performing loans, and its asset quality indicators remained stable for a long period of time. In terms of loan risk classification, the Company strictly enforced the relevant provisions on risk classification of the regulatory authorities and accelerated the progress of reclassification of existing business within the transition period of the Measures for the Risk Classification of Financial Assets of Commercial Banks by applying the new regulations, so as to fully and truly reflect the level of asset quality.

In the face of the complex and severe domestic and international economic environment, the Company accelerated the digital transformation process and enhanced its risk management capability in the entire process, focusing on promoting high-quality development. During the reporting period, the Company

established rules and regulations to improve the quality of basic data of credit business, deepened the management of large-ticket-size credit business, focused on the prevention and control of risks in key areas such as real estate, inclusive SME loans, and retail online loans, and took various measures to maintain the overall stability of asset quality.

As for real estate loans, as at the end of the reporting period, the Company's corporate loans to the real estate industry amounted to RMB 104.6 billion, with a non-performing loan ratio of 2.18%. Influenced by the overall situation of the real estate market, the Company's corporate loans to the real estate industry saw several large non-performing loans during the reporting period, and the NPL% of corporate loans to the real estate industry increased. However, the Company's real estate loans were mainly invested in the Shanghai area, with relatively controllable geographical risks, adequate guarantee mitigation and impairment accrual, and the overall credit risk was controllable.

In terms of inclusive SME loans, at the end of the reporting period, the Company's inclusive SME loan NPL% was 1.45%, an increase of 0.1 percentage points from the end of the previous year, mainly due to the fact that the overall economic situation in the current year was still in the stage of recovery from the impact, and the inclusive SME loan entities, as the end of the economic conduction, recovered slowly in terms of their operating conditions, financial conditions and tax performance; in addition, the Company's individual emerging businesses were optimized and adjusted in the reporting period, resulting in the concentrated clearing of NPL. In the future, the Company will continue to strengthen its ability to prevent credit risks of inclusive SME customers through the following initiatives. First, focus on key industry-oriented, increase the marketing and promotion of precise customer segments, and improve the quality of customers at the onboarding stage; secondly, adhere to the advantages of local legal entities and review the credit limit according to the actual operating conditions of SMEs, so as to safeguard the reasonable financing needs of SMEs while preventing over-credit; thirdly, improve the application of digitalized risk control tools, develop and apply analysis platforms and intelligent risk control systems, and continuously improve the risk early warning and monitoring mechanism and risk resolution and disposal mechanism adapted to inclusive SME loans. Based on the comprehensive research, the regulatory policies at all levels in support of the recovery and development of SME entities are expected to continue and be strengthened, and the development of SMEs will be further cared for in the process of the continuous improvement of the economic fundamentals. It is expected that the overall asset quality of the Company's inclusive SME loans will be controllable and the trend will be favorable.

In respect of retail online loans, the Company dynamically adjusted the direction, scale and growth rate of business development in accordance with the macroeconomic environment, and strived for sustainable business development, maximization of returns and optimization of asset structure on the premise of controllable risks. Focusing on scenario-based finance, the Company developed a business promotion model that focuses on self-management and supplemented by channels. Strengthened customer segmentation management, avoided over-reliance on a single external data, and continuously enriched the dimensions of customer profiles. Strengthened the risk management of the entire life cycle of customers, continuously

iterated and optimized risk control models and strategies, and conducted multi-dimensional risk monitoring. At the end of the reporting period, the Company's retail online loan size was RMB 56.341 billion, the NPL% of retail online loans was 1.56%, up by 0.62 percentage points from the end of the previous year, with loan risks and returns generally matching and credit risks generally controllable.

In the next stage, the Company will continue to improve the risk management system of credit business, orderly promote the reconstruction projects of the credit risk early warning system and personal credit business system, continuously improve the functions of the corporate credit management system, carry out special data governance, strengthen the post-loan management and the management of non-performing assets, and promote regular determination of responsibility and accountability in order to maintain the quality of credit assets at a stable level.

(V) Real Estate Loans

The Company adhered to the positioning of "houses are for living, not for speculation", maintained stable and orderly real estate financing, and met the reasonable financing needs of real estate enterprises of different ownership without discrimination. During the reporting period, due to the impact of the overall situation of the real estate market, the Company's corporate loans to the real estate industry saw several large non-performing loans and the NPL% of corporate loans to the real estate industry increased, however, the Company's real estate loans were mainly invested in the Shanghai area, with relatively controllable geographic risk, adequate guarantee mitigation and impairment accrual, and the credit risk was generally controllable.

The Company took the initiative to strengthen the management of real estate loans and treated different types of real estate credit business differently, focusing on supporting the construction of guaranteed housing (including guaranteed rental housing) in the Shanghai area, the centralized residence of farmers in the suburbs transferred from their residence bases, supporting the development loans for general commercial residential projects in the Shanghai area, and supporting scientific research houses, warehousing houses, and stable business properties serving the real economy such as the manufacturing industry.

During the reporting period, the Company prioritized the allocation of financial resources to key areas of rural revitalization by supporting major livelihood projects in the field of "agriculture, rural areas and farmers", such as the transformation of the "village in town" in Shaojialou Plot in Pujiang Town, and actively created a model for rural revitalization, thereby achieving the deep integration of financial services and rural revitalization; opened up exclusive financing channels by supporting major industrial projects such as the West Coast Media Harbour project, helping to build a cultural and media highland. In the next stage, the Company will continue to actively implement the spirit of relevant national policies to support the stable development of the real estate industry and support the reasonable financing needs of high-quality real estate enterprises.

(VI) Suburban Operations

As a rural commercial bank established through the overall restructuring of 234 rural credit cooperatives, the Company has been deeply cultivating the local market in Shanghai for more than seventy years, and naturally has the advantage of being supported by significant regional economic growth potential, especially in the suburban areas of Shanghai, where it has the innate advantages of a wide network layout and a solid customer base, and the suburban market has always been the main position for the development of the Company's business. Shanghai's "14th Five-Year Plan" clearly proposes to accelerate the construction of a new urban spatial pattern featuring "one center, two wings, new towns, and transformation", and the vast "suburbs" outside the center of the urban area, as a special strategic area for Shanghai, is an important bearing place for Shanghai's important industries, and the new quality productivity of the real economy, which also brings new strategic opportunities for the Company's high-quality development.

In the new round of strategic development planning, the Company continued to practice the strategy of inclusive finance, continued to optimize the layout of suburban branches, solidly promoted town and village finance, consolidated traditional business positions, and further enhanced the competitiveness of the suburban market. 7 out of 10 suburban branches, including Qingpu, Songjiang and Lingang New Area, ranked in the top three in terms of market share of deposits and loans in their respective administrative districts, and maintained a solid market position in the suburbs of Shanghai for a long period of time.

In terms of channel development, on the basis of consolidating the advantages of township outlets, the Company continued to optimize the suburban network pattern by focusing on the construction of the "Five New Towns", "town clusters" and "large residential communities" in Shanghai. On the basis of the Company's advantages in suburban outlets, the Company continued to optimize its suburban network pattern and strengthened its customer reach and service coverage, forming a network distribution system that penetrates the entire jurisdiction and radiates across the entire area. As at the end of the reporting period, the Company had a total of 357 branches in the Shanghai area, of which 274 branches were located in suburban areas, accounting for 77% of the number of branches in the Shanghai area, basically realizing the full coverage of suburban towns, with a total of 128 branches located in the "Five New Towns" and 8 branches located in the "large residential communities".

In terms of customer service, the Company actively integrated into the economic development of key areas such as the "Five New Towns", "North-South Transformation" and the core bearing area of Pudong, and supported major projects such as the Shanghai Oriental Hub Project, the transformation of the "Village in town" in Shaojialou, Shanghai Chongming River Crossing Project, Xicen Science and Technology Innovation Center, and the Changxing Ocean Science and Technology Harbor Phase II, etc., and continued to consolidate its share of the corporate credit market in the suburban areas. As at the end of the reporting period, the balance of credit granted to corporate enterprises in the "Five

New Towns" of the Company amounted to RMB102.79 billion, representing an increase of RMB10.98 billion as compared with that at the end of the previous year; the number of enterprises served increased by 503 to 5,385 as compared with that at the end of the previous year, representing a net increase in credit balance and the number of enterprises served for three consecutive years. The Company, having developed from a rural credit cooperative, never forgets its origins in rural credit and maintains a deep and close relationship with suburban towns and villages as well as the "agriculture, rural areas and farmers" customer segments. During the reporting period, the balance of the Company's suburban agriculture-related loans amounted to RMB 45.855 billion, accounting for 82% of the total, and the Company successfully set up the first credit town in Qingpu District and the first credit township in Shanghai, "Hengsha Township of Chongming District", actively docked with the demand for debt financing of major infrastructure construction and renovation projects in towns and villages, pushed forward the establishment of multi-banking treasury business in towns and villages, and launched 18 groups and 197 accounts in the whole year. "Xinzhangbu" service solutions were provided exclusively for the circulation of collective assets and collective land management rights in the Shanghai Agricultural Factor Exchange. In view of the characteristics of Shanghai's suburbs, which are rich in special industrial parks, developed manufacturing industries and widely distributed SMEs, the Company focuses on the modernized industrial system of "2+(3+6)+(4+5)", and establishes branches with special features in science and technology finance, focusing on the Lingang New Area, the G60 Science and Technology Innovation Corridor in the Yangtze River Delta, the Grand Neobay in Minhang and other key industrial clustering areas. The Company has set up technology finance sub-branches to increase financial support for suburban parks, advanced manufacturing industries, and strategic emerging customers, and to support the transformation and development of the regional economy. At the end of the reporting period, the Company deeply served 2,613 enterprises in suburban parks that had reached the standard, with average daily loan growth of RMB 24.496 billion over the previous year. The credit balance of suburban manufacturing loans amounted to RMB 63.063 billion, an increase of 14.27% from the end of the previous year, accounting for nearly 70% of the total, and the number of customers accounted for more than 80%; the balance of suburban inclusive SME loans amounted to RMB 55.036 billion, an increase of 17.93% from the end of the previous year, accounting for more than 70% of the total, and the number of accounts accounted for more than 75%.

As for retail customer service, the number of customers served by the Company's suburban branches accounted for over 70% of the Company's total retail customers, of which 42.28% were middle-aged and elderly customers aged 50 or above. At the end of the reporting period, wealth customers with AUM of over RMB 200,000 in the suburbs of the Company accounted for 85.74% of the total number of wealth customers of the Company; the AUM of wealth customers in the suburbs amounted to RMB 502.686 billion, representing an increase of 9.43% over the end of the previous year, and accounted for 81.07% of the Company's total scale of AUM of the wealth customers; the non-savings assets of the suburban customers accounted for 77.69% of the Company's total scale of the non-savings assets, with a high degree of loyalty and brand recognition, and stable diversified asset allocation structure.

In terms of resource support, the Company tilted its resources moderately in favor of suburban branches in terms of outlets and staffing. During the reporting period, the Company set up and optimized a total of 13 new outlets, 54% of which were suburban outlets. At the end of the reporting period, the Company had placed a total of 672 smart teller machines, 82 corporate smart tellers and 148 smart lobby calling devices in suburban branches, further enhancing the basic financial service capacity in the suburbs. The number of employees in suburban branches totaled 4,986, accounting for 74.1% of the employees in Shanghai branches, representing an increase of 0.1 percentage point as compared with the end of the previous year. The Company fully utilized all kinds of resources, recruited target talents at multiple levels, in multiple dimensions and through multiple channels, deepened school-enterprise cooperation with Songjiang University Town and Lingang University Town, etc., and strengthened the security of personnel supply in the suburbs to promote the steady development of suburban branches. 59.1% of the newly recruited employees from campuses in the past three years have been sent to the suburban branches, which has constructed a solid "soft power" to serve the citizens of the suburban areas.

IX. Risk Management

During the reporting period, in the face of the complex and volatile domestic and international economic environments, the Company insisted on the philosophy of "enhancing risk management capabilities and creating value through risk management", adhered to a prudent risk appetite, promoted the comprehensiveness, independence, foresight and specialization of risk management, took digitalized risk management as a key tool, safeguarded the bottom line of 0 systemic risks, continued to improve the comprehensive risk management system and our overall risk management and control capability.

(I) Credit Risk Management

Credit risk refers to the risk of loss due to the debtor or counterparty's failure to perform the obligations stipulated in the contract or the change of credit quality.

To manage credit risk effectively, the Company clarifies management principles, improves management structure, implements management responsibilities, continuously improves ways and means of risk identification, measurement, monitoring and control, and optimizes risk reporting and information disclosure.

During the reporting period, the Company actively innovated and transformed, strictly adhered to the lifeline of sustainable development asset quality, and accelerated the enhancement of risk management capability. With system construction as the lead, we combined external regulatory requirements with internal business development, continued to improve the system of rules and regulations, enhanced the risk management system of credit business, optimized the approval authority of credit business, and ensured the healthy development of business; deeply studied the industrial layout and development trend of Shanghai and Yangtze River Delta, scientifically formulated the credit direction, and

increased the support to "agriculture, rural areas and farmers", SMEs, science and technology innovation, green development and other key areas; continued to promote the construction and iteration of systems related to credit business, initiated the reconstruction of the credit risk early warning system and personal credit business system to create a data-driven intelligent early warning system and enhance the online processing capability of the personal credit business, which was technology-enabled and system-supported, and helped to enhance the risk management and control capability of the whole process of the credit business. The Company took full process management as a grip, improved the approval mechanism, promoted the forward movement of risk management, and strengthened multi-dimensional review management; promoted the construction of the three major risk-weighted asset measurement systems under the new Basel III, improved the implementation system of the expected credit loss methodology, optimized the internal rating model, and enhanced the level of refined management of risk measurement; strengthened situation research and judgment, implemented relevant policies and initiatives of the government and regulatory authorities, upgraded the forward-looking and global nature of its system to safeguard the healthy development of its business and deepened the risk monitoring and management of its large-ticket-size credit business; strengthened post-loan management and identified the basic situation, carried out various types of credit risk checks, effectively improved risk prevention and control capabilities, and consolidated asset quality.

(II) Market Risk Management

Market risk refers to the risk of loss to the Bank's on/off-balance-sheet business caused by adverse changes in market price (interest rate, exchange rate, share price and commodity price), which is divided into interest rate risk, exchange rate risk, share price risk and commodity price risk. The Company is exposed mainly to interest rate risk and exchange rate risk, including trading book and banking book.

The Company adheres to the basic principles of "independence, matching of return and risk, combination of quantitative and qualitative, and gradual and dynamic adjustment", and maintains relative independence and effective separation between the risk management function and the business operation function, and matches the level of market risk with the Company's business objectives, development plans and financial budgets, and adopts a combination of quantitative and qualitative analysis methods, makes timely adjustments to its market risk management policies, systems, techniques and methods in accordance with the trends of the external environment and business development.

1. Interest Rate Risk Management

Interest rate risk is the risk of losses in the economic value of the trading and banking books and overall earnings due to unfavorable changes in the level of interest rates, term structure, etc.

(1) Interest Rate Risk Management of Trading Book

The Company mainly adopts value-at-risk (VaR), stress testing, sensitivity analysis, exposure analysis, profit and loss analysis, price monitoring and various other methods to measure and

manage the interest rate risk of the trading book. The Company continued to optimize the market risk limit management system and dynamic management mechanism taking into account business development dynamics and risk management requirements, and realized fast and flexible limit monitoring and dynamic adjustment by relying on the market risk management system.

During the reporting period, the Company formulated the market risk limit system for 2023 according to the domestic and international economic and financial development trends, business development plans and its own risk tolerance, refined and enriched the monitoring indicators of market risk limit, and conducted daily monitoring, measurement and reporting; promoted the construction of market risk management system in the final edition of Basel III, implemented the Basel III market risk management project, and improved the quality and measurement level of market risk data; closely followed the financial market and strengthened the analysis of interest rate and exchange rate trends; identified and evaluated risks of new products and new businesses, and established supporting risk management systems and processes; continued to carry out the analysis of trading behavior and income attribution of multi-level and multi-dimensional trading books in the front and middle offices, and improved the level of refined management of market risks. During the reporting period, the market risk indicators and stress test results remained within the management objectives, and the overall risk level was controllable.

(2) Interest Rate Risk Management of Banking Book

The Company constructs and continuously improves its banking book interest rate risk management system in accordance with external regulatory and internal management requirements, defines its interest rate risk governance structure, and establishes management processes for the identification, measurement, monitoring, control and reporting of banking book interest rate risk. The Company mainly adopts repricing gap analysis, scenario analysis and stress testing to measure and analyze banking book interest rate risk, and regularly assesses the impact of different interest rate shock scenarios on net interest income and economic value.

During the reporting period, the Company paid close attention to changes in the internal and external environments and formulated annual banking book interest rate risk appetite indicators in conjunction with business development requirements. The Company actively responded to the impact of the advancement of the deposit interest rate market reform mechanism and the intensification of market interest rate fluctuations, strengthened macro analysis and research, optimized and improved the risk measurement model, proactively adopted interest rate risk management strategies, and managed the interest rate risk of the banking book by means of adjusting the internal fund transfer pricing, dynamically adjusting the external pricing strategy for deposits, and controlling the repricing term of the loans and the duration of the investment business. As at the end of the reporting period, the Company's repricing term was reasonably distributed, and all the banking book interest rate risk indicators and stress test results were maintained within the limits and warning values, and the overall banking book interest rate risk was controllable.

2. Exchange Rate Risk Management

Exchange rate risk refers to the risk arising from exchange rate fluctuation of the Company's position in each foreign currency (including gold) and foreign exchange derivative financial instruments.

The Company's exchange rate risk management for the trading book covers all proprietary and agency businesses, and sets up, among other things, exposure limits, sensitivity limits, stop-loss limits, etc., and monitors their implementation on a daily basis. The Company's risk management of exchange rate in the banking book sets indicators for cumulative foreign exchange exposure limits, and strictly controls the overall foreign exchange risk within the risk tolerance range through regular monitoring.

During the reporting period, the main principle for the Company to control exchange rate risk was to match assets and liabilities in different currencies as much as possible, and to control exchange rate risk within the limits set by the Company. In accordance with internal and external regulation requirements, the Company set the risk tolerance limit, and tried to minimize the possible currency mismatch of assets and liabilities by reasonably arranging the source and application of foreign currency funds. Foreign exchange risk exposure was managed under authorization according to business types and traders' authorities.

(III) Liquidity Risk Management

Liquidity risk refers to the risk that commercial banks are unable to obtain sufficient funds timely at a reasonable cost to pay due debts, perform other payment obligations and meet other capital needs of normal business development. The events or factors that cause liquidity risk include withdrawal of deposit from deposit customers, withdrawal from loan customers, debtor's delayed payment, mismatching of asset and liability structure, difficulty in asset monetization, operational loss, transaction risk of derivatives and related risks of affiliated institutions, etc.

The Company aims to establish a liquidity risk management system aligned with the Company's scale of assets and liabilities, and characteristics and complexity of the business structure; improves the liquidity risk appetite and limit management system to achieve a reasonable balance between capital security, liquidity and efficiency; optimizes the financing management mechanism to meet the needs of Bank-wide business development; comprehensively reviews the overall liquidity of the Group to prevent the internal risk transmission within the Group.

During the reporting period, the Company maintained sound and moderate liquidity position. Based on the macro economy, market environment and business development requirements, the Company set annual liquidity risk appetite indicators and liquidity risk management strategy for 2023-2025, with clear management objectives and measures; optimized the maturity allocation of assets and liabilities by applying tools such as internal fund transfer pricing; strengthened liquidity risk management of business lines and reasonably set liquidity risk limits for the lines; promoted the construction of a capital position management system to enhance the level of position management; smoothed market financing channels and successfully issued special financial bonds; strengthened liquidity risk indicator management,

dynamically monitored and tracked the liquidity risk indicators, and coordinated in a timely manner to ensure that all types of indicators meet the standards and improve the stability of the indicators; strengthened the management of stress tests, perfected the stress test program, and conducted stress tests on a regular basis. In addition, while implementing the regulatory special stress test, carried out special stress tests to assess the Bank's risk reviewing the risk event of Bank of America; improved the liquidity risk emergency management system, carried out emergency drills at the Group level, and strengthened the emergency response capability; and continued to optimize the management information system, strengthened the management of data quality, and enhanced the ability of scientific and technological support.

At the end of the reporting period, the Group's liquidity ratio of 63.25%, liquidity coverage ratio of 189.20% and net stable funding ratio of 135.33% were higher than the regulatory requirements and in line with the Group's annual liquidity risk appetite.

Liquidity Coverage Ratio

Unit: RMB 1000

The Group	December 31, 2023
Liquidity coverage ratio (%)	189.20
High-quality liquid assets	209,153,367
Net cash outflow in the next 30 days	110,548,438

Net Stable Funding Ratio

Unit: RMB 1000

The Group	December 31, 2023	September 30, 2023
Net stable fund ratio (%)	135.33	132.61
Stable fund available	946,620,287	909,559,759
Stable fund needed	699,514,878	685,884,108

(IV) Operational Risk Management

Operational risk is the risk of loss due to problems with internal processes, staff, IT systems and external events.

During the reporting period, the Company continued to strengthen operational risk management at the Group level: first, improved the construction of the operational risk management system and enhanced the compliance, completeness and operability of the system. Secondly, carried out the Basel III final version of the operational risk consulting project, completed the cleaning and replenishment of 10 years' historical loss data at the Group level, constructed a high-quality Group database, pushed forward the enhancement of the operational risk management system, process, measurement and system, and strengthened the identification, assessment, monitoring and measurement of operational risk. Third, continued to deepen the application of the three major tools of operational risk, carried out self-assessment of operational risk and control, improved key risk indicators, strengthened loss data collection and analysis, and enhanced the effectiveness and pertinence of risk prevention and control. Fourth, strengthened the concurrent management of operational risk and promoted the collection of loss data, self-assessment of

operational risk and control, and monitoring of key risk indicators in subsidiaries. Fifth, improved the assessment and evaluation mechanism of operational risk, promoted the preparation of operational risk casebook, built a database of typical cases of operational risk, cultivated a culture of preventing and controlling operational risk, further enhanced the capability and effectiveness of operational risk management, and actively shared the practical experience of operational risk management. Sixthly, improved by benchmarking against the Important Risk Points and Preventive Measures for Operational Risks of Banking Financial Institutions by the Shanghai Financial Regulatory Bureau, and increased the proportion of "good practices in the industry" by more than 90%.

During the reporting period, the Company's operational risk was overall controllable.

(V) Compliance Risk Management

Compliance risk refers to the risk that the Company may suffer legal sanctions or regulatory penalties, major financial losses or reputation losses due to its failure to comply with national laws, regulations, regulatory provisions and the Bank's rules and regulations.

During the reporting period, the Company promoted the creation of a "Model Bank for Excellent Compliance Management", strengthened the construction of a compliance and internal control line in branches, established a compliance professional team with in-depth management, and continuously improved the compliance and internal control management system. In accordance with the latest regulatory regulations, the Company organized the revision of Selected Cases of "Red Lines" and Penalties for Commercial Banks' Compliance Operations, actively participated in the legal skills competition organized by Shanghai SASAC and won the first prize in the competition, created a good compliance culture, and encouraged every employee to internalize and practice the compliance concept. The Company attached equal importance to good compliance risk management and business development to ensure that business compliance was carried out in an orderly manner and timely follow-up to improve compliance risk prevention capability.

During the reporting period, the Company's compliance risk was controllable overall.

(VI) Money Laundering Risk Management

Money laundering risk refers to the risk of money laundering, terrorist financing and proliferation financing that the Company may be used by illegal and criminal activities in carrying out business and business management.

During the reporting period, the Company implemented the "risk-based" principle, actively performed all anti-money laundering obligations in compliance with anti-money laundering laws and regulations, and established a sound organizational structure for money laundering risk management to ensure the effectiveness of money laundering risk management. The Company's money laundering risk management initiatives include, but are not limited to: combined the Company's money laundering risk self-assessment, continuously updated and improved the anti-money laundering internal control system and workflow, and

refined the money laundering risk management functions in key areas; utilized the results of the money laundering risk assessment of customer and product business to formulate and implement differentiated control measures suitable for the risks, and enhanced the risk assessment capability; comprehensively enhanced the internal checking and strengthened the awareness transmission and management of subsidiaries, and ensured the consistency of the Group's money laundering risk management; planned the construction of anti-money laundering system clusters, accelerated the construction of anti-money laundering digitization, and effectively enhanced the effectiveness of the system; added and optimized the monitoring standards for suspicious transactions, and continued to give full play to the effectiveness of centralized processing and promoted clues into cases; focused on researching the trends of the industry, organized and carried out internal and external anti-money laundering thematic trainings and promotional activities to build a Shanghai anti-money laundering base.

During the reporting period, the Company's money-laundering risk was overall controllable.

(VII) Legal Risk Management

Legal risk refers to the risk from but not limited to the following cases: the contract signed by the commercial bank may be revoked or confirmed invalid due to violation of laws or administrative regulations; the commercial bank may be liable for compensation according to law if it is sued or applied for arbitration due to breach of contract, infringement or other reasons; the commercial bank may be liable for administrative liabilities or criminal liabilities for its business activities in violation of laws or administrative regulations etc.

During the reporting period, the Company strengthened party building and joint construction, and studied Xi Jinping's thought on the rule of law in depth; continuously monitored changes in laws, regulations and regulatory policies, and carried out system interpretation and issued legal risk reminders from time to time; actively played the role of General Counsel, and issued General Counsel's opinions on matters involving major investments, major decisions and major business operations; strengthened the review of legal documents such as contract texts, and followed up the formulation and revision of the model contract; and organized training for legal staff on the judicial interpretation of the general provisions of the Civil Code on contracts and the interpretation of financial trial practices of the banking associations, so as to effectively enhance the ability of preventing and controlling legal risks.

During the reporting period, the Company's legal risk was controllable overall.

(VIII) Reputation Risk Management

Reputation risk is the risk of negative comment of the bank by stakeholders, the public and the media because of the actions of commercial bank, the actions of practitioners or external events, etc.

During the reporting period, the Company continued to improve the normalized management mechanism of reputational risk,

consolidated the Group's level of reputational risk management and enhanced the awareness of reputational risk management of all staff. Meanwhile, the Company attached great importance to positive publicity, closely followed the national strategies and policy directions, and conducted thematic publicity around the themes of party building leadership, people's finance, Inclusive finance enabling social governance, financial services for rural revitalization, science and technology innovation finance, green finance, and support for the private economy, etc., so as to continue to build up its reputational capital and enhance its branding ability to withstand risks.

During the reporting period, the Company's reputational risk situation was stable and no significant reputational incidents occurred.

(IX) Strategic Risk Management

Strategic risk refers to the risk caused by inappropriate business strategies or changes in the external business environment during strategy formulation and strategy execution of commercial banks.

During the reporting period, the Company strengthened the construction of the strategic management institutional system, formulated the Strategic Management Measures and the Strategic Risk Management Measures, and effectively promoted the institutionalisation and standardisation of the strategic management mechanism. We continued to strengthen strategic risk management, deepened the research and analysis of the internal and external strategic environment, completed the assessment of the implementation of the previous round of strategies, prepared the Development Strategy 2023-2025 with high quality, formed a group-based strategic management system with a general strategy, special strategies and three-year action programmes for 25 branches as well as sub-strategies, and highlighted the depth and breadth of strategic publicity to effectively expand the leading power and influence of the new round of strategies. We implemented strategy implementation tracking, strengthened the closed-loop management of the whole process of strategy, improved the strategy evaluation and tracking management mechanism, and regularly assessed the implementation of strategy to effectively prevent strategic risks. The management implemented strategic requirements, focused on strategic key tasks, operated prudently and actively promoted the implementation of strategic initiatives on the ground.

During the reporting period, the judgment of the Company's strategy regarding the situation and environment was basically consistent with the overall macroeconomic and financial operation reality, and the strategy maintained strong adaptability and guidance role.

(X) IT Risk Management

IT risk refers to the operational, legal and reputation risks etc. caused by natural factors, human factors, technical loopholes and management defects during the bank's use of IT technologies.

During the reporting period, the Company continued to "deepen" and "strengthen" its IT risk management, vigorously promoted the digital transformation of IT risk management and business continuity management, and enhanced the level of

IT risk management and management efficiency. Conducted risk audits of major projects, implemented comprehensive IT risk assessment and a number of special risk assessments, conducted comprehensive and in-depth investigation of IT risks, promptly dealt with problems identified in the risk assessment, and continuously tracked them to achieve closed-loop management; optimized the IT risk monitoring system, and continuously enhanced the capacity and level of risk monitoring and analysis; and, in accordance with the latest regulatory requirements, continuously strengthened the risk management of IT outsourcing, paid attention to the management of access to outsourcing vendors, and identified, assessed and prevented the risk of outsourcing to other vendors. Deepened business continuity management, optimized the business impact analysis methodology, carried out annual business impact analysis, and strengthened the three-year full-coverage combat drills for important businesses and information systems to enhance the level of business continuity management.

During the reporting period, the Company's information system operated smoothly and the risks were overall controllable.

(XI) Country Risk Management

Country risk refers to the borrower or debtor's inability or refusal to pay the banking institution's debts, or losses on the banking institution's commercial presence etc. in that country or region or other risk of loss on banking financial institutions due to economic, political, social changes and events in that country or region.

The Company incorporated country risks into its comprehensive risk management system, carried out centralized assessment and classification of country risk levels, and implemented corresponding limit control for each level. In the face of the complex international political and economic situation and external environment, the Company continued to monitor the external ratings and country risk assessment factors of rated countries, and did a good job of country risk assessment, monitoring and management of compliance with country risk limits, anti-money laundering and anti-terrorist financing management of overseas customers, and other related work to continuously strengthen country risk management.

During the reporting period, the Company's country risk exposure was relatively small and the overall country risk was safe and controllable and would not have a material impact on the Company's business operations.

X. Company's Future Development Outlook

(I) External Environment, Industry Pattern and Trends

The year 2023 is the first year to fully implement the spirit of the 20th Party Congress and solidly promote Chinese modernization, and it is also a crucial year to implement the 14th Five-Year Plan. In 2023, China's economy and society resumed normal operation in

an all-round way, the macro policies were effective, the economic growth rate rebounded, the employment situation improved, prices rose moderately, the balance of payments was basically balanced, and the macro-economy was "stable". The annual gross domestic product (GDP) exceeded RMB 126 trillion, an increase of 5.2% over the previous year. China's economy has strong resilience, great potential and sufficient vitality, and its overall operation has improved, and policy coordination has formed a joint force, which provides a suitable foundation and space for commercial banks to operate steadily and serve the real economy with high quality. At the same time, in order to continuously improve the quality and efficiency of financial services to the real economy, the state has guided financial institutions to strengthen service and product innovation, and increased financial support for major strategies, key areas and weak links. The Central Financial Work Conference put forward "five major articles" on science and technology finance, green finance, inclusive finance, pension finance and digital finance, to promote commercial banks to flexibly respond to market changes, seize market opportunities, strengthen reform and innovation, better serve the real economy, and achieve a win-win situation for economy and finance.

The year 2024 is a critical year for the implementation of the 14th Five-Year Plan of the State, and is also the opening year for the comprehensive promotion of the medium- and long-term deployment of the Central Financial Work Conference. China will adhere to the principle of "seeking progress amidst stability, promoting stability through progress, and establishing before breaking through" to effectively strengthen economic vitality, prevent and resolve risks, improve social expectations, and consolidate and enhance the upward trend of economic recovery. From more emphasis on "stability" in the past to "progress" and "establishment" in 2024, it conveys more positive policy signals. In 2024, China's macroeconomic policies will make concerted efforts, market demand will gradually recover, the "triple pressure" faced by China still exists but has been alleviated, and the external environment is still complex and severe but shows an easing trend. Overall, the favorable conditions for China's development are stronger than the unfavorable factors, and the basic trend of economic recovery and long-term improvement has not changed, which provides the basis and space for commercial banks to promote the transformation and high-quality development.

At the same time, we should also see that there are still some difficulties and challenges to be overcome in order to further promote China's economic recovery, mainly the lack of effective demand, overcapacity in some industries, weak social expectations, still more hidden risks, the existence of blockages in the domestic circulation, and the rise of complexity, severity and uncertainty in the external environment. The banking industry should adhere to the development concept of seeking progress amidst stability and promoting stability through progress, flexibly utilize policy tools, effectively address difficulties and challenges in the external environment through deep participation in financial market reforms, innovation of wealth management products and services, and effective implementation of risk management, so as to enhance its ability to serve the real economy and move forward steadily on the track of high-quality development.

(II) 2024 Business Plan

In 2024, the Company will fully implement the spirit of the 20th CPC National Congress, the Central Economic Work Conference and the Central Financial Work Conference, adhere to the political, people-oriented and professional nature of financial work, the overall work keynote of seeking progress while maintaining stability, the three core strategies of "inclusive finance, customer centricity and digital transformation", and focus on "five articles", focusing on "grasping implementation, strengthening management, and refining internal strength", deepening the creation of five major financial service systems, strengthening digital technology empowerment, improving specialized operation capability and refined management level, and precipitating advanced management culture, realizing high-quality development while building a service-oriented bank that creates value for customers.

First, accelerate the transformation of retail business. Deepen the construction of the "nine systems" for retail transformation, strengthen the management of customer segments by stratification and categorization, and continue to develop retail financial service scenarios and channels, so as to provide customers with professional and stable wealth management and convenient and efficient retail loan services with professional operational capabilities and excellent user experience. Strengthen the linkage between retail and operation teams, corporate-private linkage, online and offline linkage and branch- community linkage, and vigorously promote the layout of the "Xinjiayuan" public service stations, so as to enhance the stickiness of customers through high-quality financial service packages and realize the integration and unification of the Bank's commercial value and community value.

Second, strengthen comprehensive financial services. Accelerate the construction of trading banks, adhere to the FPA business philosophy, focus on key areas such as "3+6" new industries, "Five New Towns" and "north-south transformation", integrate financial services and ecosystems, innovate the development of note/ letter business, enhance cross-border service capabilities, deepen supply chain finance, strengthen core enterprise chain services, integrate investment banking and other innovative products and rich channel resources such as investment banking and agency, so as to form a comprehensive financial service system integrating stocks, bonds, loans and capital.

Third, practice inclusive finance in the agricultural sector. Accelerate the reshaping of inclusive processes, strengthen the construction of an ecological platform for inclusive finance, optimize and upgrade the system of fist products such as "Business e-Loan", "Bank Tax Loan" and "Xinnongledai", and continuously expand the scope of inclusive financial services to help the real economy develop at a high quality. Promote the financial work of the whole village, carry out rural grid information archiving, strengthen the financial services of rural individuals and new agricultural business subjects, and effectively promote financial services into the countryside and villages.

Fourth, deepen the cultivation of science and technology finance.

Practice the service concept of "accompanying growth", based on the characteristics of the whole life cycle development of science and technology enterprises, focus on the "3+6" strategic emerging industry system, constantly innovate the system of science and technology wealth management products, perfect the evaluation model of early stage science and technology enterprises, and actively target early-stage and small businesses in the field of science and technology. Jointly build a science and technology financial ecosystem with various external institutions, comprehensively dock the financing needs of science and technology enterprises at all stages, provide multi-dimensional empowerment services such as industrial integration, resource docking, institutional introduction, counseling and consulting, talent services, Fintech etc., to enhance the core competitiveness of the science and technology financial brand, and to effectively create a good incubation and growth atmosphere for science and technology enterprises.

Fifth, improve the green financial system. Optimize the green financial business structure, explore service innovations in emerging areas such as climate investment and financing, transition finance, sustainable development-linked loans, carbon benefits, etc., deepen industry chain services around leading enterprises in infrastructure green upgrading, green energy, energy conservation and environmental protection, etc., and continue to increase the scale and proportion of green credit. Focus on energy conservation, emission reduction and cost reduction, build an overall structure for green operation and maintenance, green office, green travel and green life, and make every effort to promote its green operation.

Sixth, adhere to digital financial transformation. Deepen the integration of industry and technology, optimize and upgrade e-banking channels, strengthen the construction of digital tools such as corporate multibanking, capital pooling and supply chain, consolidate the infrastructure support capability, enhance the level of refined management and independent control, and empower business value creation and customer experience enhancement through digital transformation.

Seven, strengthen comprehensive risk management. Construct a digital and intelligent compliance and risk control system, unify the Group's credit management, enhance the foresight of risk monitoring and early warning, balance the return on assets and risks, resolve risky assets through multiple channels, strengthen the quality of the Group's assets, and safeguard the safety of customers' assets and the sound appreciation of their value.

(III) Possible Risks

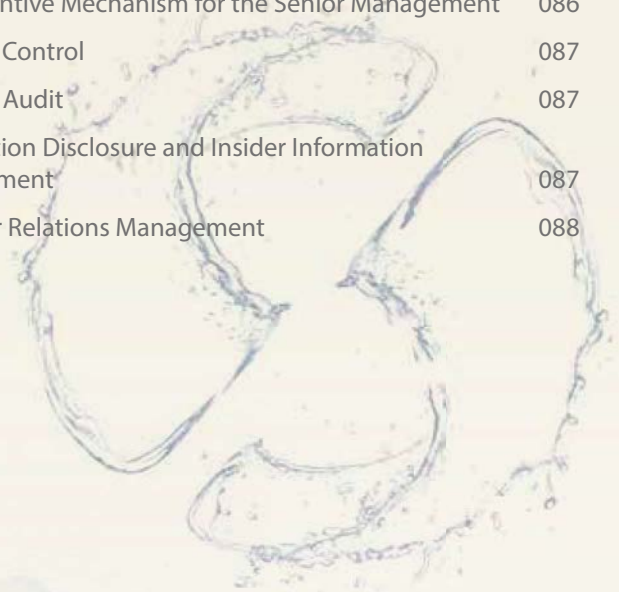
As the effects of China's policies to stabilize the economy and promote consumption continue to emerge, consumer demand, market circulation, industrial production and business expectations are clearly improving, and economic growth is stabilizing. At the same time, the continuous economic rebound still faces some difficulties and challenges, mainly the lack of effective demand, overcapacity in some industries, weak social expectations, relatively high risks and hidden dangers, blockages in the domestic circulation, and rising complexity, severity, and uncertainty of the external environment. First, faced with the dual challenges of internal structural adjustment and external environment, it is urgent to further improve the resilience and safety level of China's industrial chain supply chain, and it is urgent to upgrade the industrial structure to high-end, intelligent and green structure. The modern industrial system needs to be accelerated, and must be prepared for the long-term external suppression and containment. Second, consumption growth will continue to face pressure, and the marginal propensity of residents to consume will decline, making it difficult to effectively release the huge potential of China's consumption growth. Third, the real estate market is still in the process of adjustment. The capital preference, supply-demand relationship and expectation of China's real estate market are all changing greatly, and the risk release of the real estate market is still in progress.

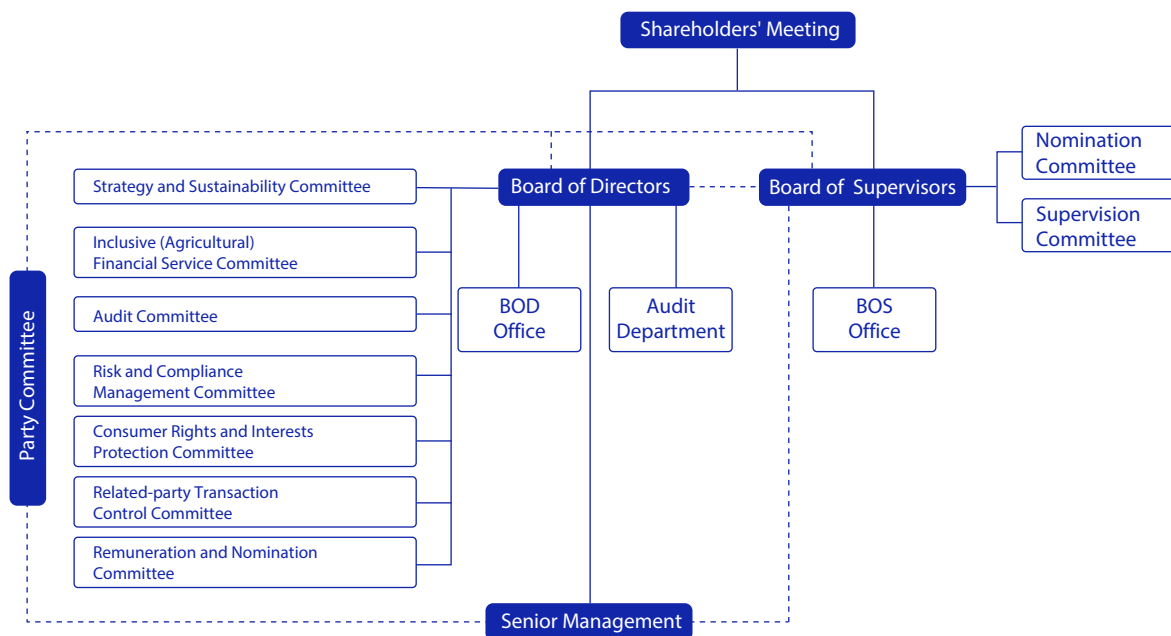
Facing the ups and downs of economic cycle and the changes of internal and external economic situation, the quality control of bank assets still faces certain challenges. In this regard, the Company will continue to promote the construction of a comprehensive risk management system and strengthens the full coverage of various risk management such as credit risk, market risk and liquidity risk; Accelerate credit transformation, increases credit support in strategic key areas, and adjust and optimize credit structure in real estate and other fields according to regulatory requirements; Continuously optimize the credit management process, further optimize the examination and approval authorization system, improve the efficiency of examination and approval and business development, more effectively support business development, and improve the quality and efficiency of serving customers; Continuously improve the post-loan management level, strengthen the dynamic tracking and timely pressure drop of large-value risky loans, strengthen the management of non-performing loans, enrich the means of collection, and effectively prevent systemic risks.

04

Corporate Governance

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I. Basic Information on Corporate Governance

During the reporting period, the Company was committed to exploring and improving the corporate governance structure of modern enterprises with Chinese characteristics, continuously improving the corporate governance system and enhancing the effectiveness of corporate governance in accordance with the provisions of the Company Law, the Securities Law, the Commercial Bank Law and other laws and regulations, as well as the regulatory requirements of CBIRC and CSRC. The Company has formed a corporate governance structure system with "legal powers and responsibilities, clear boundaries, coordinated operation and effective checks and balances" between the Party Committee, the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the Senior Management; established the "1+5+N" corporate governance system based on the Articles of Association, with the standard operating rules for the five major governance bodies as the framework, supported by the management of shareholders' equity, related-party transactions, directors, supervisors and senior management, and the disclosure of information, insider information, investment relations, as well as equity investment.

The Company adheres to the overall leadership of the Party, ensures the correct political direction, strengthens the effective integration of the Party's leadership into all aspects of corporate governance and reform and development, endeavors to transform the advantages of the Party's leadership into the competitive and developmental advantages of corporate governance, firmly establishes the statutory status of the Party Committee of the head office in the corporate governance structure, and ensures the leadership mechanism of "two-way entry and cross-appointment", fully implements the requirement for the Party

Committee to conduct prior research on the "three major issues", and effectively plays the leadership role of the Party Committee in "setting the direction, managing the overall situation and ensuring implementation".

The shareholders of the Company enjoy their rights and perform their duties in accordance with the Articles of Association, and no abuse of rights by shareholders in violation of the Articles of Association to the detriment of the Company, other shareholders and creditors has been identified. The Company has convened and held Shareholders' Meetings in compliance with the law to ensure that shareholders, especially small and medium-sized shareholders, enjoy equal status and are able to fully exercise their rights.

In strict accordance with the Company Law, Articles of Association and corporate governance procedures, the Board of Directors of the Company has convened board meetings, special committee meetings and special meetings of independent directors in compliance with laws and regulations, effectively protected the legitimate rights and interests of shareholders and paid attention to and safeguarded the interests of depositors and other stakeholders; Studied and formulated a rolling tenure system plan and explored innovative governance models; Completed the re-election of independent directors at the expiration of their term of office, and selected and strengthened the professional team of independent directors; Formulated the new three-year development strategy, adhered to the strategic orientation, and strengthened the assessment and supervision of the performance of senior management; Effectively performed the main responsibilities of "managing strategy, capital, risks, incentives and culture" and effectively played the core role of "setting strategy, making decisions and preventing risks".

The Board of Supervisors of the Company has conscientiously

implemented the regulatory requirements, improved the content and mechanism of supervision, held meetings of the Board of Supervisors and special committees in compliance with the law, maintained close contact and communication with the Board of Directors and management, and effectively performed all supervisory powers and obligations.

Under the authorization of the Board of Directors and the supervision of the Board of Supervisors, the senior management of the Company has maintained its strategic determination, highlighted value creation, focused on the cultivation of characteristics, made every effort to build a five-fold financial service system and sounded the horn of a new era for realizing high-quality development, so as to ensure that the Company's operation and development have maintained a good momentum, and that its profitability and asset quality have maintained a better performance among the listed banks.

There are no material differences between the actual corporate governance of the Company and the regulatory documents issued by the National Financial Regulatory Administration and the China Securities Regulatory Commission relating to the governance of listed companies.

II. Integrate Party's Leadership into Corporate Governance

The Company has adhered to the principle of "two consistencies", and integrates the Party's leadership into corporate governance to achieve practical and detailed results. Firstly, the Party Committee played the role of gate-keeping and orientation by studying and discussing major business management matters in advance. Insisted on "no authorization for legal matters" and "no pre-discussion for authorized matters", "comprehensive study" to realize the overall gate-keeping of the same batch of matters, and "four whether" as the start for pre-study, focused on improving the quality of agenda, effectively prevented the pre-research and discussion on "everything", ensuring that the Party Committee was more focused on the direction, management of the overall situation, planning for major events, and discussing the key matters. During the reporting period, the 52 Party Committee meetings were held, with 333 decision-making agendas, including 112 issues for pre-study and discussion. Secondly, ensured that all governance bodies perform their respective duties and operate in a coordinated manner through the management of the decision-making chain. The SHRCB's List of "Three Important and One Major" Issues was revised to focus more on the boundaries of the responsibilities of each decision-making body, and the list of matters in the decision-making chain was adjusted from 78 items to 68 items. By clarifying the boundaries of the rights and responsibilities of the Party Committee and other governance bodies such as the Board of Directors and the senior management, as well as the decision-making chain of the whole process, the Company has actively formed a corporate governance mechanism with "legal rights and responsibilities, clear boundaries, coordinated operation, and effective checks and balances", and has more effectively brought into play the leading role of the Party Committee in "guiding the direction, controlling the overall situation, and guaranteeing the implementation of the Company's policies. Thirdly, formed a closed-loop management

of decision tracking and implementation through listening to the situation report. The Party Committee regularly listened to the advancement of important work involving strategic, global and critical aspects of operation and management, and timely listened to the advancement of important preceding matters, highlighted the function of senior management in planning measures and implementation of major matters, improved the mechanism of decision tracking and implementation, and realized the closed-loop management of decision-making on major matters.

III. Shareholders' Meeting

(I) Basic Information of Shareholders' Meeting

The Shareholders' Meeting is the highest authority of the Company and consists of all shareholders. The Shareholders' Meeting is responsible for electing and replacing directors and supervisors who are not represented by employees, deciding on the remuneration of directors and supervisors, reviewing and approving the work report of the Board of Directors, the work report of the Board of Supervisors, the annual financial budget proposal, the profit distribution proposal, the operation policy and investment plan, the amendment of the Articles of Association, the proposal to increase or decrease the registered capital, the bond issuance proposal and other matters.

(II) Convening of Shareholders' Meetings

During the reporting period, the Company convened and held general meetings in strict accordance with the requirements of the Articles of Association and Rules of Procedure for General Meetings of Shareholders to ensure the shareholders' rights to be informed of, to participate in and to vote on important matters of the Company, and to ensure that all shareholders enjoyed equal status and fully exercised their rights. During the reporting period, the Company convened one shareholders' meeting, namely the 2022 annual general meeting held on June 9, 2023 in Shanghai. The meeting reviewed and approved 11 proposals including the work report of the Board of Directors for 2022, the work report of the Board of Supervisors for 2022, the implementation of the budget for 2022 and the budget proposal for 2023, the proposed profit distribution for 2022, the reappointment of the Accounting Firm for 2023, the formulation of the "Measures for the Administration of Remuneration for Directors of SHRCB", the formulation of the "Measures for the Administration of Remuneration for Supervisors of SHRCB", the estimated amount of daily related-party transactions for 2023, the election of certain non-executive directors of the fourth session of the Board of Directors of the Company, the election of independent directors of the fourth session of the Board of Directors of the Company, the election of Mr. Dong Fang as a shareholder-supervisor of the fourth session of the Board of Supervisors of the Company, and listened to 7 reports including the evaluation of the performance of directors for 2022, the evaluation of the performance of supervisors for 2022, the evaluation of the performance of the senior management for 2022, and the presentation of the duties of independent directors for 2022, the report on financial services for "agriculture, rural areas and farmers" for 2022, related-party

transactions for 2022, implementation of the supervisory opinions of former Shanghai CBIRC for 2021 and the Bank's rectification measures. The convening and holding procedures of the Shareholders' Meeting, the qualifications of the attendees and the convener as well as the voting procedures were in compliance with the laws and regulations of the PRC and the relevant provisions of the Articles of Association of the Company, which ensured the shareholders' rights to information, participation and voting on important matters of the Company and ensured that all shareholders were on an equal footing and could fully exercise their rights, and the resolutions passed at the Shareholders' Meeting were legal and valid.

For details of the Shareholders' Meeting, please refer to the disclosure documents including the documents and resolution announcements of the 2022 Annual General Meeting (AGM) of the Company published on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Company (www.shrcb.com).

IV. Directors, Supervisors and Senior Management

(I) Current Directors, Supervisors and Senior Management

Name	Position	Gender	Year of birth	Term of office	No. of shares at the beginning of the period (share)	No. of shares at the end of the period (share)	Change of shares during the reporting period	Remuneration before tax from the Company during the reporting period (RMB 10,000)	Remuneration from the Company's related parties
Xu Li	Chairman, Executive Director	male	1967	January 2019 - Term expires	72,000	72,000	-	108.09	No
Gu Jianzhong	Vice Chairman, Executive Director, President	male	1974	January 2019 - Term expires	350,000	480,000	+130,000	100.47	No
Zhou Lei	non-executive director	male	1978	March 2017 - Term expires	-	-	-	-	Yes
Zhang Xueyan	non-executive director	women	1974	June 2023 - Term expires	-	-	-	-	Yes
Wang Juan	non-executive director	women	1972	September 2021 - Term expires	-	-	-	-	Yes
Ye Peng	non-executive director	male	1972	November 2020 - Term expires	-	-	-	-	Yes
Ha Erman	non-executive director	women	1975	March 2017 - Term expires	-	-	-	-	Yes
Ruan Liya	non-executive director	women	1983	November 2020 - Term expires	-	-	-	-	Yes
Li Guaning Ying	non-executive director	male	1977	June 2023 - Term expires	-	-	-	-	Yes
Le Jiawei	non-executive director	male	1977	June 2023 - Term expires	-	-	-	-	Yes
Huang Jixian	independent director	male	1959	June 2023 - Term expires	-	-	-	4.41	No
Chen Ying	independent director	women	1971	June 2023 - Term expires	-	58,900	+58,900	4.40	No
Chen Gui	independent director	male	1978	June 2023 - Term expires	-	-	-	3.59	No
Wang Zhe	independent director	male	1960	June 2023 - Term expires	-	-	-	6.60	No
Liu Yunhong	independent director	male	1976	June 2023 - Term expires	-	-	-	-	No
Li Peigong	independent director	male	1981	June 2023 - Term expires	-	-	-	7	No
Dong Fang	shareholder supervisor	male	1981	June 2023 - Term expires	-	-	-	-	Yes

Name	Position	Gender	Year of birth	Term of office	No. of shares at the beginning of the period (share)	No. of shares at the end of the period (share)	Change of shares during the reporting period	Remuneration before tax from the Company during the reporting period (RMB 10,000)	Remuneration from the Company's related parties
	External Supervisors			September 2020 - Term expires					
Lian Bolin	Convener and presiding officer of the meetings of the Board of Supervisors	male	1958	October 2023 - Term expires	-	-	-	40	No
Nie Ming	External Supervisors	male	1960	September 2020 - Term expires	-	-	-	38	No
Guo Rufe	employee supervisor	male	1976	October 2021 - Term expires	28,000	28,000	-	159.51	No
Yang Yuanjun	employee supervisor	male	1966	March 2017 - Term expires	283,100	283,100	-	212.38	No
Xu Jingfen	employee supervisor	women	1969	March 2017-April 2024	26,800	26,800	-	158.81	No
Jin Jianhua	vice president	male	1965	September 2010 - Term expires	772,000	879,000	+107,000	87.72	No
Yu Minhua	vice president secretary to the board	male	1976	June 2018-January 2024 February 2019-January 2024	401,000	513,000	+112,000	92.97	No
Zhang Hongbiao	vice president	male	1968	November 2020 - Term expires	475,000	592,000	+117,000	90.72	No
Gu Xianbin	vice president	male	1979	November 2020 - Term expires	219,200	322,600	+103,400	88.66	No
Ying Changming	vice president	male	1972	November 2020-April 2024	153,200	257,200	+104,000	90.72	No
Shen Tong	vice president	male	1980	September 2021 - Term expires	71,900	218,900	+147,000	115.47	No

Notes:

- In accordance with regulatory requirements, the above table on the commencement of the term of office of directors, supervisors and senior management involves re-election from the first term of office.
- During the reporting period, directors, supervisors and senior management bought A shares of the Company from the secondary market with their own funds, and the shares changed accordingly, and the reasons for the changes were all increases in holdings.
- The Shanghai Financial Regulatory Bureau approved the qualification of Ms. Zhang Xueyan and Mr. Le Jiawei to serve as directors of the Company on September 5, 2023, the qualification of Mr. Li Peigong to serve as an independent director of the Company on September 20, 2023, the qualification of Mr. Li Guanying to serve as a director of the Company on October 11, 2023, the qualification of Mr. Wang Che to serve as an independent director of the Company on October 11, 2023, the qualification of Mr. Huang Jixian as an independent director of the Company was approved on 3 November 2023, the qualification of Ms. Chen Ying as an independent director of the Company was approved on 7 November 2023, the qualification of Mr. Chen Gui as an independent director of the Company was approved on 17 November 2023 and the qualification of Mr. Liu Yunhong as an independent director of the Company was approved on 2 January 2024. In order to implement the requirements of the reform of the independent director system, the Company has taken the initiative to withdraw the application for the qualification of Mr. Zhang Jun as an independent director from the Shanghai Financial Regulatory Bureau, and Mr. Zhang Jun is no longer an independent director of the Company.
- At the fourteenth meeting of the fourth session of the Board of Supervisors of the Company held on 27 October 2023, Mr. Lian Bolin was elected as the convener and presiding officer of the meeting of the fourth session of the Board of Supervisors. on 2 April 2024, Ms. Xu Jingfen, an employee supervisor of the Company, applied for resignation from her position as an employee supervisor of the Company due to her retirement at the appropriate age.
- On January 5, 2024, Mr. Yu Minhua, Vice President and Secretary to the Board of Directors of the Company, applied for resignation as Vice President and Secretary to the Board of Directors of the Company due to work adjustment. on February 2, 2024, at the 30th meeting of the 4th session of the Board of Directors of the Company, Mr. Yao Xiaogang, the Chief Financial Officer of the Company, was appointed to concurrently serve as the Secretary to the Board of Directors of the Company. on April 2, 2024, pursuant to the relevant decision of the supervising authorities, Mr. Ying Changming, Vice President of the Company, was appointed as the Deputy Secretary to the Party Committee of the Company. on 11 April 2024, Mr. Ying Changming, Vice President of the Company, applied for resignation from the position of Vice President of the Company due to job restructuring.
- The total pre-tax compensation of the Company's executive directors, employee directors, and senior management includes the remuneration received from the Company during the reporting period attributable to the current year and the Company's contributions to social insurance, housing provident fund, enterprise annuity and supplementary medical insurance.
- The final remuneration of the Company's executive directors, chairman of the Board of Supervisors, employee directors and senior management for 2022 is subject to confirmation by the competent authorities, and the remainder will be disclosed upon confirmation.

(II) Outgoing Directors, Supervisors and Senior Management

Name	Position	Gender	Year of birth	Term of office	No. of shares at the beginning of the period (share)	No. of shares at the end of the period (share)	Change of shares and reasons	Remuneration before tax from the Company during the reporting period (RMB 10,000)	Remuneration from the Company's related parties
Li Jin	Non-Executive Directors, Employee Directors	male	1963	March 2019-October 2023	510,000	510,000	-	83.14	No
Zhang Chunhua	non-executive director	women	1972	September 2020-June 2023	-	-	-	-	be
Wang Kaiguo	independent director	male	1958	March 2017-March 2023	-	-	-	32.56	No
Zhu Yuchen	independent director	male	1961	March 2017-March 2023	-	-	-	33.22	No
Chen Jiwu	independent director	male	1966	March 2017-March 2023	-	-	-	31	No
Sun Zheng	independent director	male	1957	March 2017-March 2023	-	-	-	35.60	No
Chen Naiwei	independent director	male	1957	March 2017-March 2023	-	-	-	33.59	No
Chen Kai	independent director	male	1970	March 2017-March 2023	-	-	-	38	No
Maohuigang	independent director	male	1972	March 2017-March 2023	110,000	110,000	-	36.22	No
Li Jianguo	Chairman of the Board of Supervisors, external supervisor	male	1963	April 2018-October 2023	38,000	38,000	-	90.03	No

Notes:

- The total pre-tax compensation of the former employee directors and the former Chairman of the Board of Supervisors of the Company includes remuneration received from the Company during the reporting period attributable to the current year as well as the portion of company contributions for social insurance, housing provident fund, enterprise annuity and supplementary medical insurance.
- The final remuneration of the former employee directors and the former chairman of the Board of Supervisors of the Company for 2023 is pending confirmation from the competent authorities, and the remaining portion will be disclosed after such confirmation.

(III) Major Work Experiences of Directors, Supervisors and Senior Management

1. Directors

Xu Li, male, born in December 1967, graduate degree, master's degree in economics, senior economist, alternate member of the 12th CPC Shanghai Committee, member of the 14th Shanghai CPPCC.

Now, he is the Secretary of SHRCB Party Committee, Chairman and Executive Director of SHRCB, Deputy Director of the 6th Rural Cooperative Financial Working Committee of China Banking Association, Executive Director of the 11th council of Shanghai Financial Association, Deputy Chairman of the 14th council of Shanghai Banking Association, and Board Member of Shanghai Guozi, and Vice Chairman of the 4th council of Listed Companies Association of Shanghai. He was the former General Manager of the Corporate Banking Department of ICBC Shanghai Branch, Secretary of the CPC General Branch and President of the ICBC Shanghai Bund Sub-branch, Assistant President, Party Committee member, and Deputy President of ICBC Shanghai Branch, Deputy Party Secretary, Vice Chairman and President of SHRCB.

Gu Jianzhong, male, born in November 1974, graduate degree, master's degree in economics, economist.

Now, he is the Deputy Secretary of the Party Committee, Vice Chairman and President of SHRCB, and Vice Chairman of the 4th council of Shanghai Financial Association, and Vice Chairman of the 5th council of Shanghai Entrepreneurs Association. He was Deputy General Manager of Corporate Finance Department, General Manager of Marketing Department, Hong Kong and Taiwan Business Department of Bank of Shanghai, General Manager of Corporate Finance Department, General Manager of Credit Approval Center, General Manager of

Business Department of Bank of Shanghai, Deputy Director (temporary) of Comprehensive Coordination Division, Director (temporary) of Financial Institution Division of Shanghai Finance Office, Member of the Party Committee, Deputy Secretary of Discipline Inspection Commission, Director and General Manager of Human Resources of Bank of Shanghai, Member of Party Committee and Deputy General Manager of Shanghai International Group Co., Ltd.

Zhou Lei, male, born in July 1978, graduate degree, MBA, economist.

Now, he is Vice President and member of the Party Committee of Shanghai International Group Co., Ltd., Chairman of Shanghai International Group (Hong Kong) Limited, Chairman of Shanghai Science Innovation Center Capital, Director of Shanghai Insurance Exchange Co., Ltd., Director of Shanghai Hua Hong (Group) Co., Ltd., Director of Shanghai United Assets and Equity Exchange Co., Ltd, Director of Sailing Capital Management Co., Ltd, Director of Sailing International Investment Fund (Shanghai) Co., Ltd, Director of Shanghai Exchange Group Co., Ltd, the second executive vice president of Shanghai Internet Finance Industry Association, Non-Executive Director of SHRCB. He was General Manager of Financing Department and Deputy Director of Project Development of SIG Asset Management Co., Ltd., Deputy General Manager and Head of Compliance Risk of Shanghai Aijian Trust Investment Co. Ltd., Deputy Party Secretary, Board Director, and General Manager of Shanghai Aijian Trust Co. Ltd., Party Committee Member, Deputy General Manager (managed as principal title of subsidiaries), Deputy Party Secretary, Vice Chairman, President, Party Secretary, and Chairman of Shanghai State-owned Assets Management Co., Ltd.

Zhang Xueyan, female, born in March 1974, postgraduate degree, master's degree in economics and a senior economist.

She is currently the Deputy General Manager of the Capital Operation Department of China COSCO Shipping Group Co., Ltd. and a Non-executive Director of SHRCB. She was the Deputy Manager of the Capital Operation Office of the Strategic Development Department of COSCO (Group) Corporation/China COSCO, and the Manager of the Capital Operation Office of the Capital Operation Headquarters of China COSCO Shipping Group Co.

Wang Juan, female, born in November 1972, master's degree in economics, senior accountant and a certified public accountant.

She is currently the member of the Party Committee, Deputy General Manager, Chief Financial Officer, Secretary of the Board of Directors of Baosteel, Director of Baosteel Zhanjiang Iron & Steel Co., Chairman of Baoyun Enterprise Co., Vice Chairman of the 4th council of Listed Companies Association of Shanghai, and Non-Executive Director of SHRCB. He was the Head of Operation and Finance Department of Baosteel, Director of Asset Management of Baosteel Group, Head of the Management Department of Baosteel-NSC/Arcelor Automotive Steel Sheets Co., Ltd, Director of the Treasury Office of the Finance Department of Baosteel, General Supervisor of Asset Group, Finance Department, Baosteel Branch, Director of the Asset Management Office of the Finance Department of Baosteel, and the General Supervisor of the Treasury Group of the Finance and Accounting Division of the Planning and Finance Department of Baosteel.

Ye Peng, male, born in March 1972, bachelor's degree, MBA, and senior accountant.

He is currently the Deputy General Manager and Financial Officer of China Pacific Life Insurance Co., Ltd., Director of Changjiang Pension Co., Ltd., Director of China Pacific Life Insurance (Hong Kong) Limited, Legal Representative of Beijing Borui Heming Insurance Agency Co., Ltd., and Non-Executive Director of SHRCB. He was the Party Committee member and Chief Accountant of John Hancock-TianAn Life Insurance Co., Ltd., Assistant General Manager, Head of Finance, and Secretary to the Board of Directors of Changjiang Pension Co., Ltd.

Ha Erman, female, born in June 1975, undergraduate degree, master's degree in public management.

She is currently Party Committee member and Vice President of Shanghai Guosheng Group, Chairman of Guosheng Overseas Holding (Hong Kong) Co., Ltd., Supervisor of AECC Commercial Aircraft Engine Co., Ltd., Non-executive Director of Haitong Unitrust International Leasing Co., Ltd., Chairman and General Manager of Shanghai Shengpu Jiangnan Cultural Development Co., Ltd., Director of China Culture Industry Investment Fund, Director of Bright Food (Group) Co., Ltd., and Non-executive Director of SHRCB. She was Deputy Party Secretary, Party Secretary, and Vice Chairman of Shanghai State-owned Assets Management Co., Ltd., Party Secretary and Chairman of SIG Asset Management Co., Ltd.

Ruan Liya, female, born in January 1983, master's degree, master's degree in science, and senior economist.

She is currently a member of the Party Committee and Chief Financial Officer of Zhejiang Expressway Co. Ltd., Director of Zheshang Securities Co., Ltd, Director of Yangtze United Financial Leasing Co., Ltd, Vice Chairman of the Board of Directors of Zhejiang Institute of International Finance, Director of the 2nd Council of the Transportation Investment and Financing Branch of China Highway Society, and Non-Executive Director of SHRCB. She was the Head of Investment of Zhejiang Jinji Real Estate Co., Ltd., Head of Investment Development Department, Assistant Manager, Assistant General Manager of Strategic Development and Legal Affairs Department, and Deputy General Manager of Strategic Development and Legal Affairs Department of Zhejiang Communications Investment Group Co., Ltd.

Li Guanying, male, born in June 1977, bachelor's degree and master's degree in agricultural promotion.

Currently, he is the Deputy Secretary of the Party Committee, Deputy General Manager (presiding) and Head of Finance of Taiping Asset Management Co., Ltd, Director of Taiping Capital Insurance Asset Management Co., Ltd, Director of Taiping Petrochemical Financial Leasing Co., Ltd, Supervisor of China Insurance Investment Co., Ltd, and a Non-executive Director of SHRCB. He was a member of the Party Committee, Deputy General Manager and Chief Investment Officer of Taiping Life Insurance Co., Ltd., a member of the Party Committee and Deputy General Manager of Taiping Financial Holding Co., Ltd., the Marketing Director (at the level of Assistant General Manager) of Taiping Asset Management Co., Ltd., a member of the Party Committee and Deputy General Manager of China Life Shenzhen Branch, the General Manager of the Sales Department of Individual Insurance of China Life Shenzhen Branch, and the General Manager of the Acquisition Department of China Life Shenzhen Branch.

Le Jiawei, male, born in August 1977, bachelor's degree in economics, senior accountant and certified public accountant.

He is currently the general manager of the capital and finance department of Shanghai Shendi (Group) Co., Ltd, a supervisor of Shanghai Shendi Construction Co., Ltd, and a non-executive director of SHRCB. He was the deputy general manager of the capital and finance department of Shanghai Shendi (Group) Co., Ltd (presiding over the work), the director of taxation and general manager/deputy general manager of the planning and finance headquarters of Shanghai Center Tower Construction and Development Co., Assistant Manager of Planning and Finance Department of Shanghai Chengtuo Property Co., Ltd., Assistant Manager of Planning and Finance Department of Shanghai Chengtuo Corporation.

Huang Jixian, male, born in April 1959, bachelor's degree, MBA (international) and a senior economist.

He is currently an independent director of SHRCB. He was the vice president of Shanghai branch of Industrial and Commercial Bank of China (ICBC), the deputy secretary of the party committee and vice president of Hebei branch of ICBC, the secretary of the party committee and president of Hebei branch of ICBC, the secretary of the party committee and president of Jiangsu branch of ICBC, and the director of Shanghai branch of ICBC's Internal Audit Bureau.

Chen Ying, female, born in March 1971, bachelor's degree, MBA, senior accountant.

She is currently an independent director of Orient Overseas (International) Limited, an independent director of Pingdingshan Tian'an Coal Industry Co., Ltd., an independent director of CSIC, an independent director of Broad Fund Management Co., Ltd., an external director of COSCO Shipping Lines Co., Ltd., and an independent director of SHRCB. He was the Assistant General Manager and Secretary of the Board of Directors, Deputy General Manager and Secretary of the Board of Directors of Baosteel Group Corporation, and Vice Chairman of Shanghai Chongyang Investment Management Co.

Chen Gui, male, born in September 1978, master's degree, LL.M. degree, doctorate degree in business administration, is a practicing lawyer.

He is currently a partner of Beijing Anjie Shize (Shanghai) Law Firm, a member of the Legislative Affairs Committee of the DAB Central Committee, a member of the 14th Shanghai Municipal Committee of the Chinese People's Political Consultative Conference (CPPCC), the vice chairman of the Pudong Federation of Industry and Commerce, an arbitrator of Shanghai Arbitration Commission (SAAC), an arbitrator of Shanghai International Economic and Trade Arbitration Commission (SIETAC), an independent director of China Insurance Investment Co., Ltd., an independent director of Zijin Tianfeng Futures Co. Ltd. and SHRCB. He was a lawyer of Beijing Dacheng Law Firm, the secretary of the board of directors and compliance director of Fortune Lyonnais Securities Limited, the chief compliance officer of Morgan Stanley Securities (China) Limited, the deputy director of the Financial Office of Jinshan District, Shanghai (posting), and a partner of Shanghai Yingming Law Firm.

Wang Zhe, male, born in August 1960, postgraduate degree, MBA and is an economist.

He is currently the Secretary General of Shanghai Internet Finance Industry Association, the Vice Chairman of the Fourth Council of Shanghai Financial Association, an external supervisor of China Everbright Bank Corporation, an independent director of Baoji Health Holding Co., Ltd., an independent director of ALLIN PAY Network Service Co., Ltd., and an independent director of SHRCB. He has served as Deputy Director of the General Office of the People's Bank of China, Manager of the Shenzhen Center of China Gold Coin Corporation, Vice President of CITIC Bank Shenzhen Branch, Chairman of Dapeng Securities, Deputy General Manager of China Gold Coin Corporation, Secretary of the Party Committee, Chairman of the Board of Directors and General Manager of the Shanghai Gold Exchange, and Secretary of the Party Committee of the China Foreign Exchange Trading Center.

Liu Yunhong, male, born in November 1976, postgraduate degree, Doctor of Laws degree, postdoctoral degree in economics, postdoctoral degree in law, researcher.

Currently, he is the deputy director of the International M&A and Investment Research Institute of Renmin University of China, the director of the research institute of Qianhai Life Insurance Co., Ltd. (Shanghai), the deputy director of the M&A and Financing Committee of the Listed Companies Association of China, a member of the Professional Committee of Independent Directors, a part-time professor and tutor of doctoral and master's degree students of Renmin University of China and East China University of Political Science and Law,

an independent director of Sinolink Securities Co., an independent director of Shanghai Electric Group Co., Ltd., an independent director of BOCOM International Trust Co., Ltd., and an independent director of SHRCB. He has served as the head of legal affairs of Guotai Fund Management Co., Ltd, postdoctoral fellow of Shanghai Stock Exchange, general manager of investment banking department of CASIC, and Assistant President and General Manager of Investment Banking Department, Hwabao Securities Co.

Li Peigong, male, born in July 1981, postgraduate degree, doctorate degree in management, professor.

Currently, he is the Dean of the School of Accounting and Distinguished Professor of Shanghai Lixin School of Accounting and Finance, Standing Director of the Accounting Society for Foreign Economic Relations and Trade of China, Deputy Director and Secretary General of the Financial Management Sub-committee of the Chinese Society of Management Science, Vice President of Shanghai Accounting Society, Independent Director of Zhejiang Jiali (Lishui) Industrial Co., Independent Director of Huzhou Shenke Biotechnology Co., and independent director of SHRCB. He was a research assistant of Global Economy and Financial Center of the Chinese University of Hong Kong, an assistant professor of the School of Management of Xiamen University, and a visiting scholar of Florida State University.

2. Supervisors

Dong Fang, male, born in January 1981, bachelor's degree and a master's degree in accounting.

He is currently the Deputy General Manager of the Asset Management Department of Orient International (Group) Co., Ltd, a Supervisor of Shanghai Different New Material Technology Co., Ltd, a Director of Orient Jinfa International Logistics Co., Ltd, and a Shareholder Supervisor of SHRCB. He was the accountant and head of the finance department of Shanghai Telecom Engineering Co., Ltd, the business manager, senior manager and assistant to the general manager of the asset management department of Shanghai Textile (Group) Co., assistant general manager, asset management department, Orient International (Group) Ltd.

Lian Bolin, male, born in May 1958, master's degree, bachelor's degree in economics, senior economist.

He is currently Director of Shanghai University of Finance and Economics, Independent Director of VStone Fund Management Co., Ltd., and External Supervisor of SHRCB. He was the Division Head of Bank of China, Vice President of Hefei Branch and Shanghai Branch, President of Jinan Branch and Shanghai Branch, China Merchants Bank (CMB); Assistant to the President of CMB and President of Shanghai Branch, Chairman of CMB Financial Leasing Co., Ltd. also in charge of CMB Shanghai Management Department, and a representative of the 15th Shanghai People's Congress.

Nie Ming, male, born in August 1960, doctoral degree, master's degree in law, lawyer, and representative of the 15th Shanghai People's Congress.

He is currently Lawyer of Beijing Anli (Shanghai) Partners, Arbitrator of the Shanghai Arbitration Commission, and Independent Director of Sino-Australian International Trust Co., Ltd., Independent Director of UOB (China) Limited, Singapore, Consultant of YASUDA CHUO International (Shanghai) Co., Ltd., Consultant of YASUDA Logistics (Shanghai) Co., Ltd, Adjunct Professor of Shanghai Sanda University, External Supervisor of SHRCB. He was Director and Vice President of the Head Office of Mizuho Bank (China) Co., Ltd, Vice President of the International General Department and Shanghai Branch of the Tokyo Head Office of Fuji Bank, Japan, Vice President of the Shanghai Branch of Mizuho Corporate Bank, General Manager of the Compliance Department of the Head Office of Shanghai Pudong Development Bank, Deputy Director of Financial Law Research Center, Shanghai Academy of Social Sciences Institute of Law, member of the First, Second and Third Standing Committee of Shanghai Pudong New District Committee of the Chinese People's Political Consultative Conference, Representative of the 13th, 14th and 15th Shanghai People's Congress.

Guo Rufei, male, born in May 1976, master's degree in economics, economist.

He is currently a member of the Party Committee, Director of the Organization Department, General Manager of the Human Resources Department and Employee Supervisor of SHRCB. He was the Deputy Director of the Supervision Office of Shanghai Financial System, the Deputy Director and Director of the Discipline Inspection and Supervision Office of SHRCB, and the Deputy Secretary of the Discipline Inspection Committee of SHRCB.

Yang Yuanjun, male, born in October 1966, undergraduate degree, economist.

He is currently the President (Director level) and Employee Supervisor of Pudong Branch, SHRCB. He was the Assistant President, Vice President (presiding), and President of Songjiang Sub-branch, and President of Minhang Sub-branch of SHRCB.

Xu Jingfen, female, born in March 1969, undergraduate degree, accredited economist.

She was Deputy Counselor, Incorporated Bank Regulation Department, former CBRC Shanghai, Head at GM level, Senior Manager and Deputy General Manager, Deputy General Manager (presiding), SHRCB Audit Department, and General Manager of Audit Department, and Employee Supervisor of SHRCB.

3. Senior Management

Gu Jianzhong (Refer to work experience of Directors for details) .

Jin Jianhua, male, born in January 1965, doctoral degree, doctor of laws and economist.

He is currently member of the Party Committee and Vice President of SHRCB, Chairman and Party Secretary of Yangtze United Financial Leasing Co., Ltd., Equity Director of the 4th Board of Rural Credit Banks Fund Clearing Center, Executive Director of the 9th council of Shanghai Numismatic Society, member of 10th Board of Shanghai Public Security Association of Enterprises and Institutions, and Corporate Representative in Shanghai Payment & Clearing Association. He previously served as President of the Bank of Shanghai (Fumin Sub-branch), President of the Bank of Shanghai (Waitan Sub-branch), Deputy Chief, and Chief (temporary) of the Financial Institution, Shanghai Financial Services Office, and President Assistant of SHRCB, Secretary of the Party Committee and Chairman of the Board of Directors of Yangtze United Financial Leasing Co., Ltd.

Yu Minhua, male, born in September 1976, undergraduate degree, MBA, assistant economist.

He was Assistant General Manager and Deputy General Manager of the Credit Approval Department of SHRCB, and Vice President (presiding), Party Committee Secretary and President of Yangpu Branch of SHRCB. Member of the Party Committee, Vice President, Secretary of the Board of Directors and Director of the Board of Directors Office, SHRCB.

Zhang Hongbiao, male, born in January 1968, master's degree, MBA, and economist.

He is currently the Vice President of SHRCB and President of Yangtze River Delta Financial Headquarters, Director of Shanghai Financial Consumer Dispute Mediation Center. He was the Director of the Party Committee Office and the Office Director of Bank of Shanghai(BOS), the Secretary of the Party Committee and the President of the Shinan Branch of BOS, and the Chairman of Minhang BOS Rural Bank.

Gu Xianbin, male, born in October 1979, bachelor's degree and MBA.

He is currently the Vice President of SHRCB, also the president of the 3Rd Council of Shanghai Rural Revitalization Young Talents Association, the executive president of the 9th Council of Shanghai Young Entrepreneurs Association, the member representative of China Banking Association's Inclusive Finance Committee, and the member representative of China Banking Association's Self-discipline Supervision and Inspection Expert Committee for Wealth Management Business. He was the Secretary of the Party Committee and President of Chongming Sub-branch of SHRCB, the Director of the Head Office, General Manager of the Corporate Finance Department, Director of Corporate Business, Chief Risk Officer of SHRCB, and Party Secretary, Chairman of Yangtze Financial Leasing Co., Ltd.

Ying Changming, male, born in November 1972, master's degree, master's degree in science.

At the end of the reporting period, he was the vice president of SHRCB. On April 2, 2024, according to the relevant decision of the supervising authorities, Ying Changming was appointed as the deputy secretary of the Party Committee of SHRCB. He is also the vice president of the 3rd Council of Shanghai Youth Entrepreneurship and Employment Promotion Association. Vice Chairman of the 6th Council of Shanghai Green Building Association, Standing Committee Member of Village Bank Working Committee of China Banking Association. He was the Director of the Party Committee Office and Secretary of the directly affiliated Party Committee of SHRCB, Office Director, Secretary of the Party Committee and the President of Jiading Sub-branch.

Shen Dong, male, born in May 1980, bachelor's degree and a master's degree in engineering.

He is currently the Vice President of SHRCB. He was the Deputy General Manager of Risk Management Department, General Manager of Technology Department, member of Information Technology Management Committee, General Manager of Financial Technology Department, Director of the Office of the Financial Technology Management Committee and member of the Information Technology Management Committee, Bank of Ningbo.

(IV) Remuneration of Directors, Supervisors and Senior Management

Decision-making procedures for remuneration of directors, supervisors and senior management	The remuneration of non-executive directors, shareholder supervisors and external supervisors paid by the Company is subject to the review and approval by the shareholders' meeting. The remuneration of the Company's legal representative is subject to the review and confirmation by the superior competent authorities and the approval by the Board of Directors. The remuneration of the Company's Senior Management is subject to the review by the Board of Directors.
Whether a director recuses from the Board's discussion of his/her remuneration matters	Yes
Details of Independent Directors' Suggestions on remuneration for Directors, Supervisors and Senior Management	The remuneration management measures for directors of the Company are formulated in accordance with the relevant work deployment and requirements of the competent regulatory authorities and the actual situation of the Company, and the formulation and deliberation procedures are in compliance with the relevant laws and regulations, including the Company Law and the Articles of Association of the Company, and there are no circumstances that would jeopardize the interests of the Company and its shareholders, in particular the small and medium-sized shareholders. The remuneration of the Company's professional managers are determined in accordance with the relevant work deployment and requirements of the competent regulatory authorities and the actual situation of the Company, and the formulation and deliberation procedures are in compliance with the relevant laws and regulations such as the Company Law and the Company's Articles of Association, and there are no circumstances that would jeopardize the interests of the Company and its shareholders, in particular the small and medium-sized shareholders.
Basis for determining the remuneration of directors, supervisors and senior managers	The remuneration of the Company's executive directors, employee directors and employee supervisors is implemented in accordance with the relevant regulations of the supervisory authorities and the Company's relevant appraisal and remuneration system; the criteria for allocating the remuneration of the Chairman of the Company are approved by the competent authorities in accordance with the relevant system for the management of remuneration of the leading personnel of state-owned enterprises and the results of the annual appraisal; and the remuneration of the shareholder-directors, independent-directors, shareholder-supervisors and external-supervisors is implemented in accordance with the "Measures for the Administration of Remuneration of SHRCB Directors" and "Measures for the Administration of Remuneration of SHRCB Supervisors". The allocation of remuneration to the senior management of the Company is implemented in accordance with the "Measures for the Assessment and Management of Professional Managers of SHRCB" and "Measures for the Remuneration Management of Professional Managers of SHRCB" reviewed and approved by the Board of Directors.
Actual payment of remuneration to directors, supervisors and senior management	The actual payment of remuneration to directors, supervisors and senior management during the reporting period is in (i) and (ii) of this section.
Total remuneration actually received by all directors, supervisors and the senior management at the end of the reporting period	During the reporting period, directors, supervisors and senior management of the Company received total remuneration from the Company attributable to the year of RMB 18,228,800. The final total remuneration of directors, supervisors and senior management paid by the Company has yet to be confirmed by the competent authorities and will be disclosed when it is determined.

(V) Changes of Directors, Supervisors and Senior Management

Date	Name	Position	Change	Reason for change
March 29, 2023	Wang Kaiguo	independent director	Resignation of independent director of the Company	Term expires
March 29, 2023	Zhu Yuchen	independent director	Resignation of independent director of the Company	Term expires
March 29, 2023	Chen Jiwu t	independent director	Resignation of independent director of the Company	Term expires
March 29, 2023	Sun Zheng	independent director	Resignation of independent director of the Company	Term expires
March 29, 2023	Chen Naiwei	independent director	Resignation of independent director of the Company	Term expires
March 29, 2023	Chen Kai	independent director	Resignation of independent director of the Company	Term expires
March 29, 2023	Mao Huigang	independent director	Resignation of independent director of the Company	Term expires
June 9, 2023	Zhang Chunhua	non-executive director	Resignation of non-executive director of the Company	Job changes
June 9, 2023	Zhang Xueyan, Li Guanying, Le Jiawei	non-executive director	Elected as a non-executive director of the fourth Board of Directors by the 2022 Annual General Meeting of Shareholders and approved by the Shanghai Financial Supervisory Bureau for qualifications for the position	Election at the General Meeting of Shareholders

Date	Name	Position	Change	Reason for change
June 9, 2023	Huang Jixian, Chen Ying, Chen Gui, Wang Zhe, Liu Yunhong, Li Peigong	independent director	Elected as an independent director of the fourth session of the Board of Directors by the 2022 Annual General Meeting of Shareholders and approved by the Shanghai Stock Exchange and the Shanghai Financial Supervisory Bureau for the qualifications for the position	Election at the General Meeting of Shareholders
June 9, 2023	Dong Fang	shareholder supervisor	Elected by the 2022 Annual General Meeting of Shareholders as Shareholder Supervisor of the Fourth Board of Supervisors	Election at the General Meeting of Shareholders
October 27, 2023	Li Jin	non-executive director, employee director	Resignation of non-executive director and employee director of the Company	retirement at age
October 31, 2023	Li Jianguo	chairman of the Board of Supervisors, external supervisor	Resignation of Chairman of the Board of Supervisors and external supervisor of the Company	retirement at age

(VI) Punishment of Current and Outgoing Directors, Supervisors and the Senior Management by Securities Regulatory Authorities in Recent Three Years

No punishment by securities regulatory authorities in recent three years.

V. Board of Directors

(I) Responsibilities of the Board of Directors

The Board of Directors is the executive body of the General Meeting of Shareholders and is responsible to the General Meeting of Shareholders and bears the ultimate responsibility for the operation and management of the Company. The Board of Directors is responsible for convening the General Meeting of Shareholders, executing the resolutions of the General Meeting of Shareholders, deciding on business plans and investment plans, deciding on the establishment of internal management bodies, formulating basic management systems, appointing and dismissing senior management, deciding on major investments, major asset acquisitions, major asset disposals and write-offs, major related-party transactions and other significant matters in accordance with the provisions of the Articles of Association or within the scope of authority granted by the General Meeting of Shareholders, and other authority granted by the Articles of Association and General Meeting of Shareholders.

(II) Composition of the Board of Directors

At the end of the reporting period, there were 16 directors on the Board of Directors of the Company, including 2 executive directors, namely Mr. Xu Li and Mr. Gu Jianzhong; 8 non-executive directors, namely Mr. Zhou Lei, Ms. Zhang Xueyan, Ms. Wang Juan, Mr. Ye Peng, Ms. Ha Erman, Ms. Ruan Liya, Mr. Li Guanying, Mr. Le Jiawei; and 6 independent directors, namely Mr. Huang Jixian, Ms. Chen Ying, Mr. Chen Gui, Mr. Wang Zhe and Mr. Liu Yunhong. 2 executive directors have been engaged in financial management for a long time and have rich experience in bank management; 8 non-executive directors are from large state-owned enterprises, holding important positions such as deputy general manager and financial controller, and have rich experience in enterprise management, finance and finance; 6 independent directors have diversified backgrounds, with strong professional expertise in the fields of commercial bank operation and management, finance and accounting, auditing, law, internet finance, etc. with strong expertise and social influence.

(III) Board of Directors' Meetings

The Board of Directors has complied with the laws, regulations and the Articles of Association, made scientific and prudent decisions, maintained strategic determination and gave full play to its leading role in decision-making. During the reporting period, the Board held a total of 8 meetings, including 4 on-site + correspondence meetings and 4 correspondence meetings, and 127 proposals were reviewed or listened to, covering the new 3-year development strategy, work report of the Board of Directors, annual business work report, operating budget and profit distribution proposal, periodic reports, risk and internal control, remuneration and performance, major foreign investment, major related-party transactions, formulation and revision of important rules, etc. and other important matters.

For details of the board meetings, please refer to the announcement of board resolutions published on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Company (www.shrcb.com).

(IV) Implementation of Resolutions of Shareholders' Meetings by Board of Directors

During the reporting period, the Board of Directors of the Company strictly implemented the relevant resolutions passed at the AGM and conscientiously implemented the profit distribution proposal for the year 2022 and the financial budget proposal for the year 2023as reviewed and approved at the AGM.

(V) Directors' Performance of Duties

1. Attendance of Directors at the Meeting of Board of Directors and Shareholders' Meetings

During the reporting period, all directors of the Company performed their duties in good faith, diligently, professionally and efficiently, and attended more than 2/3 of the on-site meetings of the Board of Directors in person, with an average attendance rate of 96%. The on-site attendance in person and by proxy as well as the performance time complied with the regulatory requirements. The attendance of directors at Shareholders' Meetings and board meetings is as follows:

Name of director	Board of Directors						General Meeting of Shareholders attendance
	Number of meetings to be attended during the year	Number of meetings attended in person ¹	Number of meetings attended by correspondence	Number of meetings attended in person ²	Number of absence	Not attending two consecutive meetings in person	Number of meetings to be attended during the year
Executive director							
Xu Li	8	8	4	0	0	No	1/1
Gu Jianzhong	8	8	4	0	0	No	1/1
Non-executive director							
Zhou Lei	8	7	5	1	0	No	0/1
Zhang Xueyan	2	2	1	0	0	No	0/0
Wang Juan	8	8	6	0	0	No	0/1
Ye Peng	8	7	4	1	0	No	0/1
Ha Erman	8	8	4	0	0	No	0/1
Ruan Liya	8	8	8	0	0	No	1/1
Li Guanyingying	2	2	2	0	0	No	0/0
Le Jiawei	2	2	1	0	0	No	0/0
Independent director							
Huang Jixian	1	1	1	0	0	No	0/0
Chen Ying	1	1	1	0	0	No	0/0
Chen Gui	1	1	1	0	0	No	0/0
Wang Zhe	2	2	1	0	0	No	0/0
Liu Yunhong	0	0	0	0	0	No	0/0
Li Peigong	2	2	1	0	0	No	0/0
Outgoing director							
Wang Kaiguo	6	6	3	0	0	No	1/1
Zhu Yuchen	7	7	6	0	0	No	0/1
Chen Jiwu	6	5	4	1	0	No	0/1
Sun Zheng	7	7	3	0	0	No	0/1
Chen Naiwei	7	7	3	0	0	No	0/1
Chen Kai	8	8	4	0	0	No	1/1
Mao Huigang	7	6	3	1	0	No	1/1
Zhang Chunhua	4	3	2	1	0	No	0/1
Li Jin	7	7	3	0	0	No	0/1

Notes:

1."Number of meetings attended in person" includes on-site attendance and participation in meetings via telephone and video.

2. Directors who were unable to attend the meetings of the Board of Directors in person have delegated other directors to attend and exercise their voting rights on their behalf.

2. Directors' Objection to Relevant Matters of the Company

During the reporting period, directors of the Company did not raise any objection to the BOD meetings' proposals for the year.

3. Adoption of Directors' Recommendations

During the reporting period, directors of the Company were continuously informed of the strategic management, corporate governance, operation and investment and risk management of the Company, participated in the proceedings, raised suggestions and exercised their voting rights in compliance with the law, and put forward a number of opinions and suggestions during the meetings and between meetings, all of which were adopted and responded to by the Company.

4. Performance of Duties of Independent Directors

During the reporting period, the Board of Directors of the Company had 6 independent directors, accounting for over one third of the Board of Directors of the Company. The chairs of three of the seven special committees under the Board of Directors were independent directors, and the independent directors accounted for more than half of the members of the three special committees. The independent directors actively participated in the meetings of the Board of Directors and each special committee, and specialised meeting of independent directors. During the reporting period, the Board of Directors held 10 meetings, the attendance rate of the independent directors in person reached 96%, and the attendance rate of the independent directors in person for specialised meeting of independent directors reached 96%. Their office hours to the Bank had met the regulatory requirements of not less than 15 working days, among which the independent directors who were the heads of the Audit Committee and the Related-party Transaction Control Committee had met the regulatory requirements of not less than 20 working days.

During the reporting period, independent directors expressed objective and impartial independent opinions on matters discussed by the Board of Directors, and provided opinions on matters such as strategic management, remuneration incentives, group management, risk compliance and related-party transactions of the Company, and were able to express written opinions on the fairness of material related-party transactions, profit distribution proposal, internal control evaluation report, the appropriation of funds by controlling shareholders and other related parties, nomination of directors, estimated amount of daily related-party transactions, so as to provide strong support for the scientific decision-making of the Board of Directors and dutifully safeguard the rights and interests of depositors and small and medium shareholders.

During the reporting period, the Independent Directors gave full play to their professional roles in deepening the Company's strategic management and strengthening compliance and internal control. Firstly, the independent directors guided the Company to improve the new three-year development strategic plan, conducted forward-looking analysis in response to the complex and volatile macroeconomic environment, grasped the economic situation, strengthened financial prevention and control, prevented financial risks, and strengthened thinking and in-depth research in respect of adapting to the new regulation, embracing big data and expanding the supply chain. Secondly, the independent directors continuously supervised and promoted the optimization of systems and system construction related to the management of related-party transactions, and strengthened the structure and process of related-party transaction management under the principle of "the board of directors is responsible, the management is dutiful, and the business fulfills". Thirdly, the independent directors took the initiative to participate in the tripartite meeting with the regulators, gained an in-depth understanding of the overall situation of external auditing, listened to the regulatory opinions and suggestions and carried out in-depth exchanges, and insisted on utilizing the role of the third-party independent auditing, striving to improve the quality of auditing, and servicing the strategic development of the Company. Fourthly, the independent directors insisted on strategic orientation, grasped the implementation of the "key few" strategies, participated in the on-site debriefing of the Company's senior management and interviews with the new professional managers, and emphasized on strengthening the assessment, evaluation and strategic supervision of the senior management.

(VI) Performance of Duties of Special Committees Under the Board of Directors

The Board of Directors of the Company had 7 special committees, including the Strategy and Sustainability Committee, Inclusive (Agricultural) Financial Service Committee, Audit Committee, Risk and Compliance Management Committee, Consumer Rights and Interests Protection Committee, Related-party Transaction Control Committee, and Remuneration and Nomination Committee. During the reporting period, the special committees under the Board of Directors had earnestly performed their duties, given full play to the supporting role of professional research and decision-making, put forward professional opinions and suggestions, and effectively supported the scientific decision-making of the Board of Directors. 34 meetings were held, which reviewed or listened to 161 proposals.

1. Strategy and Sustainability Committee

At the end of the reporting period, the members of the Strategy and Sustainability Committee consisted of 6 directors, including Mr. Xu Li (Chairman), Mr. Zhou Lei, Ms. Zhang Xueyan, Mr. Ye Peng, Mr. Li Guanying, and Ms. Chen Ying.

The Strategy and Sustainability Committee is mainly responsible for formulating the Company's management objectives and medium- and long-term and sustainable development strategies, and supervising and checking the implementation of annual management plans, investment programs, social responsibility (ESG) and green finance.

During the reporting period, the Strategy and Sustainable Development Committee held 7 meetings (February 10, February 28, April 27, May 19, August 23, October 27, December 12), and reviewed 39 proposals including the formulation of the 2023-2025 development strategy, the strategic OKR tasks of the head office and the bank leaders, the annual profit distribution proposal, the annual and semi-annual Capital Adequacy Report, establishment of the Technology Finance Division, organizational restructuring of the retail line, 2022 Annual ESG and Social Responsibility Report, 2022 Annual Environmental Information Disclosure Report, formulation of Green Finance Management Measures etc., and listened to 8 reports on the operation and management of the holding rural banks and Yangtze Financial Leasing, and the annual green finance development. The Strategy and Sustainable Development Committee focused on strengthening guidance on the preparation of a new round of development strategy and improvement of the strategy system, and strengthening the management of the strategy implementation process; focusing on major operation and management matters in line with the strategic orientation, ESG and green finance and other stakeholder management, and promoting high-quality development; continuously strengthening the guidance on the work of investment management, capital management, consolidation management and corporate governance; and paying close attention to the development of the holding and participating companies and the Group's overall risk prevention and control.

2. Inclusive (Agricultural) Financial Service Committee

At the end of the reporting period, the Inclusive (Agricultural) Financial Service Committee consisted of five directors, including Mr. Xu Li (chairman), Mr. Zhou Lei, Mr. Ye Peng, Mr. Wang Kaiguo and Mr. Zhu Yuchen.

The Inclusive (Agricultural) Financial Service Committee is mainly responsible for studying the strategic planning, basic policy system and development and operation objectives of the Company's inclusive financial services and financial services for "agriculture, rural areas and farmers", and evaluating and supervising the implementation of such services.

During the reporting period, the Inclusive (Agricultural) Financial Service Committee held one meeting (on February 10), reviewed one proposal on the summary and plan of the Committee's work, and listened to 2 reports on the situation of agricultural financial services and the work of inclusive finance for 2022. The Committee followed the Company's inclusive and agricultural financial services, and strengthened its guidance in this regard to promote the Company's strategic positioning of inclusive financial services for the benefit of the three rural areas, and its insistence on financial services so as to build a brand of services for agriculture, people's livelihoods, the digital services, the green economy, and the science and technology industry.

3. Audit Committee

At the end of the reporting period, the Audit Committee consisted of 4 directors, including Ms. Chen Ying (Chairman), Mr. Ye Peng, Mr. Huang Jixian and Mr. Chen Gui.

The Audit Committee is mainly responsible for examining the risk and compliance status, accounting policies, financial reporting procedures and financial position of the Company; responsible for the annual audit of the Company, making recommendations on the engagement and replacement of external auditors, and making judgmental reports on the truthfulness, accuracy, completeness and timeliness of the audited financial reporting information for submission to the Board of Directors for review.

During the reporting period, the Audit Committee held 5 meetings (February 10, April 27, May 19, August 23 and October 27), reviewed 10 proposals, including the periodic report, the annual internal audit report and the renewal of the appointment of the accounting firm, and listened to 10 reports, including the audit of the quality of liabilities and the audit of related-party transactions and internal transactions. The Audit Committee gave full play to its role of auditing, reviewing and supervising, and effectively fulfilled its relevant duties by reviewing the company's financial reports and expressing its opinions on them to ensure the truthfulness, accuracy and completeness of the reports; guiding the company to carry out the annual internal auditing and supervising its implementation, and perfecting the internal auditing system; organizing and implementing the evaluation of the external auditing institutions and guiding the renewal of the CPA firm, as well as coordinating the internal and external auditing communication and exchanges.

4. Risk and Compliance Management Committee

As at the end of the reporting period, the members of the Risk and Compliance Management Committee consisted of six directors, including: Mr. Gu Jianzhong (Chairman), Ms. Wang Juan, Ms. Ha Erman, Ms. Ruan Liya, Mr. Huang Jixian and Mr. Wang Zhe.

The Risk and Compliance Management Committee is mainly responsible for studying the risk management strategy, overall policies on risk and compliance management that are consistent with the Company's strategic objectives, supervising senior management on the control of risks such as credit risk, liquidity risk, market risk, operational risk, compliance risk and reputation risk, regularly evaluating the Company's risk policy, management status and risk tolerance, and proposing improvements to commercial bank's risk management and internal control.

During the reporting period, the Risk and Compliance Management Committee held 7 meetings (February 10, April 27, May 19, June 28, August 23, December 12, December 27), and reviewed 21 proposals such as the risk strategy for the period of 2023-2025, the self-assessment of comprehensive risk and compliance risk management, the evaluation of internal control, the evaluation of the quality management of liabilities, etc.; and listened to 20 reports on comprehensive risk management, case prevention, anti-money laundering, data governance, practitioner behavioral assessment, risk stress test, and 20 other reports. The Risk and Compliance Management Committee has diligently performed its duties, promoted the improvement of the comprehensive risk management system, urged the senior management to pay close attention to the various types of risks of listed companies, strengthened the ability of proactive response, and promoted the continuous improvement of the Company's risk and compliance management level.

5. Consumer Rights and Interests Protection Committee

At the end of the reporting period, the Consumer Rights Protection Committee consisted of 6 directors: Mr. Gu Jianzhong (Chairman), Ms. Wang Juan, Ms. Ha Erman, Ms. Ruan Liya, Mr. Huang Jixian and Mr. Wang Che.

The Consumer Rights and Interests Protection Committee is responsible for studying the Company's strategies, policies and objectives for consumer rights and interests protection, receiving regular reports from senior management on the implementation of consumer rights and interests protection, and evaluating and monitoring the implementation of consumer rights and interests protection.

During the reporting period, the Consumer Rights and Interests Protection Committee held 2 meetings (February 10 and April 27), at which four proposals were reviewed, including the summary and plan of the annual work of the Consumer Rights and Interests Protection Committee and consumer rights and interests protection, the revision of the management mechanism of consumer rights and interests protection, and the formulation of the three-year strategy of consumer rights and interests protection; and listened to 1 report on the special audit of consumer rights and interests protection. The Consumer Rights and Interests Protection Committee actively performs its duties, discusses and researches major issues and policies on consumer rights and interests protection, optimizes the management mechanism of consumer rights and interests protection, supervises the implementation of consumer rights and interests protection, and promotes the continuous improvement of the level of consumer rights and interests protection in the Bank.

6. Related-party Transaction Control Committee

As at the end of the reporting period, the members of the related-party transaction control committee consisted of 3e directors, including: Mr. Chen Gui (Chairman), Mr. Liu Yunhong and Mr. Li Peigong.

The Related-party Transaction Control Committee is mainly responsible for the management, review and approval of related-party transactions and control the risk of related-party transactions.

During the reporting period, the Related-party Transaction Control Committee held 6 meetings (February 10, April 27, July 14, August 23, October 27, and December 12) to review 21 proposals, including major related-party transactions, deposit related-party transaction plans, projections of daily related-party transactions, and the related-party transaction system, and listened to 2 reports, namely, the report on the status of related-party transactions in fiscal year 2022 and the report on the status of related-party transactions in the semiannual fiscal year 2023, which were submitted to the Committee. The Related-party transactions Control Committee organized the formulation or revision of relevant systems to continuously strengthen the foundation of the related-party transactions management system; guided the continuous optimization of the related-party transactions management system, comprehensively promoted the construction of the related-party transactions management infrastructure, and upgraded the level of informationization and intelligence of the related-party transactions management; and rigorously examined major related-party transactions, focusing on the compliance, fairness and necessity of the related-party transactions, and regulated the implementation of the related-party transactions.

7. Remuneration and Nomination Committee

As at the end of the reporting period, the members of the Remuneration and Nomination Committee consisted of 4 directors, including: Mr. Wang Che (Chairman), Mr. Le Jiawei, Mr. Liu Yunhong and Mr. Li Peigong.

The Remuneration and Nomination Committee is mainly responsible for formulating procedures and criteria for the selection and appointment of directors and members of senior management, conducting preliminary review of the qualifications of directors and members of senior management and making recommendations to the Board of Directors; reviewing the bank-wide remuneration management system and policies, formulating remuneration packages for directors and members of senior management, making recommendations to the Board of Directors on remuneration packages and supervising the implementation of the packages.

During the reporting period, the Remuneration and Nomination Committee held 6 meetings (February 10, February 28, April 27, May 19, August 23 and October 27) and reviewed 16 proposals including the annual performance evaluation of Directors, the results of the 2022 annual assessment of the professional managers and the assessment indicators for the 2023 annual assessment, the annual assessment of the head of the auditing department, the nomination and selection of candidates for the Board of Directors and the executive management, the remuneration management system etc., and listened to six reports, including the report on the duties of independent directors, the annual appraisal of other relevant personnel appointed by the Board of Directors, the Company's remuneration

management, and the special audit on remuneration performance management. The Remuneration and Nomination Committee actively performed its duties, strengthened the performance management of directors, optimized the assessment and evaluation of professional managers and other "key few", strengthened the selection and qualification examination of directors and executive candidates, and orderly promoted the re-election of independent directors upon the expiration of their terms of office; and promoted the implementation of sound remuneration management and strengthened the effectiveness of the remuneration assessment and management mechanism.

VI. Board of Supervisors

(I) Board of Supervisors' Responsibilities

The Board of Supervisors is the internal oversight body of the Company and is accountable to and reports to the General Meeting of Shareholders. With the objective of protecting the legitimate rights and interests of the Company, shareholders, employees, creditors and other stakeholders, the Board of Supervisors exercises effective supervision over the Company's strategic management, financial activities, internal control, risk management, lawful operations, corporate governance, and the performance of duties and responsibilities of the members of the Board of Directors and senior management.

(II) Composition of the Board of Supervisors

As at the end of the reporting period, the Board of Supervisors of the Company comprised a total of 6 Supervisors, including 1 Shareholder Supervisor, namely Mr. Dong Fang; 2 External Supervisors, namely Mr. Lian Bolin and Mr. Nie Ming; and 3 Employee Supervisors, namely Mr. Guo Rufeif, Mr. Yang Yuanjun and Ms. Xu Jingfen. The proportion of employee supervisors and external supervisors among the members of the Board of Supervisors are in compliance with the regulatory requirements. The members of the Board of Supervisors of the Company have the professional ethics and professional ability required for the performance of their duties and are able to ensure that the Board of Supervisors can effectively perform its supervisory functions. Following the resignation of Mr. Li Jianguo from the chairmanship of the Board of Supervisors upon his retirement at age, the Board of Supervisors elected Mr. Lian Bolin, an external Supervisor, as the convenor and presiding officer of the meetings of the 4th Session of the Board of Supervisors.

(III) Meetings of the Board of Supervisors

During the reporting period, the Board of Supervisors of the Company held 4 meetings and reviewed or listened to 56 proposals.

For details of the meetings of the Board of Supervisors, please refer to the announcement of resolutions of the Board of Supervisors published on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Company (www.shrcb.com).

(IV) Performance of Duties of Supervisors

1. Attendance of Supervisors at BOS Meetings and Shareholders' Meetings

During the reporting period, the supervisors of the Company performed their duties conscientiously and diligently in accordance with the laws and regulations, rules and the Articles of Association of the Company, carefully reviewed the proposals and reports, and independently expressed their opinions and recommendations on the proposals through attending the meetings of the Board of Supervisors and its special committees. Participated in the research activities of the Board of Supervisors, took the initiative to understand the operation and management status and strategy implementation of the Company, and expressed their opinions and suggestions, demonstrating professionalism, independence and ethical standards and compliance in the performance of their duties.

During the reporting period, supervisors attended the shareholders' meetings and participated the Board of Directors' meeting, and supervised the legitimacy, compliance, voting procedures, attendance of the directors, the expression of opinions and the voting of the above-mentioned meetings.

The attendance of the Supervisors at the Shareholders' Meetings and the Board of Supervisors Meetings is as follows:

Name of supervisor	BOS Meeting attendance						Shareholders' Meeting attendance
	Number of meetings to be attended during the year	Number of meetings attended in person ¹	Number of meetings attended by correspondence	Number of meetings attended by proxy	Number of absence	Not attending two consecutive meetings in person	Number of meetings attended / Number of meetings during tenure
external supervisor							
Lian-Bolin (name)	5	5	1	0	0	No	1/1
Nie Ming	5	5	1	0	0	No	1/1
shareholder supervisor							
Dong Fang	3	3	1	0	0	No	0/0
employee supervisor							
Guo Rufe (1916-1998), writer, poet and novelist	5	5	1	0	0	No	1/1
Yang Yuanjun	5	5	1	0	0	No	1/1
Xu Jingfen (1962-), Chinese actress	5	5	1	0	0	No	1/1
outgoing supervisor							
Jason Lee (1965-1993), American actor, son of Bruce Lee	4	4	0	0	0	No	1/1

Note: The number of meetings "attended in person" includes on-site attendance and participation in meetings via telephone and video.

2. Supervisors' Objections to Matters Related to the Company

During the reporting period, the Supervisors of the Company had no objection to various supervision matters.

3. Performance of Duties by External Supervisors

During the reporting period, the external supervisors of the Company brought into play their professional expertise and work experience in finance and law, studied various documents and reports of the Company and other information, raised comments and suggestions on the preparation of the Company's periodic reports, the implementation of the development strategic plan, the accountability system for operating targets and the achievement of financial indicators, comprehensive risk management, the management of Group consolidation, holding subsidiaries, remuneration, related-party transactions and internal transactions, etc.; supervised the performance of the Board of Directors, senior management and their members, and expressed opinions independently and objectively; actively participated in research and training, and carefully studied the relevant systems and regulations of the competent regulatory authorities.

(V) Performance of Duties of Special Committees Under the Board of Supervisors

The Board of Supervisors of the Company has 2 special committees, the Nomination Committee and the Supervision Committee, both of which are chaired by external supervisors.

1. Nomination Committee

At the end of the reporting period, the Nomination Committee consisted of 3 supervisors, including: Mr. Lian Bolin (Chairman), Mr. Dong Fang and Mr. Guo Rufe.

The Nomination Committee is mainly responsible for formulating the procedures and criteria for the selection and appointment of supervisors, conducting preliminary review of the qualifications and conditions of supervisors and making recommendations to the Board of Supervisors; supervising the procedures for the selection and appointment of directors; conducting comprehensive evaluation of the performance of directors, supervisors and senior management and reporting to the Board of Supervisors, etc.

During the reporting period, the Nomination Committee held 2 meetings to study and review the nomination of Mr. Dong Fang as a candidate for shareholder supervisor of SHRCB, the evaluation of the performance of duties of the Directors, Supervisors and senior management of the Company for 2022, and the formulation of the "Measures for the Administration of Supervisors' Remuneration of SHRCB".

1. Supervision Committee

At the end of the reporting period, the Supervision Committee consisted of 3 supervisors, including Mr. Nie Ming, Mr. Yang Yuanjun and Ms. Xu Jingfen.

The Supervision Committee is mainly responsible for supervising the Board of Directors in establishing sound business philosophy, value guidelines and formulating development strategies that are in line with the Company's reality, and supervising and inspecting the Company's business decisions, financial activities, risk management and internal controls.

During the reporting period, the Board of Supervisors held 2 meetings to study and review the work plan of the Board of Supervisors of the Company, the Supervisory Evaluation Report of the Board of Supervisors for 2022, and the Supervisory Report of the Board of Supervisors of SHRCB on the implementation of the Bank's development strategy for 2020-2022.

VII. Senior Management

(I) Responsibilities of Senior Management

According to the Articles of Association, the senior management of the Company consists of the President, the Vice President, the Secretary of the Board of Directors, the Head of Finance and such other persons as determined by the Board of Directors of the Company. The President of the Company is responsible to the Board of Directors under the leadership of the Board of Directors. The President has the authority to organize business management activities in accordance with the laws and regulations, the Articles of Association and the authorization of the Board of Directors, and the President's specific roles include presiding over daily business management, organizing the implementation of the resolutions of the Board of Directors, formulating annual business plans and investment plans, formulating annual financial budget, final accounts and profit distribution plans, formulating basic management systems and specific regulations, etc.

(II) Composition of Senior Management

At the end of the reporting period, the Company had seven senior management personnel, including one president, namely Mr. Gu Jianzhong, and six vice-presidents, namely Mr. Jin Jianhua, Mr. Yu Minhua, Mr. Zhang Hongbiao, Mr. Gu Xianbin, Mr. Ying Changming and Mr. Shen Dong.

VIII. Employees of the Parent Company and Major Subsidiaries

(I) Employees

	Unit: persons
Total number of employees in the parent Company and major subsidiaries	11,295
Number of employees in the parent Company	9,419
Number of employees in major subsidiaries	1,876
Number of outgoing and retired employees of parent Company and major subsidiaries	2,976
Professional composition of employees in the parent Company	
Management	1,515
Bank business personnel	6,841
Technical personnel	761
Administrative personnel	302
Professional composition of employees in the parent Company	
Management	1,022
Bank business personnel	6,287
Technical personnel	2,110

Note: The number of employees includes labor dispatchers.

(II) Remuneration Policy

During the reporting period, the remuneration policy of the Company remained stable. The Company established a sound remuneration management structure in accordance with the requirements of corporate governance, clarified the boundaries of responsibilities of relevant subjects and improved the decision-making mechanism of remuneration policies. The Board of Directors of the Company has the ultimate responsibility for remuneration management, and the Remuneration and Nomination Committee of the Board of Directors is responsible for considering the relevant remuneration system and adjustments. Senior management is responsible for organizing and implementing the resolutions related to remuneration management of the Board of Directors. The Human Resources Department, the Audit Department and other functional departments are responsible for the implementation and supervision of specific remuneration management matters in accordance with the division of duties.

The Company reasonably determined total wages combining wages and efficiency, taking into account the constraint standards on remuneration by risk cost control indicators as stipulated in the Supervisory Guidelines on Sound Remuneration of Commercial Banks, while taking into account labor productivity, labor cost input-output ratio, market benchmarking of employee wage levels, etc., as well as the guideline for corporate wages. The Company's implementation plan for total wage management, total wage budget and settlement were reported to the supervising authorities in accordance with regulations. The remuneration of the Company's employees consists of fixed remuneration, variable remuneration and benefit income. Fixed remuneration includes basic salary, allowance and transportation subsidy, variable remuneration includes all kinds of current and deferred performance-based salary, and benefit income includes social insurance premium and housing provident fund, etc. During the reporting period, the total amount of remuneration for employees in positions that have a significant impact on the Bank's risk and other risk-related positions considered by the Company was RMB 2.386 billion.

The Company implemented performance appraisal based on the principle of "distribution according to work and assessment based on performance" and established a performance appraisal system consisting of indicators for compliance, risk management, operational efficiency, development and transformation and social responsibility, highlighting performance orientation, strengthening positive incentives, increasing the proportion of risk and compliance appraisal indicators and continuously improving resource allocation efficiency. During the reporting period, the Company's net profit attributable to shareholders of the parent company was RMB 12.142 billion. At the end of the reporting period, the Group had a capital adequacy ratio of 15.74%, a non-performing loan ratio of 0.97%, a provision coverage ratio of 404.98% and a leverage ratio of 7.75%. The Company actively fulfilled its social responsibility, strictly complied with the risk management policy requirements of national and local regulators, implemented the latest regulatory requirements and regularly published social responsibility reports.

The Company has formulated the SHRCB's Trial Measures for the Management of Deferred Payment and Recourse to Withholding of Performance-based Remuneration, and established a mechanism for deferred payment and recourse of employees' performance-based compensation. The remuneration payment term is reasonably determined according to the performance and risk change of business activities involved in the post. In case of any disciplinary punishment or major risk event, the leading group or working group meeting for deferred payment and recourse of performance-based compensation will be held every year to propose the accountability and punishment plan, deduct the deferred payment, and recover with recourse. During the reporting period, the amount of deferred pay for performance of the Company's employees was RMB 371 million and RMB 6,712,500 deferred pay for performance was deducted for certain reasons.

The Company's remuneration policy is applicable to all employees who have established employment contract relationship with the Company and there are no exceptions beyond the original remuneration plan.

(III) Training Programs

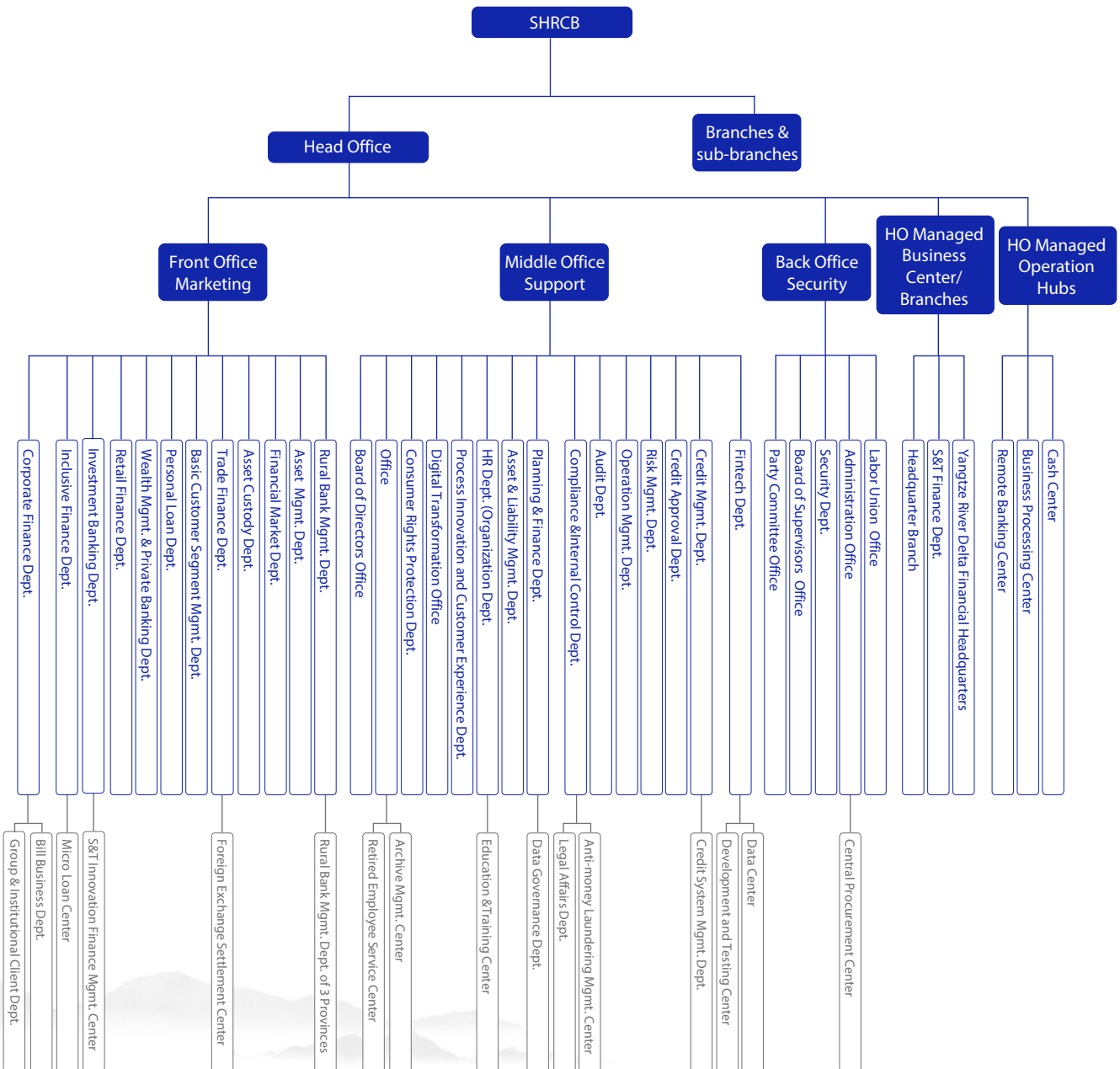
During the reporting period, the Company focused on strategic planning objectives and operational development needs, adhered to the concept of "rejuvenate the bank with talents", took talent value creation as the guidance, systematically planned the training system, organized and carried out training and empowerment by layers and categories, and made efforts to promote the cultivation and construction of a "high-quality and complex management team adapted to high-quality development" and a "professional backbone talent team adapted to the requirements of transformation and development in the new era". Firstly, systematically conducted training of management personnel, paid attention to strategic transformation and innovation, cultivated global management thinking, and enhanced comprehensive management ability. Secondly, systematically built a reserve talent echelon, focused on key competencies, expanded the vision pattern, and did a good job in front of the management ability to empower. Third, refined the implementation of professional sector training, multi-position empowerment in parallel, highlighting the enhancement of practical ability. Fourth, promoted the construction of internal training resources, focused on the important business segments of the internal trainer courses with the construction, extraction and refinement of practical experience and cases, and built an internal exchange platform. Fifth, digitally operated the online learning platform, gave full play to the advantages of online empowerment, optimized and enhanced the experience, and continued to stimulate the self-driven force of learning.

(IV) Labor Dispatch

The Company has cases involving labor dispatching, for which the Company has signed labor dispatch agreements with labor dispatch companies. The Company has paid all social insurance expenses and housing provident fund for dispatched workers in accordance with the regulations of the state and local governments, and has no arrears on the remuneration of dispatched workers, no major labor dispute with the labor company or dispatched workers, and no administrative punishment by relevant labor authority or labor supervision authority.

Total number of working hours for labor outsourcing	7,816 person-months
Total compensation paid for labor outsourcing	166 million

IX. Company Organization Chart



X. Proposals for Profit Distribution of Ordinary Shares or Conversion of Capital Reserve to Share Capital

(I) Formulation, Implementation or Adjustment of Cash Dividend Policy

During the reporting period, the implementation of the Company's annual profit distribution plan for 2022 was strictly in accordance with relevant provisions of the Articles of Association and was reviewed and approved by 2022 AGM. The criteria and ratio of cash dividends were clear and explicit, the relevant decision-making procedures and mechanisms were complete, the independent directors performed their duties and responsibilities, expressed clear opinions on the profit distribution plan and played their due roles, and the small and medium shareholders had the opportunity to fully express their opinions and demands and their legitimate rights and interests were fully protected. The Board of Directors of the Company has implemented the profit distribution plan.

(II) 2023 Profit Distribution Proposal

1. Statutory surplus reserve is accrued at 10% of the Company's audited net profit of RMB 11.872 billion for 2023, amounting to RMB 1.187 billion.
2. General risk reserve is accrued at the difference between accrued reserve and 1.5% of the risk asset balance at the end of the period, amounting to RMB 0.81 billion.
3. As a result of the above profit distribution, the Company's balance of undistributed profit as of December 31st, 2023 was RMB 33.196 billion. The discretionary surplus reserve of RMB 3.32 billion was provided at 10% of this amount.
4. Based on the total share capital registered on the date of registration for the implementation of equity distribution, a cash dividend of RMB 3.79 (including tax) per 10 ordinary shares will be distributed, totaling RMB 3.655 billion (including tax). After the above-mentioned distribution, the remaining undistributed profits are carried forward to the next year. In 2023, the Company does not issue bonus shares and does not convert capital reserve to share capital.

The above-mentioned profit distribution proposal is subject to the review by the 2023 AGM.

(III) The Company's Plan or Proposal for Dividend Distribution, and Conversion of Capital Reserve to Share Capital for the Past Three Years

Unit: RMB 1000

Year of dividend distribution	Number of bonus shares per 10 shares (shares)	Dividends per 10 shares (yuan) (tax included)	Number of conversions per 10 shares (shares)	Amount of cash dividends (tax included)	Net profit attributable to ordinary shareholders of the listed company in the consolidated statements for the year of dividend distribution	Ratio of net income attributable to ordinary shareholders of the listed company in the consolidated statements (%)
2023	-	3.79	-	3,655,244	12,141,958	30.10
2022	-	3.42	-	3,298,400	10,974,378	30.06
2021	-	5.60	-	5,400,889	9,697,866	55.69

XI. Independence of the Company in Terms of Assets, Personnel, Finance, Organization, Business, etc. Relative to the Controlling Shareholder

The Company has no controlling shareholder.

XII. Establishment and Implementation of Evaluation and Incentive Mechanism for the Senior Management

The Company has established an internal incentive and restraint mechanism matching the modern financial enterprise system. The Board of Directors has made clear the requirements for performance evaluation and remuneration distribution of the Senior

Management in accordance with the SHRCB Professional Managers' Assessment Management Measures, and SHRCB Professional Managers' Remuneration Management Measures.

The Board of Directors evaluates the performance of the Senior Management and reviews relevant proposals on the performance evaluation results. The assessment and evaluation combine annual assessment and term-of-office assessment, of which the annual assessment is carried out every year, and the term-of-office assessment is carried out in the next year after the expiration of the term.

XIII. Internal Control

During the reporting period, the Company continued to improve the construction of the internal control system, continued to play the role of the center stage as a guarantor and leader, carried out the activity of "Year of Compliance Strengthening", and made every effort to build a 4A compliance management system (Anyone, Anything, Anytime, Anywhere).

Firstly, continued to improve the system of internal control evaluation. Revised the system related to the implementation rules of the Company's internal control to further clarify the regulatory requirements for internal control evaluation, so as to enhance the accuracy, effectiveness and systematization of internal control evaluation.

Secondly, promoted compliance and internal control to "digital intelligence". Developed and launched an intelligent compliance management system within the bank, applied large language models and artificial intelligence technology to the field of compliance and internal control, completed the development of system robots, continued to promote the construction of the off-site module of the CIS system, and optimized the new related-party transaction management system, so as to continuously improve the level of digital intelligence in compliance and internal control.

Thirdly, established a group-level consolidated internal control evaluation mechanism. Strengthened the ONE SHRCB Group concept, coordinated and promoted the internal control evaluation of all departments and offices of the head office, branches and consolidated subsidiaries, and further improved the level of risk internal control and compliance management at the corporate group level.

The Board of Directors of the Company reviewed and approved SHRCB's 2023 Annual Internal Control Evaluation Report. The Company maintained effective internal controls in all material aspects of financial reporting and non-financial reporting, and the internal control was generally operating well and in compliance with the relevant requirements for information disclosure by listed companies, and there were no material or significant internal control deficiencies. For the general internal control deficiencies identified in the internal control evaluation, the Company has taken active measures for rectification.

KPMG Huazhen (LLP) has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2023 and issued the Audit Report on Internal Control of SHRCB with unqualified opinion.

Details of the report are set out in the relevant announcement disclosed by the Company on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>).

XIV. Internal Audit

The Company has established an independent and vertical internal audit system. The Board of Directors assumes ultimate responsibility for the independence and effectiveness of internal audit, approves the internal audit charter and the medium-and long-term audit plan, reviews the annual audit work report, and appoints the head of the Audit Department to provide necessary guarantees for the independence and objectivity of internal audit work. The Head Office has established an Audit Department, which works under the direct leadership of the Party Committee and the Board of Directors of the Company, receives the guidance and supervision of the Board of Supervisors, and specifically undertakes internal audit responsibilities.

During the reporting period, the Company strengthened the political leadership of the Party Committee's Audit Leading Group on internal audit work; formulated the Internal Audit Plan of SHRCB for 2023-2025, clarifying the objectives, tasks and roadmap for the new round of development of internal auditing; revised the Internal Audit Charter of SHRCB to improve the management system and mechanism, and further regulate the work of internal auditing; optimized the audit organizational structure, and a specialized division of labor was implemented to enhance the audit layout of the Group; internal audit was aimed at guaranteeing the implementation of macro policies, keeping in view the strategic, risk and regulatory concerns, and adhering to the value and problem orientation, focusing on the aspects of inclusive SME finance, green finance, risk cost, liquidity risk, capital management, internal control system construction, information system, network security, credit compliance, and economic responsibility of leading cadres; deepened the synergy between discipline, inspection and audit, and brought into play the synergy of supervision; completed the construction of a new generation of audit system, and pushed forward the digital transformation of auditing; strengthened the closed loop of audit rectification, and effectively fulfilled the responsibility of auditing and supervision, so as to provide a strong safeguard for the Company's sound operation and high-quality development.

XV. Information Disclosure and Insider Information Management

The Board of Directors, the Board of Supervisors and the Senior Management of the Company attach great importance to information disclosure and insider information management, continuously promote the construction of information disclosure management mechanism, strengthen the management of insider information, and effectively protect the rights of all shareholders, especially small and medium-sized investors, to obtain information in a timely, accurate and equal manner.

The Company attached great importance to the protection of investors' right to information, strictly complied with the relevant laws and regulations on information disclosure, disclosed all

material information in a true, accurate, complete, timely and fair manner, and implemented all regulatory requirements. In accordance with the principle of "openness, fairness and impartiality", the Company disclosed corporate governance and management information truthfully, accurately and completely, ensuring that the disclosures were concise, clear and easy to understand, while maintaining the continuity and consistency of information disclosure. The Company did a good job in information disclosure, maintained an open channel of information disclosure with the supervisory authorities, and engaged an external auditor to audit the annual financial report.

During the reporting period, the Company disclosed 4 periodic reports, 61 ad hoc announcements and 103 announcement documents, of which more than 15% were voluntary disclosures, covering major matters such as resolutions of the "three meetings", implementation of profit distribution, stabilization of share price, bond issuance, changes in directors, supervisors and senior management, etc. No errors or omissions in information disclosure occurred. In addition to regular disclosure channels, the Company actively explored and adopted H5 and WeChat long charts to display core data indicators in periodic reports to enhance investors' reading experience.

During the reporting period, The Company continued to optimize and improve the information disclosure management system and strictly implemented the relevant regulatory provisions on information disclosure of listed companies. During the reporting period, it revised the Information Disclosure Management Measures, the Management Measures for Insider Information Informants, the Management Measures for Internal Reporting of Material Matters, the Management Measures for the External Audit of Annual Reports, the Measures for Investigating the Responsibility for Material Errors in the Disclosure of Information in Annual Reports, and the Procedures for the Compilation of Periodic Reports. The Company actively improved the quality of annual report preparation and better conveyed the value of the Company through the annual report preparation mobilization meeting and annual report preparation communication meeting. The Company organized and carried out self-assessment of internal reporting of material information, improved the timeliness and accuracy of reporting of material and sensitive information in the form of notification and reminder from time to time, effectively prevented the risk of insider trading, and continuously strengthened the basic management of information disclosure.

During the reporting period, the Company was awarded the Best Practice of the Board of Directors of Listed Companies in 2023 by China Association of Listed Companies, Grade 5A Evaluation of the Secretary of the Board of Directors of Listed Companies in 2023 and Best Practice of the Board of Directors of Listed Companies in 2023, which fully reflected the capital market's high recognition of the Company's high-quality corporate governance and information disclosure.

XVI. Investor Relations Management

The Company has established an efficient, professional and coordinated investor relations management system, set up a sound investor relations management system, continued to

improve investor communication channels, and established a multi-channel and high-frequency communication mechanism with investors through the Company's official website, investor mailboxes, hotline, the "SSE e Interactive" platform and other channels. The Company has adopted various forms such as shareholders' meetings, investor briefings, thematic investor open days, reception and research, roadshow visits, etc., to answer the questions raised by investors, securities analysts and other participants in the capital market on the Company's strategic operation and business development, and has been actively presenting the Company's operating results and conveying the Company's investment value to the capital market.

During the reporting period, the Company held a cumulative total of 3 performance briefing sessions. For the first time, the Company held the 2022 annual results briefing in the form of live video broadcast, with the chairman, president and many other company leaders attending on-site, while inviting securities analysts, institutional investors and media journalists to participate in on-site interactions and answering investor questions online, which was broadcast live to investors through a number of platforms such as the SSE Roadshow Center, quanjing.com, RoadshowChina.com, Comein Finance, Wind 3C Conference Platform, Value Online, Oriental Fortune and Xinhua Finance, etc. The total number of views exceeded 430,000 times. As for the 2023 interim and third quarterly results briefing, the Company insisted on "video + network interaction" form of briefing to investors, and actively explored the use of "Avatar" video broadcasting and other innovations. to enhance the quality of interaction with investors.

During the reporting period, the Company adhered to the combination of "going out" and "bringing in", proactively organized investor exchange activities, strived for excellence and innovation, and successfully held the "Science and Technology Innovation Finance" thematic investor exchange activities, actively participated in investment strategy meetings and exchange meetings organized by brokerage firms, received securities analysts and institutional investors for research, and visited a number of institutions for roadshows on its own initiative, and reached out to more than 300 institutional investors through various forms of investor exchange activities throughout the year. The Company attached great importance to the protection of the rights and interests of small and medium-sized investors. During the reporting period, the Company completed the content optimization and renewal of the investor relations section in official website, and received more than 100 calls from small and medium-sized investors in the whole year. The timely response rate of "e-interaction" reached 100%, which fully met the communication needs of institutions and small and medium-sized investors.

During the reporting period, the Company was honored with the "Best Practice Company for 2022 Annual Report Briefing of Listed Companies" award by China Association of Listed Companies, the 14th Tianma Award for Outstanding Secretaries in Investor Relations of Listed Companies in China, and the Quanjing Gold Award for IR (2022) for "Best IR Chairman", "Outstanding Secretary", "Outstanding IR Company" and "Best Institutional Communication Award" and other honors. The Company has been honored with a number of awards, which effectively enhanced the recognition of the capital market for the Company.

05

Environmental and Social Responsibility

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With the mission of "facilitating better life with inclusive finance", the Company adheres to the core spirit of corporate culture of "value virtue and goodness, benefit the city and the people, pursue excellence with diligence, and realize the shared dream of harmony", integrates corporate social responsibility into management practice, and makes every effort to serve the real economy, "agriculture, rural areas and farmers", SMEs, science and technology innovation and community residents, continue to fulfill our social responsibilities in a diligent and pragmatic manner. Since 2007, the Company has published social responsibility reports for 17 consecutive years and it has published its annual social responsibility and Environmental, Social and Governance (ESG) report for 2 years in a row.

During the reporting period, the Company was rated A in the MSCI ESG rating results announced by Morgan Stanley Capital International. Selected by SASAC as one of the "ESG Pioneer 100 Indexes of Listed Companies of State-owned Enterprises"; CCTV Finance China's "Pioneer 30" ESG of Listed Companies in the Financial Sector; and Excellent Case of ESG Governance in "Jinlan Cup" by New China Credit; "2023 Ben Niu Award for Responsibility - ESG Pioneer" by China Social Responsibility Forum; 2022 Carbon Finance Practice Award by Shanghai Environmental Energy Exchange; In January 2024, the Company became the first batch of resident institutions of Shanghai Green Financial Service Platform, an important infrastructure for the construction of an international green financial hub in Shanghai, to facilitate the green and low-carbon transformation of the society and economy. In addition, the Company's ESG report was recognized as one of the "Top 10 Reports" in Social Responsibility (ESG) of SASAC Shanghai system for the period of 2022-2023, as well as "Five-star (Excellent)" by the Expert Committee of China CSR Report Rating.

For details, please refer to the SHRCB Annual Social Responsibility and (Environmental, Social and Governance (ESG) Report 2022 published on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Company (www.shrcb.com).

I. Environmental Information Situation

The Company has implemented the national green development concept and the goal of "carbon peaking and carbon neutrality", actively embraced green transformation and change, incorporated the green development concept into its overall strategy, and built a green finance brand with rural commercial characteristics. Firstly, the Company continued to improve the green finance business management system with digital transformation, fully connected the plan with the Bank's business system to embed green identification into the process; introduced the external ESG rating data of credit bond entities in the whole market, and carried out ESG ratings and early warning monitoring, so as to build a pioneering digital management system for green finance. Secondly, attempted to carry out the measurement of environmental benefits of green assets, including the total green project loans and green bonds for which data are available, expanding the scope of measurement compared with the previous annual report. Third, carried out carbon emission measurement of the Company's investment and financing and our own operations, and conducted climate risk stress

tests for the eight high-carbon emission industries and other enterprises in Shanghai that are included in the management of carbon emission quotas. Fourthly, strengthened the disclosure of environmental risk information, fulfilled our environmental responsibilities with practical actions, and endeavored to achieve a benign combination of economic and ecological benefits.

The Company publicly disclosed the SHRCB 2022 Environmental Information Disclosure Report, which was the first environmental information disclosure report of the Company that benchmarked against the international TCFD standard for quantitative information disclosure based on the People's Bank of China's Environmental Information Disclosure Guidelines; and during the reporting period, the Company disclosed the Principles for Responsible Banking (PRB) report in accordance with the requirements of the United Nations Environment Programme (UNEP), which was prepared in accordance with the six principles of the United Nations Principles for Responsible Banking, and it was the first time the Company disclosed the relevant report after signing the principles.

The Company vigorously promoted green operations throughout the Bank and improved the construction of supporting mechanisms. **Firstly, adhered to the concept of green procurement.** The Company implemented the "dual carbon" requirement in procurement projects, fully incorporated "green level" into the technical scoring of centralized procurement projects, and included suppliers' certificates of emission reduction, environmental protection, carbon neutrality and other related certifications as one of the procurement scoring items to practice green procurement, and more than 230 suppliers, accounting for 30% of the total, have been shortlisted for green procurement; gave full consideration to environmental protection, resource conservation, safety and health, recycling and low-carbon and recycling promotion, gave priority to the procurement of electronic equipment with national 3C certification and green environmental protection mark, and actively promoted electronic procurement and other online procurement methods to reduce energy consumption and carbon emissions in the procurement process. **Second, practiced green building construction.** The Company took green, healthy and low-carbon as the direction of exploration in the construction of outlets, carried out the construction of green outlets and the management of refined budget standards for outlets' decoration, established the Company's green outlets' construction standards, and established the green outlets' standard system in a step-wise manner: "green inclusive", "green standardized", "green demonstration" and "green zero-carbon", to enhance the quality of outlet construction with green and low-carbon empowerment. In the pilot green branch construction, Songjiang Sijing Sub-branch obtained the Shanghai "Green Demonstration Bank Branch" issued by the Shanghai Green Building Association, and won the "Shanghai Existing Buildings Green and Low-Carbon Renewal and Reconstruction Award", and was selected as one of the 100 cases of green renewal and renovation of existing buildings to be displayed at the Shanghai Urban Expo 2023. **Third, promoted the construction of green data center.** The Company selected a third-party professional company to conduct building energy audits for the Zhangjiang Business Processing Center to explore energy-saving potential, improve equipment operation efficiency, and promote effective implementation of energy-saving and emission reduction measures. The photovoltaic panels on the

cross-street flyover of our Zhangjiang Business Processing Center have an annual average photovoltaic power generation capacity of about 480,000 kwh, which can save 156 tons of standard coal, 130 tons of carbon dioxide emission, 475 tons of carbon dust emission, 14.32 tons of sulfur dioxide emission and 7.16 tons of nitrogen dioxide emission for the society. The Zhangjiang Data Center has adopted a number of energy-saving measures, such as intelligent water temperature regulation and off-peak power consumption, which have saved more than RMB 400,000 in electricity costs. **Fourth, actively advocated green office.** During the year, the Company carried out the construction of personal carbon account procedures for all employees of the Bank, guided the Bank's employees to practice a green and low-carbon way of life and work, and advocated the practice of green financial business promotion and green operation; We improved our video conferencing system, optimized the functions of our collaborative office system, and promoted paperless meetings and electronic file management; we strengthened the refined management of office rooms, official vehicles, meeting rooms, warehouses and other properties through the system to reduce unnecessary energy consumption; we installed a printing management system in the office area of the head office building to reduce office paper consumption. The Company completed the construction of an energy data statistical platform, through which energy consumption data was reported to provide more scientific, accurate and realistic monitoring of energy consumption data of the whole bank, and provided powerful data support for energy consumption level and energy-saving potential. Fifth, advocated green travel. Actively advocated employees to use public transportation to travel and increase publicity efforts. At the same time, increased the proportion of hybrid and pure electric vehicles purchased for official use, reduced fuel consumption and exhaust emissions, and truly achieved environmental protection, energy conservation and efficiency.

The Company and its subsidiaries are not among the key emission units announced by the environmental protection authorities. During the reporting period, the Company was not subject to administrative penalties for environmental issues, and there was no other environmental information that needs to be disclosed.

II. Empower Social Governance with Inclusive Finance

Under the policy guidance of financial support for the real economy, the Company has always been steadfastly adhering to its inclusive positioning. In practice, on the one hand, we do a good job of risk early warning and management, and do not blindly withdraw, cut off or suppress loans; on the other hand, the company does not fear or hesitate to lend to customers with potential and risk-resistance, and we provide differentiated financial services by "lending for a long term" and "lending for a large amount" to provide them with credit support and "watch over" the growth of enterprises.

During the reporting period, the Company continued to build social governance scenarios empowered by inclusive finance, facilitating Shanghai to realize high-performance governance, create a high quality of life and promote high-quality development. **Firstly, the Company launched the "Xinjiayuan" public welfare service project**, built and put into operation more than 600 "Xinjiayuan" public welfare service stations, with a coverage rate of 93% in streets and townships, of which 380 public welfare service stations have been built in Shanghai's suburbs, dedicated to realizing the financial integration of social resources, the financial solution of social problems and the integration of social needs, extending its services from financial to non-financial. The Company created the "Xinjiayuan" Senior University, becoming the first financial institution in Shanghai to run a school with social forces. Focusing on the people's urgent, difficult, worrying and hopeful needs, the Company extended its network of financial services to the community under the guidance of the Shanghai Municipal Health Commission, the Municipal Women's Federation and other organizations. By launching branded programs such as "Famous Doctors in the Community", health lectures, intangible cultural heritage for the children, and family education for teenagers, the Company provided diversified services for the elderly, children, new citizens and other groups in the suburbs, **broadened its non-financial service model and explored new paths of financial empowerment for social governance.** During the reporting period, the "Xinjiayuan" brand continued to expand its recognition and influence among Shanghai citizens and was widely recognized by society, and was praised by the People's Daily as "the Shanghai model of financial services for the elderly". **Secondly, continuously strengthened the support of special financial services for veterans etc.** The Company formulated and issued the Notice on Further Strengthening the Support for Special Financial Services for Veterans and Other Groups of People, and has followed up on the management of grid-based services bimonthly; held the signing ceremony of the cooperation agreement on supporting the military and providing preferential treatment for the military, reflecting the social responsibility and mission of the enterprise; carried out entrepreneurial financing training for veterans; and provided comprehensive financial services to fully support the veterans. In addition, the Bank provided comprehensive financial services to fully support the employment and entrepreneurship of veterans and injected the Bank's financial strength into the work of "double support". Participated in the preparation of the 17th Shanghai Financial Services Fair for the Real Economy, and won the award of "Excellent Achievements of Shanghai's Financial Industry in Assisting the Construction of Science and Technology Innovation Center". Formulated and issued the "SHRCB Action Plan for Promoting Entrepreneurship and Stabilizing Employment for Key Groups", which aimed to stimulate the vitality of innovation and entrepreneurship in Shanghai and provide support for the realization of high-quality employment for key groups through the five dimensions of empowerment: products, services, resources, information, and ecology. **Third, continued to promote the docking with NEV charging pile projects.** Launched the "Charging at One Cent" campaign, providing charging services to more than 600 customers, and continued to expand the coverage of the Company's inclusive financial services through public-private cross-linkages.

III. Consolidate and Expand the Achievements of Poverty Alleviation

The Company adhered to the people-centered development ideology, the corporate mission of "inclusive finance helps people live a better life", practices the core spirit of "value virtue and goodness, benefit the city and the people, pursue excellence with diligence, and realize the shared dream of harmony", and actively promoted the collaboration between the East and West and the work of counterpart assistance, strived to promote the development of poverty-stricken areas and improve people's lives, and continued to consolidate and expand the results of poverty alleviation.

Focused on rural construction, carried out practical efforts for people's livelihood. The Company deeply implemented the deployment requirements of the Municipal SASAC on the work of counterpart assistance to help fight poverty, maintained the twinning relationship with Ma Guan Township, Wenshan Prefecture, Yunnan Province, and donated RMB 600,000 to support the construction of village activity rooms in Renhe Town, Ma Guan Township, and the project of growing village collective economy in Bazhai Town, which further assisted in the development of the rural industry and the production and living conditions of the people.

Focused on health care, benefiting more people with medical resources. During the reporting period, the Company donated RMB 600,000 to carry out public welfare health project, organized four public welfare medical check-ups in Maguan and Guandu in Yunnan to popularize the concept of disease prevention, promoted the effective service of high-quality medical resources in poverty-stricken areas, and improved the health literacy and health level of the public.

Focused on children's growth, delivering warmth and care to their hearts. The Company donated RMB 400,000 to carry out the public welfare activity to care for children in rural areas. Focusing on the urgent need for renovation and expansion of the teaching environment and cultural and sports facilities of rural schools in Yunnan, the Company piloted the optimization project in Kailuan, Mengzi, and Baoshan in Yunnan and delivered the care to children in rural areas through activities such as "Shanghai" Book, "Shanghai" Care, and "Shanghai" Classroom, delivering the care from Shanghai Financial State-owned Enterprises (SOEs) to rural children thousands of kilometers away, creating a better environment for them to learn and grow up.

Focused on consumer support, and provided assistance in promoting rural development. The Company gave full play to its organizational strengths and strengthened consumer support by carrying out the online group purchase of Yunnan specialty products, and organized employees to purchase supported products; trade unions at all levels actively carried out the procurement of consumer support products through the "Recommended List of Purchasing Channels for Shanghai Consumer Support Products", the Municipal Federation of Trade Unions' assistance platform and other help product procurement channels, and completed the purchase of RMB 5.274 million of support products in 2023, effectively helping people in poverty-stricken areas to increase their income.

In 2024, guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Company will continue to thoroughly study and implement the spirit of the 20th CPC National Congress, conscientiously carry out the decisions and deployments made by the superiors, and, on the basis of consolidating and expanding the results of poverty alleviation, further implement the work of "100 Enterprises Helping 100 Villages" and comprehensive rural assistance, and contribute to the revitalization of the countryside through inclusive finance and empowerment of social governance.



IV. Serve Rural Revitalization

The Company has always adhered to the mission of "inclusive finance for a better life", served rural revitalization, empowered social governance, and facilitated common wealth with financial services. On the road of serving "agriculture, rural areas and farmers", we have made great efforts to build the brand of "the main force of supporting agriculture finance" in Shanghai.

Firstly, with the strategy of rural revitalization as the guide, we continued to strengthen the top-level design. During the reporting period, in order to thoroughly implement the No. 1 Document of the Central Government, the Company signed a strategic cooperation agreement with the Municipal Committee of the Youth League and the Agriculture and Rural Affairs Commission of Pudong New Area on financial services for rural revitalization; carried out in-depth education on the theme of learning and implementing the socialist ideology of Xi Jinping for a new era with Chinese characteristics, and continued to provide financial support to farmers in the agricultural industry chain and agriculture-related business entities, and continued to give play to the role of blood transfusion and blood production by the financial sector, so as to assist farmers in common prosperity and enhance the overall value of the industrial chain.

Secondly, we took digital transformation as a lever to build an agricultural industry chain financial ecological scenario. During the reporting period, the Company lent over RMB 2.2 billion to customers upstream and downstream of the industrial chain. The Company continued to promote the construction of the ecological project of the²⁴ agricultural wholesale and trade platform, and launched products and risk control at the same time. The Company's "Intelligent Inclusive Financing Platform for Rural Revitalization" project won the third prize of the People's Bank of China's Fintech Development Award, and the first prize of the 2023 Shanghai Banking Industry Fintech Enabling Inclusive Finance Special Merit Competition.

Thirdly, the Company took rural financial services as a carrier to help build the rural credit system. During the reporting period, the Company set up a grid-based task force, selected Lvxian Town in Jinshan District and Huaxin Town in Qingpu District as pilot sites, explored the grid team setup mechanism, and carried out grid-based financial services in the form of "wide coverage + high frequency" by relying on the assessment of credit villages and the Xinjiayuan Financial Service Station. The Company established a fixed-point contact mechanism around 94 fixed observation points for rural revitalization in Shanghai, and each branch carried out grid-based party building with fixed observation points for rural revitalization under its jurisdiction. The Company inaugurated the first "credit town" and "credit township" in the region in Jinze Township of Qingpu and Hengsha Township of Chongming. At the end of the reporting period, the Company identified 159 credit villages and 4 credit (township) towns, and had provided more than RMB 200 million of active credit to village residents. Through retail CRM and mobile business, we have launched the villagers' filing system to enhance the coverage of villagers' services; and deepened cooperation with Shanghai Agricultural Economy Management Station to promote the construction of credit system for rural collective economic organizations. The topic of "Strengthening the Construction of Credit Villages and Promoting Whole Village Financial Services" won the second prize of the National "Rural Credit Bank" Cup Research Paper Award and was selected by The Banker magazine.

Fourthly, the Company took "agriculture, rural areas and farmers" specialty products as a means to broaden the scope of services to support and benefit agriculture. During the reporting period, the Company, as one of the first cooperative banks, participated in the "Government + Bank + Insurance + Guarantee" four-party platform led by the Municipal Finance and Agricultural Commission, signed a strategic contract with the Municipal Guarantee Center and Anxin Agricultural Insurance and launched Shanghai's first batch guarantee business under the four-party mechanism of "Government, Bank, Insurance and Guarantee". At the end of the reporting period, the total amount of loans



²⁴ Farmers' and farmers' wholesale markets refer to farmers' markets and wholesale farmers' markets, respectively.

disbursed under the four-party program exceeded RMB 80 million. As a key support bank in Shanghai, the Company has actively responded to the "Rural Walk" activities of the Ministry of Agriculture and Rural Affairs' credit vehicle. As at the end of the reporting period, the Company had successfully granted credit of over RMB 800 million to more than 300 agriculture-related business entities, maintaining the city's leading position.

Fifthly, the Company continued to broaden the coverage of its agricultural support services with the support of channel construction. During the reporting period, the Company launched the customized debit card product "Huinong Yicatong", and built an online service platform in conjunction with the "Countryside of Fish and Rice" platform of the Municipal Agriculture and Rural Affairs Commission to build a direct path from the "field" to the "stove" for high-quality agricultural products. In the sixth "Chinese Farmers' Harvest Festival", the Company publicized the achievements of Fintech in supporting farmers, empowering agriculture and developing beautiful villages.

V. Consumer Rights and Interests Protection

The Company deeply implemented the development philosophy of "people-centricity", adhered to the strategy of "customer-centricity", put the politics and people-centricity of financial consumer protection work at the core of its work, deepened the concept of "great consumer rights and interests protection", strengthened "standardization", focused on "groupization", "specialization" and "digitization" of consumer rights and interests protection, and effectively adapted the work of consumer rights and interests protection to the Company's corporate governance, corporate culture and business development strategy, so as to safeguard the eight rights of financial consumers and fulfill the main responsibility of consumer rights and interests protection.

The Company continuously optimized the top-level design, benchmarked against outstanding listed banks, and continued to build a panoramic framework for the protection of consumers' rights and interests and promoted the whole process control of consumer rights and interests protection by relying on technological empowerment. During the reporting period, the Company issued a new three-year strategy on consumer rights and interests protection for the whole bank for the period from 2023 to 2025, revised the management measures on consumer rights and interests protection and personal customer information protection, optimized the management measures on the assessment and evaluation of the annual consumer rights and interests protection work, and compiled the management measures on the review and reception of the cases of complaints and petitions by "top leaders", so as to strengthen the management of consumer rights and interests protection across the whole bank, consistently realize, safeguard and develop the fundamental interests of the broadest masses of the people, and to inject the power of consumer rights and interests protection into the high-quality transformation and development of the bank.

The Company adhered to "public welfare" feature and continued to strengthen the influence of the "SHRCB Consumer Rights and Interests Protection" logo by taking the "Xinjiyuan" public welfare service station as an opportunity. During the reporting period, the

Company actively carried out the "Five Entry" activities, combining with the "National Civilized Village", "Flag-raising Ceremony", "School Opening Ceremony", etc., focusing on key groups such as the "elderly, young and new" population, and creating an all-round and diversified education system that is "new" in form, "sophisticated" in content, "distinctive" in features, and "extensive" in scope, and integrated education around keywords such as "the elderly living alone" and "credit building", integrated educational resources, enriched educational forms, and enhanced the effectiveness of education, so as to effectively safeguard the right to education of financial consumers. Throughout the year, the Company carried out a total of 6,944 online and offline education and publicity activities, invested nearly RMB 1.615 million, and served 3.889 million person-time financial consumers, practicing the principle of "protecting the elderly, the young and the new" with practical actions.

The Company has always made the management of consumer complaints a key focus of its work, publicizing information on complaint receiving channels in its business outlets, official website, mobile banking and other channels, so as to smooth the channels for consumer complaints. During the reporting period, the Company received a total of 3,443 consumer complaints, with a 100% response rate.

Analyzing the regional distribution of complaints, there were 3,393 cases in Shanghai and 50 cases in other regions (Kunshan, Jiangsu, Jiashan, Zhejiang and Xiangtan, Hunan).

Analyzing from the complaint handling channels, the front office business channels accounted for 44.21% of the complaints, and the middle and back office business channels accounted for 55.79% of the complaints. Analyzing from the complaint categories, loan business complaints accounted for 43.92%, credit card business complaints accounted for 19.78%, debit card related business complaints accounted for 13.45%, proprietary wealth management and banking agency business complaints accounted for 6.10%, RMB savings, RMB management and payment and settlement business complaints accounted for 5.20%, and foreign exchange, precious metals, personal financial information and other business complaints accounted for 11.55%.

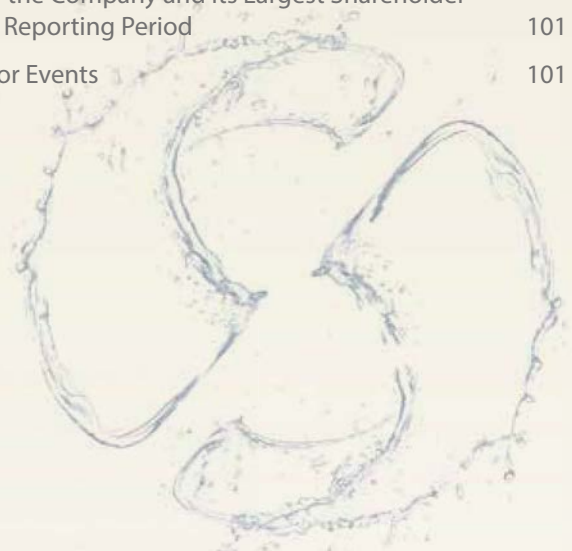
Analyzing the reasons for the complaints, 55.39% of the complaints were caused by the financial institutions' management system, business rules and processes, 15.31% by service attitude and service quality, 10.89% by debt collection methods and means, 7.23% by pricing fees and charges, 3.54% by financial institutions' service facilities, equipment and business systems, 3.19% due to marketing methods and tactics, and 4.45% due to information disclosure, product returns, contract terms, consumer funds and information security.

The Company actively and appropriately handled consumer complaints. The senior management of the Company regularly listened to reports on the complaint work of the entire Bank, focused on key complaint areas, strengthened source management and traceability and rectification work, standardized the complaint handling process, vigorously pushed forward the construction of the multi-disputes resolution mechanism, encouraged all units to resolve complaint disputes through mediation, improved the quality and efficiency of conflict resolution, and continuously improved the quality of its products and services.

06

Major Events

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I. Commitments by the Actual Controllers, Shareholders, Related Parties, Acquirers and the Company etc. in/as of the Reporting Period

Commitment background	Type of commitment	Commitment party	Main content of commitment	Commitment time	Yes/No deadline for performance	Commitment duration
Commitments related to the IPO	Avoid horizontal competition	Shanghai State-owned Assets Management Co., Ltd., China COSCO Shipping Corporation Ltd., BaoSteel Corporation Ltd., Shanghai Jiushi (Group) Co., Ltd., China Pacific Life Insurance Co., Ltd., Shanghai Guosheng Assets Co., Ltd., Zhejiang Expressway Co., Ltd., Shanghai International Group Co., Ltd., Shanghai International Group Asset Management Co., Ltd.	The Company undertakes to treat fairly the commercial banks invested by the Company and the enterprises controlled by the Company and will not use its position as a major shareholder of SHRCB or use the information obtained from such position to make decisions or judgments that are unfavorable to SHRCB but favorable to other commercial banks invested by the Company and the enterprises controlled by the Company. In exercising its rights as a shareholder of SHRCB, the Company will exercise its rights as a shareholder in the best interests of SHRCB, exercise its rights and perform its obligations as a shareholder on an equal footing with other shareholders, and will not compromise its judgment as a shareholder of SHRCB as a result of the Company's and its controlled enterprises' investments in other commercial banks.	At the time of the Company's initial public offering	Yes	During the period as a major shareholder of SHRCB
	Standardize related-party transactions	Shanghai State-owned Assets Management Co., Ltd., China COSCO Shipping Corporation Ltd., BaoSteel Corporation Ltd., Shanghai Jiushi (Group) Co., Ltd., China Pacific Life Insurance Co., Ltd., Shanghai Guosheng Assets Co., Ltd., Zhejiang Expressway Co., Ltd., Shanghai International Group Co., Ltd., Shanghai International Group Asset Management Co., Ltd.	The Company will strictly regulate the related-party transactions with SHRCB and its subsidiaries (controlling/wholly owned). When conducting related-party transactions, it will strictly follow the market rules and conduct transactions in a fair and reasonable manner based on the general commercial principles of equality, mutual benefit, and compensation of equal value, and fulfill the related-party transaction procedures and information disclosure obligations in accordance with relevant laws and regulations as well as regulatory documents and the Articles of Association of SHRCB. If the Company violates the above commitments, it shall immediately stop the relevant related-party transactions and take necessary measures to correct and remedy them in a timely manner.	At the time of the Company's initial public offering	Yes	During the period as a major shareholder of SHRCB
	Fulfill the commitment of the share price stabilization plan	Shanghai State-owned Assets Management Co., Ltd., China COSCO Shipping Corporation Ltd., BaoSteel Corporation Ltd., Shanghai Jiushi (Group) Co., Ltd., China Pacific Life Insurance Co., Ltd., Shanghai Guosheng Assets Co., Ltd., Zhejiang Expressway Co., Ltd., Shanghai International Group Co., Ltd., Shanghai International Group Asset Management Co., Ltd., directors (excluding independent directors) and the senior management.	After the share price stabilization measures under the share price stabilization proposal are triggered, the Company will carry out the share price stabilization work and fulfill the Company's share price stabilization obligations in accordance with the requirements of the share price stabilization plan and the relevant resolutions of the Board of Directors and the SHRCB general meeting of shareholders. The Company shall comply with the requirements of relevant laws, regulations and regulatory documents give full consideration to the protection of the legitimate rights and interests of shareholders and fulfill the corresponding information disclosure obligations when fulfilling its share price stabilization obligations. If it fails to fulfill the above commitments, the Company shall be subject to the binding measures in the share stabilization plan.	Upon the triggering of price stabilization measures under the stabilization plan	Yes	Within three years of listing

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Commitment background	Type of commitment	Commitment party	Main content of commitment	Commitment time	Yes/No deadline for performance	Commitment duration
Commitments related to the IPO	Restriction on sale of shares	Shareholders who hold more than 51% of the shares in aggregate in order before the issuance, shareholders who added shares by way of capital increase six months before the date of IPO filing, employee directors, employee supervisors and senior management who hold shares of the Company, and natural person shareholders who hold more than 50,000 shares of the Company's internal staff shares with confirmed rights.	Restrictions on the circulation of shares held by shareholders prior to the issuance of the Company and the shareholders' commitment to voluntarily lock up their shares (please refer to the prospectus of the Company's IPO (A shares) for details).	At the time of the Company's initial public offering	Yes	Lock-up period after listing
Other commitments	Restriction on sale of shares	The senior management of the Company	Ordinary shares of SHRCB bought from the secondary market with their own funds during the period from November 10 to November 11, 2021, shall lock up for two years from the date of purchase.	When buying the Company's shares	Yes	Two years from date of purchase
Other commitments	Restriction on sale of shares	Senior management and certain directors and supervisors of the Company	Ordinary shares of SHRCB bought from the secondary market with their own funds during the period from August 19 to October 24, 2022, shall lock up for two years from the date of shareholding increase plan. (October 24, 2022).	When buying the Company's shares	Yes	Two years from the date of completion of the share increase program
Other commitments	Restriction on sale of shares	The senior management of the Company	Ordinary shares of SHRCB bought from the secondary market with their own funds during the period from October 30 to November 1, 2023, shall lock up for two years from the date of purchase.	When buying the Company's shares	Yes	Two years from date of purchase
Whether the commitment is strictly fulfilled in a timely manner			Yes			
Specific reasons for failure to fulfill commitments and next steps (if any)			N/A			

II. Fund Occupancy and Recovery Progress in the Reporting Period

During the reporting period, there was no non-operating occupancy of funds by the controlling shareholder and its related parties.

III. Non-compliant Guarantees

During the reporting period, the Company had no non-compliant guarantees.

IV. Analysis of the Reasons and Impacts of Changes in Accounting Policies and Accounting Estimates or Correction of Major Accounting Errors

Please refer to note 3 of the financial statement for details.

V. Appointment of Accounting Firm and Sponsor

The Company has engaged KPMG Huazhen (LLP) as its external auditor for 2023.

The Company appointed Haitong Securities Co., Ltd. and Guotai Junan Securities Co., Ltd. as the sponsors of the Company.

Unit: RMB 10,000

	current appointment
Name of the auditor	KPMG Huazhen (LLP)
Remuneration for the auditor	370
Terms of audit	2 years
Name of CPA of the auditor	Li Ying, Shi Haiyun
Cumulative number of years of auditing services by certified public accountants of accounting firms	2 years

Unit: RMB 10,000

	name (of a thing)	Remuneration
Internal control audit accounting firm	KPMG Hua Zhen CPA (Special General Partner)	65
Sponsor	Haitong Securities Co., Ltd. Guotai Junan Securities Co., Ltd.	3,925.38

VI. Major Litigation and Arbitration

The Company was involved in legal proceedings in the course of its daily operations, most of which were initiated for the purpose of recovering non-performing loans. At the end of the reporting period, there were 68 lawsuits filed by the Company as plaintiff that were still pending for adjudication, involving an amount of RMB 0.48 billion. There were 9 lawsuits (including third parties) in which the Company was sued as a defendant that were still pending for adjudication, involving an amount of RMB 88 million. The Company believes that the above lawsuits and arbitrations will not have a material adverse effect on the Company's financial or operating results.

VII. Related-party Transactions

(I) Overview of Related-party Transactions

The Company carries out related-party transactions in accordance with national laws and regulations, the regulatory requirements of the State Financial Supervisory Administration and the China Securities Regulatory Commission, the business rules of the Shanghai Stock Exchange and the accounting standards for enterprises, and has continued to improve its management structure and strengthen its infrastructure, so as to effectively enhance the quality and efficiency of the management of related-party transactions.

Transactions between the Company and its related parties are routine business within the normal scope of the Bank's operations, which follow market-based pricing principles and are carried out on terms no better than those for similar transactions with unrelated parties, in line with the principles of compliance, fairness and necessity for related-party transactions.

The transactions between the Company and the related parties do not involve any transfer of benefits, are not detrimental to the interests of the Company and its shareholders, and will not adversely affect the Company's ability to continue as a going concern, its profit and loss or the condition of its assets.

(II) Estimated Amount of Daily Related-party Transactions

During the reporting period, all the related-party transactions occurring within the estimated amount of annual daily related-party transactions of the Company have been implemented for review and approval in accordance with the authorization requirements. For details, please refer to the "Announcement of SHRCB on the Estimated Amount of Daily Related-party Transactions for 2023" (Announcement No. 2023-014) and the "Announcement of Resolutions of the 24th Meeting of the 4th Board of Directors of SHRCB (Announcement No. 2023-011) and Proposal on SHRCB's Deposit-type Related-party Transaction Plan for FY2023.

After the approval of the 24th meeting of the 4th Board of Directors and the 2022 Annual General Meeting, it was agreed that the estimated amount of daily related-party transactions for 2023 would be RMB 101.688 billion, which would be granted to Shanghai International Group Co., Ltd. and its corresponding related parties, China COSCO Shipping Group Co., Ltd. and its corresponding related

parties, Shanghai Guosheng (Group) Co., Ltd. and its corresponding related parties, BaoSteel Corporation Ltd. and the corresponding related parties, Zhejiang Expressway Co., Ltd. and the corresponding related parties, Taiping Life Insurance Co., Ltd. and the corresponding related parties, China Pacific Life Insurance Co., Ltd. and the corresponding related parties, China Merchants Securities Co., Ltd. and the corresponding related parties, Shanghai Shendi (Group) Co., Ltd., Haitong Unitrust International Financial Leasing Co., Ltd., Shanghai Lingang Economic Development (Group) Co., Ltd. and the corresponding related parties. Ltd., Bright Food (Group) Co., Ltd. and other related parties. For details, please refer to the "Announcement of SHRCB on the Estimated Amount of Daily Related-party Transactions for 2023" (Announcement No. 2023-014) disclosed by the Company on the website of the Shanghai Stock Exchange.

During the reporting period, the actual amounts of related-party transactions carried out by the Company at any point in time were within the estimated amount of daily related-party transactions, the balance of credit granted to a single related party did not exceed 10% of the net capital as at the end of the previous quarter, the aggregate balance of credit granted to the customers of the group to which a single related legal person or unincorporated organization belonged did not exceed 15% of the net capital as at the end of the previous quarter, and the balance of credit granted to all related parties did not exceed 50% of the net capital as at the end of the previous quarter, and the indicators are in line with the requirements for the management of related-party transactions.

(III) Approval of Major Related-party Transactions

Counterparty	Type of transaction	Transaction amount	Credit validity period	Approval meeting	Announcement No.
China Pacific Insurance (Group) Co., Ltd. and its subsidiaries (including product accounts)	Credit	4.7 billion	Credit valid until August 31, 2024	Twenty-sixth meeting of the Fourth Board of Directors	2023-026
Shanghai International Group Co., Ltd.	Credit	19 billion	The validity period of the credit facilities is from the date of approval by the Board of Directors until the next Board of Directors' approval of the new amount of material related-party transactions.	Twenty-seventh meeting of the Fourth Board of Directors	
China COSCO Shipping Corporation Ltd.	Credit	9.6 billion	The validity period of the credit facilities is from the date of approval by the Board of Directors until the next Board of Directors' approval of the new amount of material related-party transactions.	Twenty-seventh meeting of the Fourth Board of Directors	
BaoSteel Corporation Ltd.	Credit	Seven billion	The validity period of the credit facilities is from the date of approval by the Board of Directors until the next Board of Directors' approval of the new amount of material related-party transactions.	Twenty-seventh meeting of the Fourth Board of Directors	
Shanghai Jiushi (Group) Co., Ltd.	Credit	5.27 billion	The validity period of the credit facilities is from the date of approval by the Board of Directors until the next Board of Directors' approval of the new amount of material related-party transactions.	Twenty-seventh meeting of the Fourth Board of Directors	
Shanghai Guosheng (Group) Co., Ltd.	Credit	4.6 billion	The validity period of the credit facilities is from the date of approval by the Board of Directors until the next Board of Directors' approval of the new amount of material related-party transactions.	Twenty-seventh meeting of the Fourth Board of Directors	2023-030
Zhejiang Communications Investment Group Co., Ltd.	Credit	3.73 billion	The validity period of the credit facilities is from the date of approval by the Board of Directors until the next Board of Directors' approval of the new amount of material related-party transactions.	Twenty-seventh meeting of the Fourth Board of Directors	
China Taiping Insurance Holdings Co., Ltd.	Credit	5.3 billion	The validity period of the credit facilities is from the date of approval by the Board of Directors until the next Board of Directors' approval of the new amount of material related-party transactions.	Twenty-seventh meeting of the Fourth Board of Directors	
Shanghai International Port (Group) Co., Ltd.	Credit	1.23 billion	The validity period of the credit facilities is from the date of approval by the Board of Directors until the next Board of Directors' approval of the new amount of material related-party transactions.	Twenty-seventh meeting of the Fourth Board of Directors	
Yangtze United Financial Leasing Co., Ltd.	Credit	13.8 billion	The validity period of the credit facilities is from the date of approval by the Board of Directors until the next Board of Directors' approval of the new amount of material related-party transactions.	Twenty-seventh meeting of the Fourth Board of Directors	

Counterparty	Type of transaction	Transaction amount	Credit validity period	Approval meeting	Announcement No.
SPDB Financial Leasing Co., Ltd.	Credit	2.4 billion	The validity period of the credit facilities is from the date of approval by the Board of Directors until the next Board of Directors' approval of the new amount of material related-party transactions.	Twenty-seventh meeting of the Fourth Board of Directors	
China Merchants Securities Co., Ltd.	Credit	7.8 billion	The validity period of the credit facilities is from the date of approval by the Board of Directors until the next Board of Directors' approval of the new amount of material related-party transactions.	Twenty-seventh meeting of the Fourth Board of Directors	2023-030
China Cinda Asset Management Co., Ltd.	Credit	7.2 billion	The validity period of the credit facilities is from the date of approval by the Board of Directors until the next Board of Directors' approval of the new amount of material related-party transactions.	Twenty-seventh meeting of the Fourth Board of Directors	
Haitong Unitrust International Financial Leasing Co., Ltd.	Credit	3.2 billion	The validity period of the credit facilities is from the date of approval by the Board of Directors until the next Board of Directors' approval of the new amount of material related-party transactions.	Twenty-eighth meeting of the Fourth Board of Trustees	2023-043
Bright Food (Group) Co., Ltd.	Credit	4.23 billion	The validity period of the credit facilities is from the date of approval by the Board of Directors until the next Board of Directors' approval of the new amount of material related-party transactions.	Twenty-eighth meeting of the Fourth Board of Trustees	
Shanghai Lingang Economic Development (Group) Co., Ltd.	Credit	8.192 billion	The validity period of the credit facilities is from the date of approval by the Board of Directors until the next Board of Directors' approval of the new amount of material related-party transactions.	Twenty-ninth meeting of the Fourth Board of Directors	2023-059

(IV) Related-party Transactions

At the end of the reporting period, the balance of the Company's credit related-party transactions amounted to RMB 19,421,589,700, of which the balance of the credit related-party transactions to related legal persons amounted to RMB 19,225,739,800 and the balance of the credit related-party transactions to related natural persons amounted to RMB 195,849,900.

During the reporting period, the Company incurred an aggregate amount of RMB 348,100 in connection with asset transfers, RMB 135,604,100 in connection with services, and RMB 33,899,890,600 in connection with deposits and other transactions.

During the reporting period, the balance of the Company's credit facilities to individual related parties did not exceed 10% of the net capital as at the end of the previous quarter, the aggregate balance of the credit facilities to customers of the group in which individual related legal persons or unincorporated organizations are located did not exceed 15% of the net capital as at the end of the previous quarter, and the balance of the credit facilities to all related parties did not exceed 50% of the net capital as at the end of the previous quarter, and each of these indicators was in compliance with the requirements for the management of related-party transactions.

VIII. Major Contracts and the Enforcement

(I) Custody, Contracts and Leases

During the reporting period, the Company did not take any custody, contract or leases that are required to be disclosed.

(II) Guarantee

During the reporting period, except for the financial guarantee business within the scope approved by CBIRC, the Company had no other material guarantee business to be disclosed.

(III) Entrusted Cash Asset Management

During the reporting period, the Company did not engage in entrusting others with cash asset management outside the normal scope of business.

(IV) Performance of Major Procurement Contracts and Major Sales Contracts

Not applicable.

(V) Other Major Contracts and Major Non-equity Investments

Not applicable.

IX. Disciplinary Actions on and Rectifications of the Company and Its Controlling Shareholders, Actual Controllers, Directors, Supervisors, Senior Management

During the reporting period, the Company did not receive any notification that the Company, its Directors, Supervisors, senior management or its largest shareholder were investigated by authorized authorities, subject to compulsory measures by judicial authorities or disciplinary departments, transferred to judicial authorities or held criminally liable, subject to investigation or administrative penalty by the China Securities Regulatory Commission (CSRC), subject to market barring, deemed to be an unsuitable candidate, and publicly condemned by stock exchanges, or subject to penalties imposed by other regulatory bodies that have a significant impact on the Company's operations. During the reporting period, there was no case in which the Company was subject to administrative supervisory measures and requests for rectification within a certain period of time by the CSRC and its dispatched organizations.

X. Integrity of the Company and Its Largest Shareholder during the Reporting Period

During the reporting period, the Company and its largest shareholder did not fail to fulfill the effective court judgment in major litigation cases and had no significant debts outstanding.

XI. Other Major Events

(I) Stabilization of Share Price

The Company triggered the share price stabilization matter on November 29, 2023, according to the share price stabilization plan, Shanghai Jiushi (Group) Co., Ltd, Shanghai Guosheng Assets Co., Ltd. and Zhejiang Expressway Co., Ltd. plan to increase their shareholdings of the Company with their own funds through the trading system of the Shanghai Stock Exchange within 6 months starting from December 13, 2023, Shanghai Jiushi (Group) Co. Ltd. intends to increase its shareholding by an amount of not less than RMB 38,206,600, and Shanghai Guosheng Assets Co., Ltd. and Zhejiang Expressway Co., Ltd. intends to increase its shareholding by an amount of not less than RMB 24,418,900 and RMB 24,318,700, respectively.

From December 14, 2023 to January 22, 2024, Shanghai Guosheng Assets Co., Ltd. increased its holdings of the Company's shares with its own funds, and the cumulative amount of the increase was approximately RMB 24.457 million; from January 19, 2024 to February 27, 2024, Zhejiang Expressway Co., Ltd. increased its holdings of the Company's shares with its own funds, and the cumulative amount of the increase was approximately RMB 24.32 million; from January 3, 2024 to February 28, 2024, Shanghai Jiushi (Group) Co., Ltd. increased its shareholding in the Company with its own funds, and the cumulative amount of increase was approximately RMB 38.21 million. The implementation of this share price stabilization measure is completed.

For details, please refer to the "Announcement of SHRCB on the Share Price Stabilization Program" (Announcement No. 2023-057), "Announcement of SHRCB on the Progress of the Implementation of Share Price Stabilization Measures" (Announcement No. 2023-061, 2024-005, 2024-009), "Announcement on the Completion of the Implementation of the Share Price Stabilization Measures" (Announcement No. 2024-010).

(II) Purchase of the Company's Shares by Senior Management

An aggregate of seven senior management personnel of the Company purchased shares of the Company's common stock from the secondary market with their own funds during the period from October 30, 2023 to November 1, 2023, acquiring an aggregate of 820,400 shares of the Company at a trading price range of RMB 5.86 to RMB 5.97 per share. The aforesaid senior management personnel undertook to lock up the aforesaid purchased shares for two years from the date of purchase.

For details, please refer to the Announcement of SHRCB on the Purchase of the Company's Shares by Senior Management (Announcement No. 2023-049) disclosed by the Company on the website of the Shanghai Stock Exchange.

(III) Custodianship of Securities Investment Funds

In October 2023, the Company obtained the Approval of Securities Investment Fund Custody Qualification of SHRCB (CSRC License [2023] No. 2335), which approved the qualification of securities investment fund custodianship, making SHRCB the second rural commercial bank in China to obtain such qualification, and it has become the first one to obtain such qualification in the past ten years. The qualification of fund custodian is not only conducive to the Company's cooperation with all kinds of financial institutions, deepening the docking of all kinds of financial factor markets, and better serving the construction of the Shanghai International Financial Center, but also helps to widen the circle of financial "friends" in the industry, and to participate in the comprehensive financial services in the Yangtze River Delta region with the custodian service as an entry point. It is an important milestone for the Company to serve the capital market and integrate into the construction of Shanghai International Financial Center. The Company will further strengthen the cooperation with fund companies and other financial institutions, and actively carry out the custody of standardized products such as securities investment funds, so as to help the construction of the "five centers" in Shanghai.

For details, please refer to the Announcement of SHRCB on Obtaining the Qualification for Custody of Securities Investment Funds (Announcement No. 2023-039) disclosed by the Company on the website of Shanghai Stock Exchange.

(IV) Yangtze River Delta Integration Demonstration Zone Branch

In November 2023, the Company received the "Approval by State Financial Supervisory Administration Shanghai on Agreeing to the Opening of the Shanghai Yangtze River Delta Integration Demonstration Zone Branch of SHRCB. The Company's Shanghai Yangtze River Delta Integration Demonstration Zone Branch was formally opened on January 16, 2024, with a business address at 1/F, No. 652 and No. 658, Panglong Road, Qingpu District, Shanghai.

For further details, please refer to the "Announcement of SHRCB on the Approval of Opening Shanghai Yangtze River Delta Integration Demonstration Zone Branch" (Announcement No. 2023-051) disclosed by the Company on the website of the Shanghai Stock Exchange.

07

Changes in Shares and Particulars of Shareholders

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I. Changes in shares

(I) Changes in Ordinary Shares

Unit: shares

Type of shareholder	Before change		Change during reporting period	After change	
	No. of shares	Percentage to the total		No. of shares	Percentage to the total
I. Restricted shares	5,022,681,000	52.08%	-	5,022,681,000	52.08%
1. Shareholding by the State	-	-	-	-	-
2. Shareholding by state-owned legal entities	4,633,390,370	48.04%	-	4,633,390,370	48.04%
3. Shareholding by other domestic entities	389,290,630	4.04%	-	389,290,630	4.04%
Including: Shareholding by domestic legal entities	2,373,280	0.02%	-80,000	2,293,280	0.02%
Shareholding by domestic natural person	386,917,350	4.02%	80,000	386,997,350	4.02%
4. Shareholding by foreign entities	-	-	-	-	-
Including: Shareholding by foreign legal entities	-	-	-	-	-
Shareholding by foreign natural person	-	-	-	-	-
II. Unrestricted shares	4,621,763,445	47.92%	-	4,621,763,445	47.92%
1. RMB Ordinary Shares	4,621,763,445	47.92%	-	4,621,763,445	47.92%
2. Domestically listed foreign shares	-	-	-	-	-
3. Overseas-listed foreign shares	-	-	-	-	-
4. Other	-	-	-	-	-
III. Total shares	9,644,444,445	100.00%	-	9,644,444,445	100.00%

(II) Changes in Ordinary Shares

During the reporting period, among the Company's shares subject to limited selling conditions, the number of shares held by domestic legal persons decreased by 80,000 shares and the number of shares held by domestic natural persons increased by 80,000 shares.

(III) Impact of Changes in Ordinary Shares on Financial Indicators Such as Earnings per Share and Net Assets per Share for the Most Recent Year and the Most Recent Period

Not applicable.

(IV) Changes in Restricted Shares

During the reporting period, there was no change in the total number of restricted shares of the Company.

II. Shares Issuance and Listing

(I) Shares Issuance During the Reporting Period

During the reporting period, the Company did not issue shares.

(II) Changes in the Total Number of the Company's Ordinary Shares, Structure of Shareholders, and Structure of the Company's Assets and Liabilities

See "Changes in Ordinary Share" in this chapter and "Chapter III Management Discussion and Analysis" for more details.

(III) Existing Internal Employee Shares

As of the end of the reporting period, among the Company's restricted circulation shares, the number of internal employee shares was 383,505,350.

Issue date of internal employee shares	Issue price of internal employee shares (RMB)	Number of internal employee shares issued (shares)
-	-	383,505,350
Description of the status of existing internal employee shares	Employee shares are mainly obtained through the following ways: 1. The shares of the Company subscribed by internal employees at the time of establishment; 2. The conversion of capital reserve to share capital after the establishment of the Company; 3. Through inheritance, judicial judgment and other ways.	

III. Shareholders

(I) Total Number of Shareholders

Total number of common shareholders as of the end of the reporting period (households)	168,828
Total number of common shareholders at the end of the previous month before the annual report disclosure date (households)	151,790
Total number of preferred shareholders with voting rights restored as of the end of the reporting period (households)	0
Total number of preferred shareholders with voting rights restored at the end of the previous month before the annual report disclosure date (households)	0

(II) Top 10 Shareholders and Top 10 Floating Shareholders (or Shareholders without Restriction) as of the End of the Reporting Period

Unit: shares

Top 10 shareholders (excluding shares lent through refinancing)							
Shareholder's name (full name)	Increase/decrease during the reporting period	No. of shares held at the end of period	Percentage (%)	No. of restricted shares	Pledged/marked/frozen shares		Nature of shareholder
					Status	No. of shares	
Shanghai State-owned Assets Management Co., Ltd.	-	895,796,176	9.29	800,000,000	-	-	State-owned legal person
China COSCO Shipping Corporation Ltd.	-	800,000,000	8.29	800,000,000	-	-	State-owned legal person
BaoSteel Corporation Ltd.	-	800,000,000	8.29	800,000,000	-	-	State-owned legal person
Shanghai Jiushi (Group) Co., Ltd.	+9,600	744,766,946	7.72	733,842,856	-	-	State-owned legal person
China Pacific Life Insurance Co., Ltd.	-	560,000,000	5.81	560,000,000	-	-	State-owned legal person
Shanghai Guosheng Assets Co., Ltd.	+2,980,000	478,981,214	4.97	474,047,514	-	-	State-owned legal person
Zhejiang Expressway Co., Ltd.	+5,745,700	474,048,921	4.92	465,500,000	-	-	State-owned legal person
Taiping Life Insurance Co., Ltd.	-	414,904,000	4.30	-	-	-	State-owned legal person
Shanghai Shendi (Group) Co., Ltd.	-	357,700,000	3.71	-	-	-	State-owned legal person
Lanha Holding Group Co., Ltd.	-	336,000,000	3.48	-	Pledged/ Frozen	336,000,000	Domestic non-state legal persons

Unit: shares

Top 10 unrestricted shareholders			
Shareholder name	No. of unrestricted floating shares	Type and number of shares	
		Type	Number
Taiping Life Insurance Co., Ltd.	414,904,000	RMB ordinary shares	414,904,000
Shanghai Shendi (Group) Co., Ltd.	357,700,000	RMB ordinary shares	357,700,000
Lanhai Holding Group Co., Ltd.	336,000,000	RMB ordinary shares	336,000,000
Hong Kong Securities Clearing Co., Ltd.	190,987,286	RMB ordinary shares	190,987,286
Shanghai Shanxin Real Estate Co., Ltd.	125,400,000	RMB ordinary shares	125,400,000
Orient International (Holding) Co., Ltd.	114,000,000	RMB ordinary shares	114,000,000
Shanghai State-owned Assets Management Co., Ltd.	95,796,176	RMB ordinary shares	95,796,176
Shanghai Haixing Asset Management Co., Ltd.	87,568,848	RMB ordinary shares	87,568,848
Shanghai Qingpu Asset Management Co., Ltd.	80,000,000	RMB ordinary shares	80,000,000
Shanghai Light Industry Foreign Economic and Technical Cooperation Co., Ltd.	71,730,000	RMB ordinary shares	71,730,000
Description of repurchase special account among the top ten shareholders			NA
Description of the above shareholders' proxy and abstention from voting rights			NA
Description of the above shareholders' related relationship or concerted action		Shanghai State-owned Assets Management Co., Ltd. and its related parties and concert parties, Shanghai International Group Co., Ltd. and Shanghai International Group Asset Management Co., Ltd. held a combined 9.99% of the Company's shares at the end of the reporting period; among the above unrestricted shareholders, the Company is not aware of their affiliation or whether they are acting in concert.	
Description of shareholders of preferred shares with restored voting rights and the number of shares held			NA

(III) Top 10 Shareholders' Share Lending in the Refinancing Business

During the reporting period, the top ten shareholders of the Company did not participate in the margin trading business.

(IV) Change in the Top 10 Shareholders from the Previous Period

During the reporting period, there was no change in the top ten shareholders of the Company.

(V) Number of Shares Held by the Top Ten Restricted Shareholders and Conditions of Restricted Sale

Unit: shares

No.	Name of restricted shareholders	No. of restricted shares held	Availability of restricted shares for listing and trading		Restricted sale conditions
			Available for trading	Number of new shares available for listing and trading	
1	Shanghai State-owned Assets Management Co.	800,000,000	August 19, 2024	-	-
2	China COSCO Shipping Corporation Ltd.	800,000,000	August 19, 2024	-	-
3	BaoSteel Corporation Ltd.	800,000,000	August 19, 2024	-	-
4	Shanghai Jiushi (Group) Co., Ltd.	733,842,856	August 19, 2024	-	-
5	China Pacific Life Insurance Co., Ltd.	560,000,000	August 19, 2024	-	-
6	Shanghai Guosheng Assets Co., Ltd.	474,047,514	August 19, 2024	-	-
7	Zhejiang Expressway Co., Ltd.	465,500,000	August 19, 2024	-	-
8	Tang Yahui	800,000	August 19, 2024	-	-

No.	Name of restricted shareholders	No. of restricted shares held	Availability of restricted shares for listing and trading		Restricted sale conditions
			Available for trading	Number of new shares available for listing and trading	
9	8 holders of internal employee shares	500,000	-	-	-
Description of the above shareholders' related relationship or concerted action			The release is done in batches, specifically: August 19, 2024: 75,000 shares; August 19, 2025: 75,000 shares; August 19, 2026: 75,000 shares; August 19, 2027: 25,000 shares; August 19, 2029: 250,000 shares. Among the above top ten shareholders, Shanghai State-owned Assets Management Co., Ltd. and its related parties and concert parties, Shanghai International Group Co., Ltd. and Shanghai International Group Asset Management Co., Ltd. held a combined 9.99% of the Company's shares at the end of the reporting period		

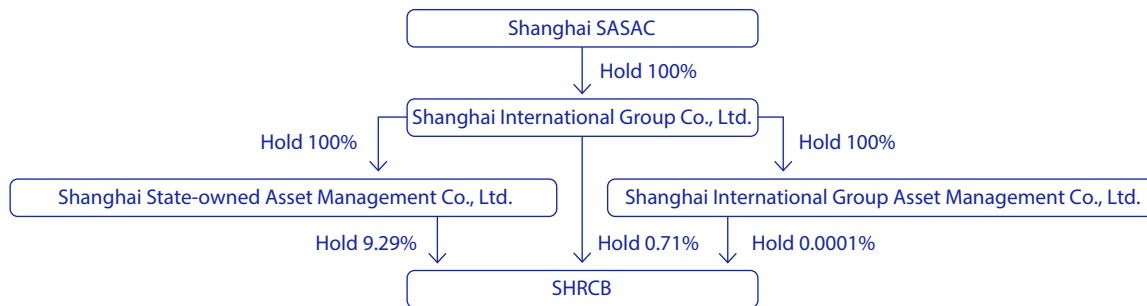
IV. Major Shareholders

(I) Controlling Shareholders and Actual Controllers

There is no controlling shareholder or actual controller for the Company.

(II) The Company's Largest Shareholder in Terms of Consolidated Shareholding

Ownership and control relationship between the Company and the largest shareholder of the consolidated shareholding:



At the end of the reporting period, Shanghai International Group Co., Ltd. and its related parties and concert parties Shanghai State-owned Assets Management Co., Ltd., and Shanghai International Group Asset Management Co., Ltd. held a combined 9.99% of the Company's shares, and there was no pledge of the Company's shares. Including:

Shanghai International Group Co., Ltd. was established on April 20, 2000, with a registered capital of RMB 30 billion. The legal representative is Yu Beihua. Registered address is No. 511 Weihai Road, Jing'an District, Shanghai. Unified social credit code is 91310000631757739E. Its business scope includes: investment dominated by financial investment and supported with non-financial investment, capital operation and asset management,

financial research, and social and economic consultation. As of the end of the reporting period, Shanghai International Group Co., Ltd. held 68,638,200 shares of the Company, accounting for 0.71% of the Company's total share capital. The controlling shareholder and the actual controller of Shanghai International Group Co., Ltd. is SASAC Shanghai. The ultimate beneficiary is Shanghai International Group Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Shanghai International Group Co., Ltd. include Shanghai State-owned Assets Management Co., Ltd., Shanghai International Group Asset Management Co., Ltd., Shanghai Guoxin Investment Development Co., Ltd., etc.

Shanghai State-owned Assets Management Co., Ltd. was established on September 24, 1999 with a registered capital of RMB 5.5 billion. The legal representative is Guan Wei. Registered address is Building 1, No.1 Nandan Road, Xuhui District, Shanghai. The unified social credit code is 91310000631604599A. The business scope includes: industrial investment, capital operation, asset acquisition, packaging and transfer, enterprise and asset custody, debt restructuring, property brokerage, real estate intermediary, financial consulting, investment consulting and consulting services related to the business scope, guarantee related to asset operation and capital operation business. As of the end of the reporting period, Shanghai State-owned Assets Management Co., Ltd. held 895,796,176 shares of the Company, accounting for 9.29% of the Company's total share capital. Mr. Zhou Lei was nominated by Shanghai State-owned Assets Management Co., Ltd. as a director of the Company. The controlling shareholder of Shanghai State-owned Assets Management Co., Ltd. is Shanghai International Group Co., Ltd.; the actual controller, SASAC Shanghai; and the ultimate beneficiary, Shanghai State-owned Assets Management Co., Ltd. According to the relevant provisions of the Interim Measures for Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Shanghai State-owned Assets Management Co., Ltd. include Shanghai International Group Co., Ltd., Shanghai International Group Asset Management Co., Ltd., Shanghai Guoxin Investment Development Co., Ltd., etc. .

Shanghai International Group Asset Management Co., Ltd. was established on December 16, 1987 with a registered capital of RMB 3.5 billion. Legal representative is Wang Tayu. Registered address is Zone C, 3/F, No. 511, Weihai Road, Jing'an District, Shanghai. Unified social credit code is 91310106132201066T. Business scope includes: various domestic and foreign investment business, asset management business, enterprise management, financial consultation (not engaging in agency bookkeeping), investment consultation (not engaging in brokerage). As of the end of the reporting period, Shanghai International Group Asset Management Co., Ltd. held 10,000 shares of the Company, accounting for 0.0001% of the Company's total share capital. The controlling shareholder of Shanghai International Group Asset Management Co., Ltd. is Shanghai International Group Co., Ltd.; the actual controller, SASAC Shanghai; and the ultimate beneficiary, Shanghai International Group Asset Management Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Shanghai International Group Asset Management Co., Ltd. include Shanghai International Group Co., Ltd., Shanghai State-owned Assets Management Co., Ltd., Shanghai Xiayang Lake Investment Management Co., Ltd., etc.

(III) Other Shareholders with over 5% of the Company's Shares

China COSCO Shipping Corporation Ltd.

China COSCO Shipping Corporation Ltd. was established on February 5, 2016 with a registered capital of RMB 11 billion. The legal representative is Wan Min. The registered address is No.

628, Minsheng Road, Pilot Free Trade Zone, China (Shanghai). The unified social credit code is 91310000MA1FL1MMXL. The business scope includes: international shipping, international maritime auxiliary business; import and export business of goods and technology; international freight forwarding business of sea, land and aviation; proprietary ship leasing; sale of ships, containers and steel; offshore engineering equipment design; terminal and port investment; sale of communication equipment, information and technology services; warehousing (except for hazardous chemicals); development, transfer, consultation, services of technology related to ships and spare parts, and equity investment funds.

As of the end of the reporting period, China COSCO Shipping Corporation Ltd. held 800,000,000 shares of the Company, accounting for 8.29% of the Company's total share capital. Ms. Zhang Xueyan was proposed to be nominated by China COSCO Shipping Group Company Limited to be a director of the Company. The controlling shareholder and actual controller of China COSCO Shipping Corporation Ltd. is SASAC, and the ultimate beneficiary is China COSCO Shipping Corporation Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of China COSCO Shipping Corporation Ltd. include COSCO Shipping Co., Ltd., China Shipping Group Co., Ltd., COSCO Shipping Bulk Co., Ltd., etc. As of the end of the reporting period, China COSCO Shipping Corporation Ltd., its related parties and concerted actors jointly held 8.29% of the Company's shares, and there was no pledge of the Company's shares.

BaoSteel Corporation Ltd.

BaoSteel Corporation Ltd. was established on February 3, 2000 with a registered capital of RMB 22,262,200,234. The legal representative is Zou Jixin. Registered address is No. 885, Fujin Road, Baoshan District, Shanghai. Unified social credit code 91310000631696382C. Business scope includes: licensed projects: production of hazardous chemicals; hazardous chemicals business; hazardous waste management; power generation business, power transmission business, power supply (distribution) business; port operations; road cargo transportation (excluding hazardous goods); road transport of hazardous goods; special equipment manufacturing; motor vehicle inspection and testing services. (Projects subject to approval in accordance with the law, approved by the relevant departments before operating activities, and specific business projects subject to the relevant department approval documents or permits) general projects: steel, iron smelting; steel rolling processing; commonly used non-ferrous metal smelting; non-ferrous metal rolling processing; coal and products sales; metal ore sales; metal materials sales; high-quality special steel materials sales; special equipment sales. Sales of renewable resources; sales agents; technology services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; production of chemical products (excluding licensed chemical products); sales of chemical products (excluding licensed chemical products); manufacturing of basic chemical raw materials (excluding the manufacture of hazardous chemicals and other licensed chemicals); general cargo warehousing services (excluding hazardous chemicals and other items subject

to licensing approval); domestic cargo transportation, domestic freight forwarding agent; domestic container freight forwarding agent; non-residential real estate leasing; land use rights leasing; machinery and equipment leasing; transportation equipment leasing services; ship leasing; special equipment leasing; drafting, computing and measuring instruments manufacturing; drafting, computing and measuring instruments sales; business management consulting; environmental protection monitoring; bidding agency services; motor vehicle repair and maintenance; goods import and export; technology import and export; import and export agent; metal scrap and scrap processing.

As of the end of the reporting period, BaoSteel Corporation Ltd. held 800,000,000 shares of the Company, accounting for 8.29% of the Company's total share capital. Ms. Wang Juan was nominated by BaoSteel Corporation Ltd. as the director of the Company. China Baowu Steel Group Co., Ltd. is the controlling shareholder of BaoSteel Corporation Ltd.; the actual controller, SASAC; and the ultimate beneficiary, BaoSteel Corporation Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of BaoSteel Corporation Ltd. include Shanghai Meishan Iron and Steel Co., Ltd., Baosteel Zhanjiang Co., Ltd., Wuhan Iron and Steel Co., Ltd., etc. As of the end of the reporting period, BaoSteel Corporation Ltd., its related parties and concerted actors jointly held 8.29% of the Company's shares, and there was no pledge of the Company's shares.

Shanghai Jiushi (Group) Co., Ltd.

Shanghai Jiushi (Group) Co., Ltd. was founded in December 12, 1987, with a registered capital of RMB 60 billion. The legal representative is Guo Jianfei, and registered address is No. 28 Zhongshan South Road, Huangpu District, Shanghai. The unified social credit code is 9131000013221297X9. Business scope includes: the use of domestic and foreign funds, urban transportation operations, infrastructure investment management and resource development and utilization, land and property development and operation, property management, sports and tourism operation, equity investment, management and operation, information technology services, automobile leasing, and consulting business.

As of the end of the reporting period, Shanghai Jiushi (Group) Co., Ltd. held 744,766,946 shares of the Company, accounting for 7.72% of the total share capital of the Company. Shanghai Jiushi (Group) Co., Ltd. nominated Mr. Liu Yu as a director of the Company²⁵. The actual controller of Shanghai Jiushi (Group) Co., Ltd. is SASAC-Shanghai, and the ultimate beneficiary is Shanghai Jiushi (Group) Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Shanghai Jiushi (Group) Co., Ltd. include Shanghai Qiangsheng Holding Co. Ltd., Shanghai Jiushi Public Transportation Group Co., Ltd., Shanghai Jiushi Sports Industry Development (Group) Co., Ltd., and Shanghai Public Transportation Card Co., Ltd., etc. As of the end of the reporting period, Shanghai Jiushi (Group) Co.,

Ltd. held 7.72% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares

China Pacific Life Insurance Co., Ltd.

China Pacific Life Insurance Co., Ltd. was established on November 9, 2001 with a registered capital of RMB 8,628,200,000. The legal representative is Pan Yanhong. The registered address is 71 Shouning Road, Huangpu District, Shanghai. The unified social credit code is 91310000733370906P. The business scope includes: underwriting various personal insurance businesses in RMB and foreign currency, including life insurance, health insurance, accidental injury insurance and other businesses, the reinsurance of the afore-mentioned businesses, various legal personal insurance business; establish agency and business relationship with domestic and foreign insurance and related institutions, handle loss appraisal, claim settlement and other related matters entrusted by foreign insurance institutions, fund utilization business stipulated by the Insurance Law and relevant laws and regulations, participate in international insurance activities upon approval and other businesses approved by CBIRC.

As of the end of the reporting period, China Pacific Life Insurance Co., Ltd. held 560,000,000 shares of the Company, accounting for 5.81% of the Company's total share capital. Mr. Ye Peng was nominated by China Pacific Life Insurance Co., Ltd. as a director of the Company. The controlling shareholder of China Pacific Life Insurance Co., Ltd. is China Pacific Insurance (Group) Co., Ltd. without actual controller, and the ultimate beneficiary is China Pacific Life Insurance Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of China Pacific Life Insurance Co., Ltd. also include China Pacific Property Insurance Co., Ltd., Pacific Asset Management Co., Ltd., CPIC Allianz Health Insurance Co., Ltd., etc. As of the end of the reporting period, China Pacific Life Insurance Co., Ltd. held 5.81% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares.

(IV) Other Major Shareholders under Banking Regulatory Definition

Shanghai Guosheng Assets Co., Ltd.

Shanghai Guosheng Assets Co., Ltd. was established on January 26, 2010 with a registered capital of RMB 7 billion. Legal representative is Chen Ying. Registered address is Room 601F, Building 2, No.80 Moling Road, Jing'an District, Shanghai, China. Unified social credit code is 91310106550053414B. Business scope includes: industrial investment, investment in real estate and its related industries, urban infrastructure investment, capital operation, asset acquisition, packaging and transfer, enterprise and asset custody, debt restructuring, entrusted investment, investment consulting, financial consultant, consulting and agency for corporate restructuring and merger, corporate

²⁵ On 19 January 2024, Mr. Liu Yu was elected as a non-executive director at the first ad-hoc general meeting of 2024 of the Company, and the Shanghai Financial Supervisory Bureau approved Mr. Liu Yu's qualification for appointment as a director of the Company on 28 March 2024.

financial consulting, consulting services related to business scope.

As of the end of the reporting period, Shanghai Guosheng Assets Co., Ltd. held 478,981,214 shares of the Company, accounting for 4.97% of the Company's total share capital. Ms. Ha Erman was nominated by Shanghai Guosheng Assets Co., Ltd. as the director of the Company. The controlling shareholder of Shanghai Guosheng Assets Co., Ltd. is Shanghai Guosheng (Group) Co., Ltd.; the actual controller, SASAC Shanghai; and the ultimate beneficiary, Shanghai Guosheng Assets Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Shanghai Guosheng Assets Co., Ltd. include Shanghai Assets Equity Group Limited Co., Shanghai Shengrong Industry Co., Ltd., Shanghai Lvhong Investment Development Co., Ltd., etc. As of the end of the reporting period, Shanghai Guosheng Assets Co., Ltd. held 4.94% of the Company's shares together with its related parties and concerted actors, and there was no pledge of the Company's shares.

Zhejiang Expressway Co., Ltd.

Zhejiang Expressway Co., Ltd. was established on March 1, 1997 with a registered capital of RMB 5,993,498,010. Legal representative is Yuan Yingjie. Registered address is Room 501, Building 2, Pearl International Business Centre, Shangcheng District, Hangzhou, Zhejiang Province, China. Unified social credit code is 91330000142942095H. Business scope includes licensed items: highway management and maintenance; Construction project construction; Construction engineering design; Catering service; Labor dispatch service; Food sales; Urban distribution and transportation services (excluding dangerous goods); Accommodation services (projects that are subject to approval according to law can only be carried out after approval by relevant departments, and the specific business projects are subject to the approval results). General projects: equity investment; Technical service, technical development, technical consultation, technical exchange, technology transfer and technology popularization; Information technology consulting services; Car trailer, help, obstacle clearing service; Car wash service; Parking service; General cargo storage services (excluding dangerous chemicals and other items that need permission and approval); Small grocery store (three small industries); Business training (excluding education training, vocational skills training and other training that requires permission); Catering management; Travel agency service outlets to attract tourists and provide consulting services; Wholesale of aquatic products; Agricultural and sideline products sales; Daily necessities sales; Internet sales (except the sale of goods that need permission); Electronic product sales; Sales of office equipment consumables; Centralized fast charging station; Road freight transport station management; Manufacture of special equipment for traffic safety and control; Traffic facilities maintenance; Motor vehicle repair and maintenance (except for projects subject to approval according to law, independently carry out business activities according to law with business license).

As of the end of the reporting period, Zhejiang Expressway Co., Ltd. held 474,048,921 shares of the Company, accounting for 4.92% of the Company's total share capital. Ms. Ruan Liya was nominated by Zhejiang Expressway Co., Ltd. as the director of the Company. The controlling shareholder of Zhejiang

Expressway Co., Ltd. is Zhejiang Communications Investment Group Co., Ltd.; the actual controller, SASAC Zhejiang; and the ultimate beneficiary, Zhejiang Expressway Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Zhejiang Expressway Co., Ltd. include Zhejiang Shangsang Expressway Co., Ltd., Zhejiang Jinhua Yongjin Expressway Co., Ltd., and Zhejiang Longli-Lilong Expressway Co., Ltd., etc. As of the end of the reporting period, Zhejiang Expressway Co., Ltd. and its related parties and concerted actors jointly held 4.85% of the Company's shares, and there was no pledge of the Company's shares.

Taiping Life Insurance Co., Ltd.

Taiping Life Insurance Co., Ltd. was established on November 17, 1984 with a registered capital of RMB 10,030,000,000. Legal representative is Cheng Yonghong. Registered address is Room 2801, 2803A and 2804, Taiping Financial Building, No. 488, Middle Yincheng Road, China (Shanghai) Pilot Free Trade Zone, 29-33/F. Unified social credit code is 91310000710928436A. Business scope includes: personal accident insurance, personal term death insurance, personal endowment insurance, personal life insurance, personal annuity insurance, personal short-term health insurance, personal long-term health insurance, group accidental injury insurance, group fixed-term life insurance, group life insurance, group annuity insurance, group short-term health insurance, reinsurance business of the afore-mentioned insurance businesses, capital utilization business and other businesses approved by former CBIRC.

As of the end of the reporting period, Taiping Life Insurance Co., Ltd. held 414,904,000 shares of the Company, accounting for 4.30% of the Company's total share capital. Mr. Li Guanying was proposed to be nominated by Taiping Life Insurance Co., Ltd. as a director of the Company. The controlling shareholder of Taiping Life Insurance Co., Ltd. is China Taiping Insurance Holdings Co., Ltd.; the actual controller, the Ministry of Finance of the People's Republic of China; and the ultimate beneficiary, Taiping Life Insurance Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Taiping Life Insurance Co., Ltd. include Taiping Senior Living Investments Co., Ltd, Taiping Senior Living Industry Management Co., Ltd., Taiping Property (Beijing) Co., Ltd., etc. As of the end of the reporting period, Taiping Life Insurance Co., Ltd. held 4.30% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares.

Shanghai Shendi (Group) Co., Ltd.

Shanghai Shendi (Group) Co., Ltd. was established on August 8, 2010 with a registered capital of RMB 22,250,650,000. Legal representative is Yang Jinsong. Registered address is 10F, No.88 Shendi South Road, Pudong New District, Shanghai. Unified social credit code is 913100005601172662. Business scope includes: licensed projects: real estate development and operation. (Projects subject to approval in accordance with the law, approved by the relevant authorities before the commencement of business

activities, specific business projects subject to the relevant approval documents or permits); general projects: investment activities with proprietary funds; non-residential real estate leasing; parking services; advertising design, agency; digital advertising design, agency; advertising; advertising production; digital advertising release; digital advertising production; conference and exhibition services; hotel management; electric vehicle charging infrastructure operation; engineering management services; municipal facilities management; electronic and mechanical equipment maintenance (excluding special equipment); information consulting services (excluding licensed information consulting services); business management consulting; financial consulting; import and export of goods; technology import and export.

As of the end of the reporting period, Shanghai Shendi (Group) Co., Ltd. held 357,700,000 shares of the Company, accounting for 3.71% of the Company's total share capital. Mr. Le Jiawei was proposed to be nominated by Shanghai Shendi (Group) Co., Ltd. as a director of the Company. Shanghai Shendi (Group) Co., Ltd. has no controlling shareholder; the actual controller, SASAC Shanghai; and the ultimate beneficiary, Shanghai Shendi (Group) Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Shanghai Shendi (Group) Co., Ltd. also include Shanghai Shendi Construction Co., Ltd., Shanghai Shendi Tourism and Resort Development Co., Ltd., Shanghai Shendi Development Co., Ltd., etc. As of the end of the reporting period, Shanghai Shendi (Group) Co., Ltd. held 3.71% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares.

Orient International (Holding) Co., Ltd.

Orient International (Holding) Co., Ltd. was established on October 25, 1994 with a registered capital of RMB 10 billion. The legal representative is Tong Jisheng. Registered address is 1F, Building 1, No.1488 Hongqiao Road, Changning District. The unified social credit code is 913100001322319278. The business scope includes: operating and agency for the import and export business of textiles, clothing and other commodities, undertaking Sino-foreign joint venture, cooperative production, processing and compensation trade business, operating technology import and

export business, foreign project contracting of light textile and clothing industries, domestic bidding for international projects, all kinds of labor and personnel dispatch to foreign countries, international freight forwarding business, property brokerage, proprietary house leasing.

As of the end of the reporting period, Orient International (Holding) Co., Ltd. held 114,000,000 shares of the Company, accounting for 1.18% of the Company's total share capital. Mr. Dong Fang is proposed to be nominated by Orient International (Holding) Co., Ltd. as the supervisor of the Company. The controlling shareholder and actual controller of Orient International (Holding) Co., Ltd. is SASAC Shanghai, and the ultimate beneficiary is Orient International (Holding) Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Bank, Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Orient International (Holding) Co., Ltd. include Shanghai Textile (Group) Co., Ltd., Orient International Group Shanghai Investment Co., Ltd., Orient International Holding Shanghai Foreign Trade Co., Ltd., etc. As of the end of the reporting period, Orient International (Holding) Co., Ltd. and its related parties and concerted actors jointly held 1.18% of the Company's shares, and there was no pledge of the Company's shares.

V. Other Information as Stipulated by Banking Regulators

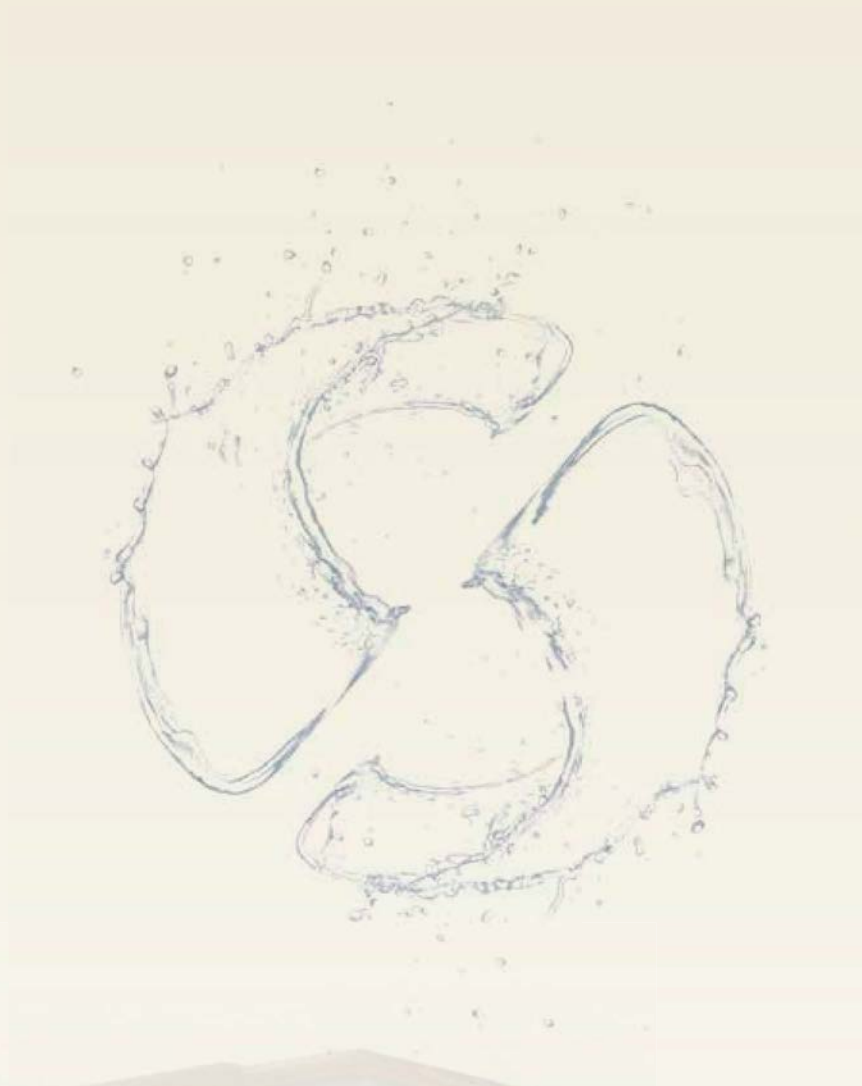
In June 2022, Shanghai No. 2 Intermediate People's Court froze 336 million shares (pledged) of the Company held by a shareholder of the Company, Lanhai Holding (Group) Company Limited, for a period from 21 June 2022 to 20 June 2025. On 13 January 2023 and 15 February 2023, the aforesaid shareholdings were frozen by the Tongshan District People's Court of Xuzhou City and the Hubei Provincial Wuhan Intermediate People's Court.

During the reporting period, the Company implemented the regulatory requirements to restrict the voting rights of shareholders at the shareholders' meeting, and the voting rights of the dispatched directors at the Board of Directors meeting when the number of shareholders' pledged equity of the Company reached or exceeded 50% of its shareholding.

08

Financial Reports

The Company's 2023 financial statements have been audited by KPMG Huazhen (LLP), and signed by CPAs Li Ying and Shi Haiyun, and a standard unqualified audit report has been issued. The full text of the financial report is attached.



Written Confirmation on the Company's 2023 Annual Report by SHRCB Directors, Supervisors, and the Senior Management

According to relevant regulations and requirements, we, as the Company's directors, supervisors, and the senior management, issue the following comments after fully knowing and reviewing the Company's 2023 Annual Report:

1. The Company runs in strict accordance with the Accounting Standards for Business Enterprises and related system specifications. The Company's 2023 Annual Report fairly reflects the Company's financial conditions and operation outcomes within this reporting period.
2. All data involved in the annual report has been verified and confirmed, reflecting the principles of steadiness, prudence, objectiveness, authenticity, accuracy and comprehensiveness. We hold the view that the Company's 2023 Annual Report has no false records, misleading statements or material omissions, and jointly and severally accept full responsibility for the authenticity, accuracy and completeness of the content in this report.
3. The 2023 annual financial statements have been audited by the KPMG Huazhen (LLP) who has issued a standard unqualified opinion.

Signature of Directors

Xu Li	Gu Jianzhong	Zhou Lei	Zhang Xueyan	Wang Juan
Liu Yu	Ye Peng	Ha Erman	Ruan Liya	Li Guanying
Le Jiawei	Huang Jixian	Chen Ying	Chen Gui	Wang Zhe
Liu Yunhong	Li Peigong			

Signature of the Supervisors

Lian Bolin	Dong Fang	Guo Rufe	Yang Yuanjun	Nie Ming
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Signature of Senior Management

Gu Jianzhong	Jin Jianhua	Zhang Hongbiao	Gu Xianbin	Shen Dong
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Company Profile

Accounting Data and Financial Indicators Highlights

Management Discussion and Analysis

Corporate Governance

Environmental and Social Responsibility

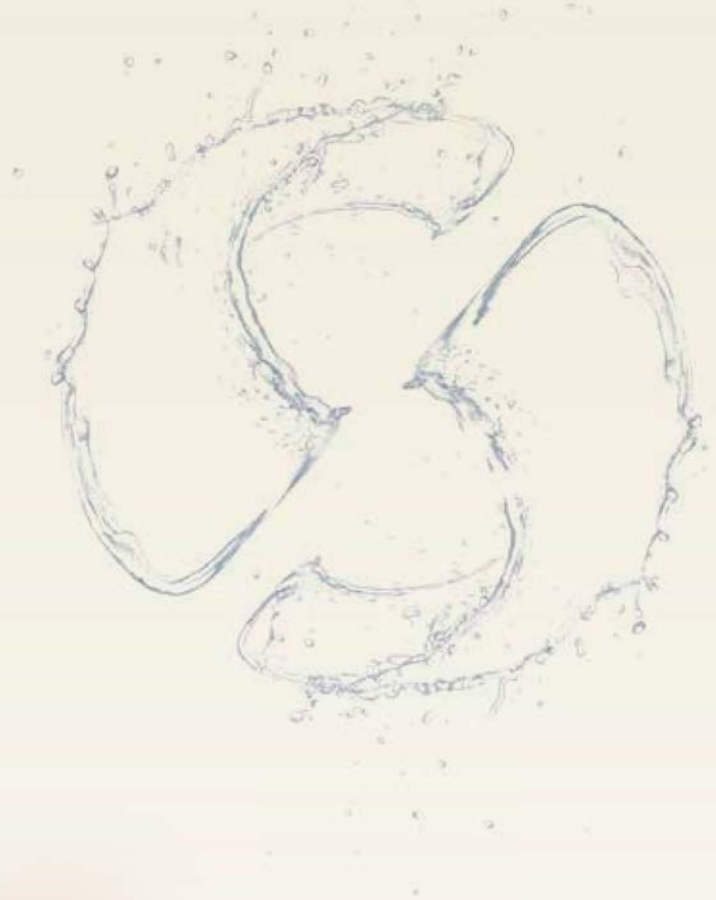
Major Events

Changes in Shares and Particulars of Shareholders

Financial Reports

Financial Statements and Auditor's Report For the year ended 31 December 2023

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AUDITOR'S REPORT

KPMG Huanzhen Shenzi NO.2406355

The Shareholders of Shanghai Rural Commercial Bank Co., Ltd.:

Opinion

We have audited the accompanying financial statements of Shanghai Rural Commercial Bank Co., Ltd. (hereinafter referred to as "Shanghai Rural Commercial Bank" or the "Bank"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2023, the consolidated income statement and income statement, the consolidated cash flow statement and cash flow statement, and the consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, Shanghai Rural Commercial Bank's and consolidated financial position of as at 31 December 2023, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Key Audit Matter

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

Determination of provision for losses of loans and advances to customers

Refer to the accounting policies described in Note III.8 Financial instruments (7) Impairment and Note III.30 Significant accounting estimates and judgements to the financial statements and Note V.6 Loans and advances to customers and Note XII.1 Credit risks to the financial statements.

The Key Audit Matter

Shanghai Rural Commercial Bank measured the provision for losses of loans and advances to customers with an expected credit loss (ECL) model in accordance with CAS No.22 - Financial Instruments: Recognition and Measurement (Revised).

Shanghai Rural Commercial Bank established relevant internal controls for the measurement of ECL.

How the matter was addressed in our audit

Our audit procedures to the evaluation of the provision for losses of loans and advances to customers included the following:

- understanding and evaluating the design and operating effectiveness of key internal control over financial reporting related to provision for losses of loans and advances to customers.
- understanding and evaluating the design and operating effectiveness of key internal control over financial reporting related to credit approval, recording, monitoring, regular credit re-rating and provision for impairment loss; particularly, evaluating the design and operating effectiveness of key internal control over financial reporting related to staging classification based on the credit quality of loans and advances to customers at all levels;
- understanding and evaluating, with the assistance of our information technology experts, the design and operating effectiveness of relevant information system control, including general IT control of the system, data transmission between systems, mapping of the ECL model parameters, and system calculation logic setting of the ECLs of loans and advances to customers etc.
- with the assistance of our financial risk management experts, evaluating the appropriateness of the ECL model and parameters used to evaluate the ECL of Shanghai Rural Commercial Bank, the completeness of key internal historical data, and evaluated the reasonableness of PD, LGD, EAD, discount rate, forward-looking adjustments and the key management judgement involved prudently;

Determination of provision for losses of loans and advances to customers

Refer to the accounting policies described in Note III.8 Financial instruments (7) Impairment and Note III.30 Significant accounting estimates and judgements to the financial statements and Note V.6 Loans and advances to customers and Note XII.1 Credit risks to the financial statements.

The Key Audit Matter

Determining the provision for losses of loans and advances to customers with the ECL model involves application of certain key parameters and assumptions, including classification of credit risk stages and estimation of probability of default (PD), loss given default (LGD), exposure at default (EAD), discount rate and other parameters, as well as consideration of forward-looking adjustments, so a considerable level of management judgement is required in the selection and assumption of these parameters.

The external macro environment and Shanghai Rural Commercial Bank internal credit risk management strategy have a significant impact on the determination of the ECL model. In assessing key parameters and assumptions, factors considered by Shanghai Rural Commercial Bank for corporate loans and advances to customers include historical loss rates, internal credit ratings and other adjustment factors; factors considered for personal loans and advances include historical overdue data for personal loans and advances, historical loss experience and other adjustment factors.

Based on whether the credit risk of a financial instrument has increased significantly and whether it has been considered to be credit impaired since initial recognition, Shanghai Rural Commercial Bank classified the financial instruments into three risk stages, and measured loss allowances at an amount equal to 12-month or lifetime ECLs for the following financial instruments.

Management also exercises judgement in determining the loss given default based on a range of factors, in order to determine the recoverable amount. These factors include the borrower's financial condition, the means of guarantee, the order in which claims are paid, the recoverable amount of the collateral, and the borrower's other sources of repayment. In evaluating the value of collateral, management refers to the collateral evaluation report issued by a qualified third-party evaluation agency and also considers the market price, status quo and uses of the collateral. In addition, the enforceability, timing and manner of realisation of the collateral will also affect the recoverable amount of the collateral.

We identified the determination of the provision for losses of loans and advances to customers as a key audit matter due to the inherent uncertainty and management judgement involved in the determination of the provision for losses of loans and advances to customers, as well as its significant impact on the financial performance and capital position of Shanghai Rural Commercial Bank.

How the matter was addressed in our audit

- evaluating the completeness and accuracy of the key data used in the ECL model. For key internal data related to the original business file, we compared the total amount in the list of loans and advances to customers used by management to assess the provision for losses with the general ledger, so as to evaluate the completeness of the list; and we compared information on individual loans and advances with relevant agreements and other relevant documents on a sampling basis to evaluate the accuracy of the list. For key external data, we reconciled them with publicly available sources to evaluate its accuracy;
- evaluating input parameters involving subjective judgement, including seeking supporting evidence from external sources and comparing internal records such as historical loss experience and guarantee methods. Inquiring of management about the rationale for adjustments made to key assumptions and input parameters and considering the consistency of the judgements applied by management, as part of the above procedures. Comparing the economic factors used in the model with market information to evaluate whether it is consistent with market and economic developments;
- for the key internal data to be generated by system operation, reconciling the system input data with the original business file on a sampling basis to evaluate the data accuracy. In addition, we tested the logic of compiling information on overdue loans and advances to customers on a sampling basis, by leveraging the work of our IT experts;
- evaluating the reasonableness of the judgements made by management as to whether the credit risk has increased significantly since initial recognition and whether credit impairment has occurred. We analysed the corporate loans and advances to customers based on the industry classification. When selecting samples, we considered the industries that are greatly affected by the current industry cycle and control policies, focused on loans in high-risk area, and selected credit-impaired loans, loans overdue but without credit-impairment and borrowers with negative warning signals, negative media news, split ratings and other risk factors as samples of credit review. Based on the selected samples, we checked business files, overdue information, inquired of the credit managers about the borrowers' business operations, checked the borrowers' financial information, and researched market information related to the borrowers' businesses and operations;
- when conducting credit review on the selected credit-impaired corporate loans and advances to customers, we evaluated the estimated recoverable amount through inquiries, professional judgements, independent queries, etc.; We also evaluated the timing and manner of realisation of the collaterals, and considered other sources of repayment asserted by the management. In addition, we evaluated the consistency in the application of key assumptions by management and compared them with our data sources;
- reviewing the calculation accuracy of ECLs on a sampling basis, so as to evaluate Shanghai Rural Commercial Bank's application of the ECL model;
- performing a retrospective review on the components and important assumptions of the ECL model, using actual observation data to test the estimated elements of the model, and evaluating whether there are signs of management bias in the estimation of provision for losses of loans and advances to customers;
- evaluating the reasonableness of financial statement disclosures related to the provision for losses of loans and advances to customers in accordance with relevant accounting standards.

Consolidation of structured entities

Refer to the accounting policies described in Note III.4 Consolidated financial statements and Note III.30 Significant accounting estimates and judgements to the financial statements and Note VIII Interests in other entities to the financial statements.

The Key Audit Matter

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

Shanghai Rural Commercial Bank may have an interest in structured entities by initiating, holding investments in or retaining shares of interest in these entities. These structured entities mainly include wealth management products, fund trust plans, asset management plans, debt financing plans, fund investments, asset-backed securities, etc.

When determining whether the structured entity should be included in Shanghai Rural Commercial Bank's consolidation, management should consider Shanghai Rural Commercial Bank's power over the entity, the variable returns it enjoys and the ability to use its power to influence the amount of returns. These factors are not purely quantitative and the substance of the transaction needs to be considered collectively.

We identified the consolidation of structured entities as a key audit matter because some of these structured entities are complex in nature and judgement is required when Shanghai Rural Commercial Bank performs qualitative assessment of terms and transaction substance for each structured entity.

How the matter was addressed in our audit

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

- inquiring of management and inspecting files related to process of management's judgement of whether consolidation is required for the structured entities to evaluate the completeness of procedures set up in this regard;
- performing the following audit procedures on structured entities on a sampling basis:
 - inspecting the related contracts, internally established documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and Shanghai Rural Commercial Bank's involvement with the structured entity and to evaluate management's judgement over whether Shanghai Rural Commercial Bank has the ability to exercise power over the structured entity;
 - examining the design of risk and reward of the structured entity, including any capital owned in the structured entity or guarantees made on its earnings, arrangements for the provision of liquidity support, payment of commissions and distribution of earnings, in order to evaluate management's judgement regarding Shanghai Rural Commercial Bank's exposure to the structured entity, its power and impact on variable returns as a result of its involvement in the relevant activities of the structured entity;
 - inspecting management's analysis of the structured entity including qualitative analysis and calculations of the magnitude and variability associated with Shanghai Rural Commercial Bank's economic interests in the structured entity to assess management's judgement over Shanghai Rural Commercial Bank's ability to influence its variable returns from the structured entity;
 - evaluating management's judgement over whether the structured entity should be consolidated or not;
- evaluating the reasonableness of financial statement disclosures related to the structured entities in the financial statements in accordance with relevant accounting standards.

Other Information

Management of Shanghai Rural Commercial Bank is responsible for the other information. The other information comprises all the information included in 2023 annual report of Shanghai Rural Commercial Bank, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Those charged with governance are responsible for overseeing Shanghai Rural Commercial Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Shanghai Rural Commercial Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Shanghai Rural Commercial Bank to cease to continue as a going concern.
- Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Shanghai Rural Commercial Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

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

KPMG Huazhen LLP

Beijing, China

Registered in the People's Republic of China
Certified Public Accountants

Li Ying (Engagement partner)

Shi Haiyun

25 April 2024

Consolidated balance sheet and balance sheet as at 31 December 2023

	Note	The Group		The Bank	
		2023	2022	2023	2022
Assets					
Cash and deposits with central bank	V.1	69,533,946	70,251,957	64,089,709	64,708,998
Due from placements with other banks and financial institutions	V.2	17,086,981	32,366,243	9,997,073	28,256,671
Precious metal		77,099	24,679	77,099	24,679
Placements with banks and other financial institutions	V.3	54,160,057	51,239,439	54,963,206	54,623,311
Derivative financial assets	V.4	2,036,268	1,198,288	2,036,268	1,198,288
Financial assets purchased under resale agreements	V.5	18,054,688	28,527,869	16,989,458	28,037,714
Loans and advances to customers	V.6	684,879,284	643,951,491	665,721,925	624,991,113
Financial investment:					
- Financial assets held for trading	V.7	59,242,408	44,080,000	97,420,518	76,004,300
- Debt investments	V.8	173,856,650	143,318,577	171,956,644	141,916,350
- Other debt investments	V.9	260,742,543	216,000,307	209,287,904	172,244,398
- Investments in other equity instruments	V.10	236,500	236,500	236,500	236,500
Finance lease receivables	V.11	7,716,421	12,216,424	-	-
Long-term receivables	V.11	27,081,537	20,546,536	-	-
Long-term equity investments	V.12	1,780,780	443,305	4,469,328	3,005,654
Fixed assets	V.13	5,099,137	5,307,741	4,861,808	5,111,722
Construction in progress		979,237	1,124,011	935,845	1,048,623
Right-of-use assets	V.14	673,130	656,065	586,510	559,487
Deferred tax assets	V.15	6,144,400	6,604,309	5,803,188	6,184,296
Other assets	V.16	2,832,634	3,305,380	2,180,076	3,077,195
Total assets		1,392,213,700	1,281,399,121	1,311,613,059	1,211,229,299

Consolidated balance sheet and balance sheet as at 31 December 2023

	Note	The Group		The Bank	
		2023	2022	2023	2022
Liabilities and shareholders' equity					
Liabilities					
Borrowings from central bank	V.18	50,215,083	37,095,461	49,854,859	36,541,866
Due to placements with other banks and financial institutions	V.19	7,005,581	10,783,444	11,637,424	14,479,816
Placements from banks and other financial institutions	V.20	44,915,989	28,923,860	16,047,843	5,342,803
Financial liabilities held for trading		97,128	55,955	77,160	24,673
Derivative financial liabilities	V.4	1,781,336	1,247,609	1,781,336	1,247,609
Financial assets sold under repurchase agreements	V.21	31,619,874	30,370,457	17,398,387	18,931,447
Customer deposits	V.22	1,037,738,098	961,369,501	1,006,035,858	932,087,120
Employee benefits payables	V.23	3,394,517	3,144,897	3,082,013	2,813,867
Taxes payables	V.24	659,708	1,552,563	594,800	1,424,463
Debt securities issued	V.25	92,120,146	87,225,642	92,120,146	87,225,642
Lease liabilities	V.14	640,744	603,813	561,391	514,748
Provisions	V.26	704,473	611,151	704,473	611,151
Other liabilities	V.27	4,962,528	12,699,121	1,882,966	10,062,794
Total liabilities		1,275,855,205	1,175,683,474	1,201,778,656	1,111,307,999
Shareholders' equity					
Share capital	V.28	9,644,444	9,644,444	9,644,444	9,644,444
Capital reserve	V.29	16,550,194	16,495,416	16,784,499	16,784,499
Other comprehensive income	V.30	3,310,694	1,616,018	2,684,389	1,345,029
Surplus reserve	V.31	32,135,260	28,013,982	31,571,069	27,552,704
General risk reserve	V.32	14,511,669	12,785,082	13,956,709	12,262,297
Retained earnings	V.33	36,274,720	33,279,027	35,193,293	32,332,327
Total equity attributable to shareholders of the Bank		112,426,981	101,833,969	109,834,403	99,921,300
Non-controlling interests		3,931,514	3,881,678	-	-
Total shareholders' equity		116,358,495	105,715,647	109,834,403	99,921,300
Total liabilities and shareholders' equity		1,392,213,700	1,281,399,121	1,311,613,059	1,211,229,299

The notes on pages 128 to 214 form part of these financial statements.

These financial statements were approved by the Board of Directors of the Bank on 25 April 2024.

Xu Li
Legal representative

Gu Jianzhong
President

Yao Xiaogang
Chief Financial Officer

Chen Nanhua
Head of the accounting department

Consolidated income statement and income statement for the year ended 31 December 2023

	Note	The Group		The Bank	
		2023	2022	2023	2022
I. Operating Income					
Interest income		45,460,150	43,452,865	41,955,025	39,988,083
Interest expense		(24,760,643)	(22,698,617)	(23,476,750)	(21,410,971)
Net interest income	V.34	20,699,507	20,754,248	18,478,275	18,577,112
Fee and commission income		2,513,743	2,448,001	2,542,129	2,484,765
Fee and commission expense		(245,322)	(292,338)	(228,246)	(268,606)
Net fee and commission income	V.35	2,268,421	2,155,663	2,313,883	2,216,159
Investment income	V.36	1,525,284	1,586,676	1,653,911	1,693,527
Including: Income from investments in associates		134,243	34,033	134,243	34,033
Income from derecognition of financial assets measured at amortised cost		-	4,034	-	-
Other income		34,656	25,364	34,656	14,377
Gains from changes in fair value	V.37	1,622,524	532,786	1,622,524	532,786
Exchange gains		181,172	519,069	181,172	519,069
Other operating income		47,995	33,747	42,520	29,067
Gains from asset disposals		34,239	19,717	34,505	19,717
Operating income		26,413,798	25,627,270	24,361,446	23,601,814
II. Operating expenses					
Taxes and surcharges		(313,439)	(268,602)	(302,930)	(256,423)
Operation and administrative expenses	V.38	(8,599,157)	(7,798,740)	(7,918,159)	(7,098,432)
Credit impairment losses	V.39	(3,205,811)	(3,865,210)	(2,644,453)	(3,604,602)
Asset impairment (losses) / gains		(1,558)	(3,701)	-	-
Other operating costs		(29,683)	(16,394)	(29,224)	(15,928)
Operating expenses		(12,149,648)	(11,952,647)	(10,894,766)	(10,975,385)
III. Operating Profit		14,264,150	13,674,623	13,466,680	12,626,429
Add: Non-operating income		671,034	42,002	624,143	36,365
Less: Non-operating expenses		(48,717)	(47,650)	(40,682)	(38,994)
IV. Profit before income tax		14,886,467	13,668,975	14,050,141	12,623,800
Less: Income tax expenses	V.40	(2,399,092)	(2,275,798)	(2,177,998)	(2,017,423)
V. Net profit		12,487,375	11,393,177	11,872,143	10,606,377
(1) Net profit classified by continuity of operations:					
Net profit from continuing operations		12,487,375	11,393,177	11,872,143	10,606,377
Net profit from discontinued operations		-	-	-	-
(2) Net profit classified by ownership:					
Shareholders of the Bank		12,141,958	10,974,378	11,872,143	10,606,377
Non-controlling interests		345,417	418,799	-	-

Consolidated income statement and income statement for the year ended 31 December 2023

	Note	The Group		The Bank	
		2023	2022	2023	2022
VI. Other comprehensive income, net of tax	V.30	1,694,676	(15,179)	1,339,360	(286,168)
(I) Other comprehensive income (net of tax) attributable to shareholders of the Bank		1,694,676	(15,179)	1,339,360	(286,168)
1. Items that will not be reclassified to profit or loss					
a. Remeasurement of defined benefit plan		51,275	-	51,275	-
2. Items that may be reclassified to profit or loss					
a. Other comprehensive income recognised under the equity method		8,885	1,926	8,885	1,926
b. Changes in fair value of other debt investments		1,468,221	(142,967)	1,112,905	(413,956)
c. Credit losses of other debt investments		166,295	125,862	166,295	125,862
(II) Other comprehensive income (net of tax) attributable to non-controlling interests		-	-	-	-
VII.Total comprehensive income		14,182,051	11,377,998	13,211,503	10,320,209
Total comprehensive income attributable to shareholders of the Bank		13,836,634	10,959,199	13,211,503	10,320,209
Total comprehensive income attributable to non-controlling interests		345,417	418,799	-	-
VIII. Earnings per share					
Basic and diluted earnings per share	V.41	1.26	1.14		

The notes on pages 128 to 214 form part of these financial statements.

Consolidated cash flow statement and cash flow statement for the year ended 31 December 2023

	Note	The Group		The Bank	
		2023	2022	2023	2022
Cash flows from operating activities:					
Net increase in borrowings from the central bank		13,030,302	-	13,223,597	-
Net increase in placements from banks and other financial institutions		15,461,512	-	10,146,512	-
Net increase in the amount due to customers and due from placements with other banks and financial institutions		69,163,629	111,182,911	67,771,333	108,797,026
Net increase in financial assets sold under repurchase agreements		1,250,234	1,188,522	-	-
Net decrease in the amount due from placements with central bank and other banks and financial institutions		-	459,969	598,069	856,214
Net decrease in placements with banks and other financial institutions		-	19,143,523	-	18,593,523
Net decrease in financial assets purchased under resale agreements		10,473,434	18,400,744	11,049,403	18,590,776
Net decrease in financial assets held for trading		-	28,862,998	-	-
Interest received		35,591,048	35,323,704	32,069,831	31,821,682
Fee and commission received		2,668,353	2,745,088	2,696,664	2,784,058
Proceeds from other operating activities		985,402	7,302,145	941,949	6,715,746
Sub-total of cash inflows		148,623,914	224,609,604	138,497,358	188,159,025
Net increase in the amount due from placements with central bank and other banks and financial institutions		(1,990,022)	-	-	-
Net increase in loans and advances to customers		(41,340,559)	(55,972,855)	(40,899,512)	(55,073,593)
Net increase in placements with banks and other financial institutions		(10,142,718)	-	(7,892,718)	-
Net increase in financial assets held for trading		(13,433,320)	-	(19,687,130)	(3,061,302)
Net decrease in borrowings from the central bank		-	(2,394,992)	-	(2,110,290)
Net decrease in placements from banks and other financial institutions		-	(5,902,988)	-	(5,536,989)
Net decrease in financial assets sold under repurchase agreements		-	-	(1,533,781)	(10,241,290)
Net payment for lease assets		(2,714,675)	(1,214,070)	-	-
Interest paid		(18,741,591)	(19,864,525)	(17,520,264)	(18,639,009)
Fee and commission paid		(259,016)	(309,878)	(241,941)	(284,722)
Payment to and for employees		(5,410,423)	(4,962,481)	(4,924,958)	(4,526,709)
Net payment of various taxes		(5,459,759)	(5,238,541)	(5,068,112)	(4,741,730)
Other cash payments relating to operating activities		(9,965,261)	(3,718,431)	(10,138,946)	(3,503,714)
Sub-total of cash outflows		(109,457,344)	(99,578,761)	(107,907,362)	(107,719,348)
Net cash flows from operating activities	V.42(1)	39,166,570	125,030,843	30,589,996	80,439,677

Consolidated cash flow statement and cash flow statement for the year ended 31 December 2023

	Note	The Group		The Bank	
		2023	2022	2023	2022
Cash flows from investing activities:					
Proceeds from disposal of investments		75,060,702	90,979,038	74,380,702	87,720,038
Investment returns received		10,576,783	8,686,055	10,677,093	8,761,757
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		618,451	28,862	618,147	28,141
Sub-total of cash inflows		86,255,936	99,693,955	85,675,942	96,509,936
Payment for acquisition of investments		(147,889,722)	(199,753,224)	(139,494,742)	(153,777,371)
Net payment for acquisition of subsidiaries, joint ventures or associates		(771,950)	-	(771,950)	-
Payment for acquisition of fixed assets, intangible assets and other long-term assets		(1,035,703)	(701,943)	(999,871)	(622,973)
Sub-total of cash outflows		(149,697,375)	(200,455,167)	(141,266,563)	(154,400,344)
Net cash flow used in from investing activities		(63,441,439)	(100,761,212)	(55,590,621)	(57,890,408)
Cash flows from financing activities:					
Proceeds from issue of bonds and interbank certificates of deposit		129,545,731	100,245,004	129,545,731	100,245,004
Sub-total of cash inflows from financing activities		129,545,731	100,245,004	129,545,731	100,245,004
Repayments of borrowings		(124,717,271)	(98,379,137)	(124,717,271)	(98,379,137)
Payment for dividends, profit distributions or interest		(5,848,029)	(5,220,703)	(5,735,039)	(5,121,516)
Repayments of lease liabilities		(268,594)	(255,020)	(230,541)	(222,862)
Sub-total of cash outflows from financing activities		(130,833,894)	(103,854,860)	(130,682,851)	(103,723,515)
Net cash flows used in financing activities		(1,288,163)	(3,609,856)	(1,137,120)	(3,478,511)
Effect of foreign exchange rate changes on cash and cash equivalents		16,140	454,552	16,140	454,552
Net increase / (decrease) in cash and cash equivalents	V.42(2)	(25,546,892)	21,114,327	(26,121,605)	19,525,310
Add: Cash and cash equivalents at the beginning of the year		54,819,400	33,705,073	50,333,000	30,807,690
Closing balance of cash and cash equivalents	V.42(3)	29,272,508	54,819,400	24,211,395	50,333,000

The notes on pages 128 to 214 form part of these financial statements.

Consolidated statement of changes in shareholders' equity for the year ended 31 December 2023

	2023								
	Attributable to shareholders of the Company							Non-controlling interests	Total
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Sub-total		
I. Balance at 1 January 2023	9,644,444	16,495,416	1,616,018	28,013,982	12,785,082	33,279,027	101,833,969	3,881,678	105,715,647
II. Changes for the year									
(I). Total comprehensive income	-	-	1,694,676	-	-	12,141,958	13,836,634	345,417	14,182,051
(II). Shareholders' contributions and decrease of capital									
1. Change in equity of subsidiaries	-	54,778	-	-	-	-	54,778	(180,977)	(126,199)
(III). Appropriation of profits									
1. Appropriation for surplus reserve	-	-	-	4,121,278	-	(4,121,278)	-	-	-
2. Appropriation for general risk reserve	-	-	-	-	1,726,587	(1,726,587)	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(3,298,400)	(3,298,400)	-	(3,298,400)
4. Dividends distributions of subsidiaries	-	-	-	-	-	-	-	(114,604)	(114,604)
III. Balance at 31 December 2023	9,644,444	16,550,194	3,310,694	32,135,260	14,511,669	36,274,720	112,426,981	3,931,514	116,358,495
	2022								
	Attributable to shareholders of the Company							Non-controlling interests	Total
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Sub-total		
I. Balance at 1 January 2022	9,644,444	16,495,416	1,631,197	24,278,035	11,909,737	29,809,274	93,768,103	3,563,334	97,331,437
II. Changes for the year									
(I). Total comprehensive income	-	-	(15,179)	-	-	10,974,378	10,959,199	418,799	11,377,998
(III). Appropriation of profits									
1. Appropriation for surplus reserve	-	-	-	3,735,947	-	(3,735,947)	-	-	-
2. Appropriation for general risk reserve	-	-	-	-	875,345	(875,345)	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(2,893,333)	(2,893,333)	-	(2,893,333)
4. Dividends distributions of subsidiaries	-	-	-	-	-	-	-	(100,455)	(100,455)
III. Balance at 31 December 2022	9,644,444	16,495,416	1,616,018	28,013,982	12,785,082	33,279,027	101,833,969	3,881,678	105,715,647

Consolidated statement of changes in shareholders' equity for the year ended 31 December 2023

	2023						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total
I. Balance at 1 January 2023	9,644,444	16,784,499	1,345,029	27,552,704	12,262,297	32,332,327	99,921,300
II. Changes for the year							
(I). Total comprehensive income	-	-	1,339,360	-	-	11,872,143	13,211,503
(II). Appropriation of profits							
1. Appropriation for surplus reserve	-	-	-	4,018,365	-	(4,018,365)	-
2. Appropriation for general risk reserve	-	-	-	-	1,694,412	(1,694,412)	-
3. Distributions to shareholders	-	-	-	-	-	(3,298,400)	(3,298,400)
III. Balance at 31 December 2023	9,644,444	16,784,499	2,684,389	31,571,069	13,956,709	35,193,293	109,834,403
	2022						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total
I. Balance at 1 January 2022	9,644,444	16,784,499	1,631,197	23,877,675	11,412,670	29,143,939	92,494,424
II. Changes for the year							
(I). Total comprehensive income	-	-	(286,168)	-	-	10,606,377	10,320,209
(II). Appropriation of profits							
1. Appropriation for surplus reserve	-	-	-	3,675,029	-	(3,675,029)	-
2. Appropriation for general risk reserve	-	-	-	-	849,627	(849,627)	-
3. Distributions to shareholders	-	-	-	-	-	(2,893,333)	(2,893,333)
III. Balance at 31 December 2022	9,644,444	16,784,499	1,345,029	27,552,704	12,262,297	32,332,327	99,921,300

The notes on pages 128 to 214 form part of these financial statements.

I. General information

Shanghai Rural Commercial Bank Co., Ltd. (the "Bank") is a joint-stock commercial bank reconstructed from the former Shanghai Rural Credit Cooperatives, including one municipal cooperative agency, 14 county-level cooperative agencies and 219 credit cooperatives sub-agencies. It was incorporated in Shanghai, the People's Republic of China ("China") on 23 August 2005, headquartered in Shanghai. The Bank went public on Renminbi ordinary share market ("A-share") and is traded under the code 601825 in Shanghai Stock Exchange.

The Bank obtained its finance approval license No. B0228H231000001 from former China Banking Regulatory Commission ("CBRC") and obtained its business license No. 310000000088142 from Shanghai Municipal Administration of Industry and Commerce. The registered address of the Bank is No. 70 of East Zhongshan Number Two Road, and the unified social credit code is No. 913100007793473149.

The Bank and its subsidiaries (the "Group") are all in financial industry, of which the scope of business is commercial banking business approved by the People's Bank of China and CBRC, including: domestic deposits, short-term, mid-term and long-term loans, domestic and foreign settlements, bill acceptance and discount, government bonds distributing, redeeming and underwriting as an agency of government, government bonds and banking notes trading, inter-bank borrowing and lending, bank card services, foreign currency deposits, loans and remittance, international settlements, inter-bank foreign currency borrowing and lending, credit investigation, consultation and assurance businesses, funds collection and commissioning, custodian service, finance lease, purchase and sales of foreign currency (versus RMB) and other business activities approved by National Financial Regulatory Administration.

In respect of these financial statements, Mainland China excludes Hong Kong Special Administrative Region of the PRC ("Hong Kong"), Macau Special Administrative Region of the PRC ("Macau") and Taiwan; areas outside Mainland China refer to Hong Kong, Macau, Taiwan and other countries and regions.

For key subsidiaries included in the consolidation scope for the year, refer to Note V. 12.1.

II. Basis of preparation

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

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by the Ministry of Finance ("MOF"). These financial statements present truly and completely the consolidated financial position and financial position of the Bank as at 31 December 2023, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Bank for the year then ended.

These financial statements also comply with the disclosure

requirements of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2014.

III. Significant accounting policies and accounting estimates

1. Accounting period

The accounting period is from 1 January to 31 December.

2. Functional currency, methodology in determination of materiality and basis for selection

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

The Group determines the importance of financial information based on the environment, considering both the nature and amount of the matter. When assessing whether a matter is significant from nature perspective, the Group primarily considers whether it is part of the Group's operating activities and whether it significantly impacts the Group's financial position, operating results and cash flows. When assessing whether a matter is significant from amount perspective, the Group considers the proportion of the amount of the matter to the amount of operating income, total assets, total liabilities, total equity, profit for the year and total comprehensive income or to the amount of the account caption.

The Group formulates specific accounting policies and accounting estimates based on the characteristics of relevant business operations, which are mainly reflected in the impairment of financial assets, judgment of control over structured entities, interest income and expense, fee and commission income, financial guarantee contracts and loan commitments. See the relevant notes below for further details.

3. Accounting treatments for business combinations involving entities under common control and not under common control

A transaction or event constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets) which meet the definition of a business. Business combinations are classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether an acquired set of assets constitutes a business. The Group may elect to apply

the simplified assessment method, the concentration test, to determine whether an acquired set of assets is a business. If the concentration test is met, the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group should perform the assessment according to the guidance on the determination of a business.

When the set of assets the Group acquired does not constitute a business, acquisition costs should be allocated to each identifiable asset and liability on the basis of their relative fair values at the date of acquisition. The accounting treatments for business combinations described below are not applied.

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(2) Business combinations involving entities not under common control

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

For a business combination involving entities not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognises any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. In addition, any amount recognised in other comprehensive income and other changes in the owners' equity under equity accounting in prior reporting periods relating to the previously-held equity interest that may be reclassified to profit or loss are transferred to

investment income at the date of acquisition. For any previously-held equity interest that is designated as equity investment at fair value through other comprehensive income, the other comprehensive income recognised in prior reporting periods is transferred to retained earnings and surplus reserve at the date of acquisition.

4. Criteria of control and preparation of consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Bank and its subsidiaries (including the structured entities controlled by the Bank). Control exists when the investor has all of the following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

A structured entity is one that is not designed to have voting or similar rights as a determining factor when determining its controlling party. The basis for the activities related to this entity is usually a contractual arrangement or other forms of arrangement.

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

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

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

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the

(All amounts expressed in thousands of RMB unless otherwise stated)

carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

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

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period. The remaining equity investment is re-measured at its fair value at the date when control is lost, and any resulting gains or losses are also recognised as investment income for the current period.

When the Group loses control of a subsidiary in multiple arrangements in which it disposes of its long-term equity investment in the subsidiary in stages, the following factors are considered to determine whether the Group should account for the multiple arrangements as a single transaction:

- arrangements are entered into at the same time or in contemplation of each other;
- arrangements work together to achieve an overall commercial effect;
- the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;
- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

If each of the multiple arrangements does not form part of a single transaction, the arrangements conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of equity investment in subsidiaries where control is retained.

If each of the multiple arrangements forms part of a single transaction which eventually results in the loss of control in the subsidiary, these multiple arrangements are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each arrangement prior to the loss of control shall be recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

(4) Changes in non-controlling interests

Where the Bank acquires more interest in a subsidiary from the subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without losing control, the

difference between the portion of the interest in the subsidiary's net assets being acquired or disposed of and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

5. Foreign currency translation

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

Monetary assets and liabilities denominated in foreign currencies at the financial reporting date are translated into Renminbi at the foreign exchange rates ruling at that date. Changes in the fair value of monetary items denominated in foreign currency classified as financial assets at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of these items and other changes in the carrying amount of these items. Translation differences related to changes in the amortised cost are recognised in the profit or loss, and other changes in the carrying amount are recognised in other comprehensive income. Any foreign exchange gains and losses on monetary items denominated in foreign currencies are recognised in profit or loss.

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

6. Cash and cash equivalents

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

7. Precious metal

Precious metals comprise gold, silver and other precious metals. The Group's non-trading precious metals are initially measured at cost at the time of acquisition and subsequently measured at the lower of cost and net realisable value. The Group's precious metals acquired for trading purposes are initially recognised at fair value at the time of acquisition and subsequently measured at fair value at the balance sheet date, with the relevant changes recognised in profit or loss.

8. Financial instrument

Financial instrument refers to any contract that gives rise to a financial asset of a party and a financial liability or equity

instrument of another party.

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

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

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

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model under which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

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

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial

asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

(b) Subsequent measurement of financial assets

Financial assets at fair value through profit or loss

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

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and that is not part of a hedging relationship should be recognised in profit or loss when the financial asset is derecognised, reclassified, amortised under the effective interest method or when an impairment gain or loss is recognised.

Debt investments measured at FVOCI

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

Equity investments designated at FVOCI

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

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities at fair value through profit or loss

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

These liabilities are subsequently measured at fair value. The gain or loss (including interest expense) on the financial liability is recognised in profit or loss, except when:

- the financial liability is part of a hedging relationship;
- the financial liability is a financial liability designated at fair value through profit or loss, and changes in its fair value arising from changes in the Group's own credit risk are recognised in other comprehensive income.

Other financial liabilities

Other financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities arising from transfers of financial assets that do not qualify for derecognition or from continuing involvement in the transferred financial assets, financial guarantee contracts and loan commitments.

(4) Financial guarantee contracts and loan commitments

Financial guarantee contracts

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

Financial guarantee contracts are initially recognised at fair value on the date of providing the guarantee. Subsequent to initial recognition, deferred income related to financial guarantee is amortised in profit or loss in accordance with relevant accounting policies. A financial guarantee liability is measured at the higher of:

- the amount of the loss allowance determined in accordance with the impairment policies for financial instruments (see Notes III.8(7)); and
- the amount initially recognised less the cumulative amount of income.

Loan commitments

The term "loan commitments" refers to definite commitments to provide credit pursuant to terms and conditions prescribed in advance.

The Group provides loan commitments that are assessed for impairment based on ECLs. The Group has not committed to grant loans at any below-market interest rates or to make cash

payments or issue other financial instruments as a net settlement of loan commitments.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as an provision. However, for contracts that include both a loan and an undrawn commitment and the Group can not separately identify the ECL on the undrawn commitment component from those on the loan component, the ECL on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECL exceed the gross carrying amount of the loan, the ECL are recognised as a provision.

(5) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

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

(6) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when one of the following conditions is met:

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

the financial asset has been transferred; and if the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, and it retains control over the transferred asset, then the relevant financial asset is recognised to the extent of continuing involvement in the transferred financial asset, and the corresponding liability is recognised as well.

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

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(7) Impairment

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

- financial assets measured at amortised cost;
- contract assets;
- debt investments measured at FVOCI;
- lease receivables;
- financial guarantee contracts issued, which are not measured at FVTPL.

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

(a) Measurement of ECLs

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

The Group measures ECLs of a financial instrument in a way that reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

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

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

The Group applies a 'three-stage model' for measuring ECLs for financial instruments based on significant changes or credit impairment in credit risk since initial recognition:

Stage 1: Financial instruments that have not had a significant increase in credit risk since initial recognition. For these assets, 12-month expected credit losses are recognised;

Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised;

Stage 3: Financial assets that have objective evidence of

impairment at the reporting date. For these assets, lifetime ECL are recognised.

Note XII.1.3 provides more detailed information on how to measure the expected credit loss provision.

(b) Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income and not deducted from the carrying amount of the assets. For loan commitments and financial guarantee contracts issued, which are not measured at FVTPL, an allowance for losses is recognised in the provisions (see Note V.26).

(c) Write-off

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

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

(8) Amendments to financial asset contracts

In some cases (e.g. restructured loans), the Group may modify or renegotiate its contracts for financial assets. The Group assesses whether the terms of the modified or renegotiated contract have changed substantially.

If there is a material change in the terms of the modified contract, the Group derecognises the original financial asset and recognises a new financial asset in accordance with the modified terms.

If there is no substantial change in the terms of the modified contract but it results in a change in contractual cash flows, the Group recalculates the carrying amount of the financial asset and recognises the relevant gains or losses in profit or loss. The recalculated carrying amount of the financial assets shall be recognised at the present value determined by discounting the amended or renegotiated contractual cash flows by the original effective interest rate of the financial assets (or the credit-adjusted effective interest rate of purchased or originated credit-impaired financial assets). For all the costs or expenses arising from an amended or renegotiated contract, the Group shall adjust the carrying amount of the financial assets and amortise them for the remaining life of the amended financial assets. The Group shall compare the risk of default at the balance sheet date based on the new contract terms with the risk of default at initial recognition based on the original contract terms when evaluating whether the credit risk of the relevant financial instrument has increased significantly.

(9) Equity instruments

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

9. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date when the derivative transaction contract is entered into and are subsequently measured at their fair value. A derivative financial instrument with a positive fair value is recognised as an asset and a negative fair value is recognised as a liability.

If the hybrid contract contains a host contract that is an asset under the financial instruments standards, derivatives embedded in contracts where the host is a financial asset are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. If the hybrid contract contains a host contract that is not an asset under the financial instruments standards, when certain embedded derivative financial instruments are not closely related to the economic characteristics and risks of their host contracts, a separate instrument with the same terms as the embedded derivative instrument meets the definition of a derivative financial instrument, and the hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss, the embedded derivative financial instruments should be separated from the hybrid contract and treated as a separate derivative financial instrument. These embedded derivative financial instruments are measured at fair value and the corresponding changes in fair value are included in profit or loss.

Gains or losses derived from changes in the fair value of derivative financial instruments that do not qualify for hedge accounting should be recognised directly in profit or loss.

10. Financial assets purchased under resale agreements and financial assets sold under repurchase agreements

Financial assets purchased under resale agreements are capital where the Group acquires financial assets which will be resold at a fixed price under resale agreements. Financial assets sold under repurchase agreements are capital where the Group sells financial assets which will be repurchased at a fixed price under repurchase agreements.

Financial assets purchased under resale agreements and financial assets sold under repurchase agreements are reflected in the balance sheet based on the actual payments or receipts when incurred. Financial assets purchased under resale agreements are not recognised and are recorded off-balance sheet; underlying assets sold under repurchase agreements are still reflected in the balance sheet.

The bid-ask spread of financial assets purchased under resale agreements and sold under repurchase agreements is amortised using the effective interest method in the relevant transaction period and is recognised as interest income and interest expense accordingly.

11. Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Group's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to retained earnings.

For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Group, in exchange for control of the acquiree.

(b) Long-term equity investments acquired other than through a business combination

A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Bank's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method unless the investment is classified as held for sale. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Group recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

For the impairment of investments in subsidiaries, refer to Note III.17.

In the Group's consolidated financial statements, subsidiaries are accounted for in accordance with the policies described in Note III.4.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.11(3)) and rights to the net assets of the arrangement.

An associate is an entity over which the Group has significant influence (see Note III.11(3)).

An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

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

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

- After acquiring the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group.

- In calculating its share of the investee's net profit or loss, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income based on the fair value of the investee's identifiable net assets at the date of acquisition after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in full in the financial statements.

- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised. For the impairment of the investments in joint ventures and associates, refer to Note III. 17.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's relevant activities unilaterally;

- Whether decisions relating to the investee's relevant activities require the unanimous consent of all participant parties that share control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but is not control or joint control of those policies.

12. Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in the supply of services, for rental or for administrative purposes with useful lives over one accounting year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.13.

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

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

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation of fixed assets

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

Class	Estimated useful life (years)	Residual value rate	Annual depreciation rate
Plant and buildings	20	5.00%	4.75%
Transportation facilities	5	5.00%	19.00%
Electronic equipment	5 - 10	5.00%	9.50 - 19.00%
Machinery and equipment	5 - 10	5.00%	9.50 - 19.00%
Office equipments	5 - 10	5.00%	9.50 - 19.00%

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

(3) For the impairment of fixed assets, refer to Note III.17.

(4) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

- on disposal; or
- when no future economic benefits are expected to be generated from its use or disposal.

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

13. Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs, and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is classified as construction in progress and transferred to fixed assets when it is ready for its intended use. No depreciation is recorded against construction in progress.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note III.17).

14. Intangible assets

Useful life and amortisation methods

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note III.17). For an intangible asset with finite useful life, its cost estimated less residual value and accumulated impairment losses is amortised on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

Useful lives and amortisation methods of intangible assets with finite useful lives are reviewed at least at each year-end.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

15. Long-term deferred expenses

Expenditures incurred with a beneficial period of over one year are recognised as long-term deferred expenses. Long-term deferred expenses are amortised over their beneficial periods, and are stated in the balance sheet at cost less accumulated amortisation and impairment losses.

16. Foreclosed assets

Foreclosed assets refer to the physical assets or property rights of the debtor, guarantor or third party that are compensated by

the Group for exercising creditor's rights or security interests in accordance with the law.

The foreclosed financial assets are initially measured at fair value, subsequently classified and measured in accordance with the accounting policy set out in Note III.8(2).

The foreclosed non-financial assets are initially measured at the fair value of the relinquished claims and other costs such as taxes that can be directly attributed to the assets, and subsequently measured at the lower of the carrying amount and the recoverable amount of the foreclosed assets, the impairment test method and provisioning method for impairment are set out in Note III.17.

17. Impairment of assets other than financial assets

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

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- long-term equity investments
- long-term deferred expenses
- foreclosed non-financial assets, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually and the recoverable amounts of goodwill and intangible assets with indefinite useful lives at each year-end, irrespective of whether there is any indication of impairment. For the purposes of impairment testing, goodwill is allocated to each asset group, or set of asset groups, that is expected to benefit from the synergies of the business combination.

The recoverable amount of an asset (or asset group or set of asset groups) is the higher of its fair value (see Note III.18) less costs of disposal and the present value of its expected future cash flows.

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

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

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly

to reduce the carrying amount to the recoverable amount. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocations would not reduce the carrying amount of an asset below the highest of its fair value less costs of disposal (if measurable), the present value of its expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it should not be reversed in a subsequent period.

18. Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

19. Provisions and contingent liabilities

Contingencies refer to potential obligations arising from past transactions or events, its existence must be verified through the occurrence or non-occurrence of uncertain future events; or in respect of present obligations arising from past transactions or events, the performance of such obligations is not likely to cause economic benefits to flow out of the Group or the impact amount of the obligation cannot be reliably measured. These obligations are not recognised, but only disclosed in Note X. Commitments and contingencies to the financial statements.

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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

- Where the contingency involves a single item, the best estimate is the most likely outcome.

- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amounts of provisions at the balance sheet date and adjusts their carrying amounts to the current best estimates.

20. Dividends distributions

Dividends distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

21. Fiduciary activities

The Group acts as a manager, trustee or agent for its clients in its fiduciary activities. The Group's balance sheet does not include assets held by the Group as a result of the fiduciary activities and commitments relating to the surrender of such assets to the customers, which are at the risk and return of the customers.

Through the entrusted loan agreement entered into with the customers, the customer provides funds ("entrusted loan funds") to the Group, and the Group issues loans ("entrusted loans") to third parties in accordance with the instructions of the customers. As the Group does not undertake the risks and rewards of entrusted loans and related entrusted loan funds, the Group's entrusted loans and entrusted loan funds are recognised as off-balance sheet items based on their principal, and no provision for impairment is made for these entrusted loans.

22. Revenue recognition

(1) Interest income

For all financial assets measured at amortised cost and financial assets at fair value through other comprehensive income, interest income is measured at the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the rate of book value of financial asset or amortised cost of financial liability. The calculation of effective interest rate requires consideration of the contractual terms of the financial instrument (such as prepayment rights) and includes all fees and transaction costs attributable to the effective interest rate components (excluding ECL).

The Group recognises the interest income based on the book value of financial assets multiplied by the effective interest rate and presents it as interest income, except for the following cases:

- For the purchased or originated credit loss occurred financial assets, the Group calculates and recognises their interest income based on amortised cost and credit-adjusted effective interest rate of such financial assets since initial recognition.

- As for financial assets purchased or originated credit-impaired but credit-impaired in subsequent periods, its interest income is

recognised by computing at amortised cost (i.e., the net amount after the expected credit loss provision is deducted from the book value) and effective interest rate of the financial asset. If no credit impairment exists in the financial instruments due to the improvement of its credit risk in the subsequent period, and this improvement can be objectively related to an event that occurs after the application of the provisions above, the interest income should be calculated and recognised as effective interest rate multiplying the book value of financial assets.

(2) Fee and commission income

The Group collects fees and commissions by providing services to customers. Fee and commission income is recognised when the Group satisfies the performance obligation, either over time or at a point in time when a customer obtains control of the service.

The Group satisfies a performance obligation over time if one of the following criteria is met; otherwise, the performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the services provided during the Group's performance; or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

(3) Dividend income

Dividend income from equity instruments is recognised when the right to receive the dividend is established.

23. Expenses

(1) Interest expense

Interest expense on financial liabilities is calculated on the basis of the amortised cost of the financial liabilities, the timing of the funds employed, using the effective interest method, and is recognised in the corresponding period.

(2) Other expenses

Other expenses is recognised on an accrual basis.

24. Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, and social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Post-employment benefits

Pursuant to the relevant laws and regulations of the People's

Republic of China, the Group's employees participate in a basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate. In addition to basic social pension insurance, the Group's employees also participate in the enterprise annuity plan approved by the board of directors and submitted to the labour and social security administration. Enterprise annuity is calculated based on the annuity plan and is recognised in profit or loss when the contribution is incurred.

(3) Termination benefits

When the Group terminates an employee's employment before the employment contract expires, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits provided in an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

25. Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group. A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to the grant.

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

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

26. Income tax

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

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

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

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

If a single transaction is not a business combination, it will not affect accounting profits or taxable income (or deductible losses) when the transaction occurs, and the initially recognized assets and liabilities have not resulted in equal taxable temporary differences and deductible temporary differences, then the temporary differences generated in the transaction will not generate deferred income tax.

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

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

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

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

27. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be explicitly or implicitly specified in a contract and are physically distinct, or may be a portion of an asset's capacity or other portion of an asset that is not physically distinct but represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains multiple separate lease components, the lessee and the lessor separate the lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate the lease components from the non-lease components.

(1) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to obtain the ownership of the lease asset by the end of the lease term, the right-of-use asset is depreciated over the remaining useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated over the shorter of the lease term or the remaining useful life of the lease asset. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note III.17.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a

(All amounts expressed in thousands of RMB unless otherwise stated)

corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability are charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the lease commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or the Group has exercised the extension or termination option in a different manner from the original assessment.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (A leased asset is of low value individually when it is new). The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate over the lease term.

(2) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the asset under finance lease. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term with a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are accounted for in accordance with the accounting policy in Note III.8. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases are recognised as rental income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

28. Related parties

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

In addition to the related parties stated above, the Bank determines related parties based on the disclosure requirements of the Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

29. Segment reporting

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

For segment reporting, inter-segment revenues are measured on the basis of the actual transaction prices for such transactions, and segment accounting policies are consistent with those used to prepare the consolidated financial statements.

30. Significant accounting estimates and judgements

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

In the course of implementing the Group's accounting policies, management will make estimates and assumptions about the impact of future uncertainties on the financial statements. The management makes the following estimates and major assumptions on the significant future uncertainties at the balance

sheet date, which may result in a significant adjustment in the carrying amount of the assets and liabilities in the next accounting period.

Measurement of ECLs

As for debt instrument investments carried at amortized cost and FVOCI and loan commitments and financial guarantee contracts, complicated models and a huge amount of assumptions were adopted in the ECL measurement. These models and assumptions relate to the future macroeconomic conditions and the borrowers' creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). Explanation of inputs, assumptions and estimation techniques of ECL measurement are indicated in Note XII.1 Credit risk.

Income tax

The Group needs to make judgements about the future tax treatment of certain transactions for the purpose of recognising the income tax. The Group makes prudent judgements about the income tax effects corresponding to the transactions and makes provision for income tax accordingly in accordance with the relevant tax regulations. Deferred tax assets are recognised only to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised. Significant judgement is required with respect to the tax treatment of certain transactions and significant estimates are required as to whether it is probable that sufficient future taxable income will be available against which the deferred tax assets can be utilised.

Fair value of financial instruments

The fair value of a financial instrument, for which there is no active market, is determined by using valuation methods. Valuation methods include estimation by reference to transaction prices determined in arm's length transactions between economic agents with complete information available in the market and willingness to buy and sell, by reference to the fair value of another similar financial instrument in the market, or by applying discounted cash flow analysis and option pricing models. Valuation methods maximise observable market information; however, when observable market information is not available, management makes estimates on significant unobservable information included in the valuation methods.

Judgement on control over structured entities

The Group manages or invests in several wealth management products, trust plans, capital management plans, debt financing plans, funds and asset-backed securities. In determining whether

it controls such structured entities, the Group determines whether it exercises its own decision-making power as the primary responsible party or as an agent, and assesses its overall economic interest in such structured entities (including the income generated from direct holdings and expected management fees) and the extent of its decision-making power over such structured entities. Where other parties hold decision-making power, the investor also needs to make sure whether other parties exercise decision-making power as its agents.

For wealth management products, trust plans, capital management plans, debt financing plans, funds and asset-backed securities for which the Group holds interests or acts as a sponsor but not included in the consolidated financial statements, refers to Note VIII.

31. Changes in significant accounting policies and accounting estimates

In 2023, the Group has adopted the revised accounting requirements and guidance under CAS newly issued by the Ministry of Finance ("MOF") as follows:

- "The accounting treatment of deferred tax related to assets and liabilities arising from a single transaction excluded from the scope of the initial recognition exemption" in CAS Bulletin No.16 (Caikui [2022] No.31) ("CAS Bulletin No.16")

- According to the provisions, the Group does not apply the initial recognition exemption under CAS 18 Income Taxes to temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profits nor taxable profit (or deductible losses) and gives rise to equal taxable and deductible temporary differences, such as leases. When such transactions occur, the Group recognises the corresponding deferred tax liabilities for the new taxable temporary differences arising from the initial recognition of the transaction in accordance with relevant provisions in CAS 18 Income Tax.

- In addition, the Group has sufficient deductible temporary differences, for which deferred tax assets have not yet been recognised, in the future periods when the aforementioned new taxable temporary differences are expected to reverse. Therefore, the Group has recognised additional deferred tax assets at the equal amount to the new deferred tax liabilities. The additional deferred tax assets and liabilities meet the conditions for offsetting and are presented on a net basis in the balance sheet. As a result of the net presentation, applying the above provisions does not have a material impact on the financial position or financial performance of the Group.

(All amounts expressed in thousands of RMB unless otherwise stated)

IV. Taxation

Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value-added tax (VAT)	According to tax laws, output VAT is calculated on taxable income. VAT payable is determined by deducting input VAT from output VAT for the period	6% - 13%
	Tax payable based on simplified taxation method is calculated using the taxable sales amount multiplied by levying rate	3 - 5%
Urban maintenance and construction tax	Based on VAT paid	1% - 7%
Education surcharges	Based on VAT paid	3%
Local education surcharges	Based on VAT paid	2%
Corporate income tax	Based on taxable profits	15% - 25%

Note: According to the Announcement of the Ministry of Finance, the State Taxation Administration on Relevant Tax Policies to Support the Financing of Small and Micro Enterprises (Caishui [2017] No. 77), from 1 December 2017 to 31 December 2019, the interest income obtained by financial institutions from granting small loans to farmers, small enterprises, micro enterprises and individual businesses is exempt from Value-added tax. According to the Announcement of the Ministry of Finance and the State Taxation Administration on Continuing the Implementation of Preferential Tax Policies for Inclusive Finance (Caishui [2020] No. 22), the implementation period of the preferential tax policies is extended to 31 December 2023.

According to the Announcement of the Ministry of Finance, the State Taxation Administration of Taxation on the Policy of Exemption from Value Added Tax on Loan Interest Income of Financial Institutions for Small and Micro Enterprises (Caishui [2018] No. 91), from 1 September 2018 to 31 December 2020, the interest income obtained by financial institutions from granting small loans to small enterprises, micro enterprises and self-employed industrial and commercial households shall be exempted from value-added tax within the specified range. According to the Announcement of the Ministry of Finance, the State Taxation Administration of Taxation on Extending the Implementation Period of Some Preferential Tax Policies (Caishui [2021] No. 6), the implementation period of the preferential tax policies will be extended to December 31, 2023. According to the Announcement of the Ministry of Finance, the State Taxation Administration of Taxation on the Tax Policies Related to Supporting the Financing of Small and Micro Enterprises (Caishui [2023] No. 13) and the Announcement of the Ministry of Finance, the State Taxation Administration of Taxation on the Policy of Exemption of Value Added Tax on Loan Interest Income of Small and Micro Enterprises of Financial Institutions (Caishui [2023] No. 16), the interest income obtained by financial institutions from granting small loans to small enterprises, micro enterprises and individual businesses is exempt from value-added tax. The preferential tax policy will be implemented until 31 December 2027.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China (Announcement of the Ministry of Finance [2020] No. 23), from 1 January 2021 to 31 December 2030, the enterprise income tax on certain rural banks controlled by the Bank shall be paid at a reduced rate of 15%.

V. Notes to the financial statements

1. Cash and deposits with central bank

	Note	The Group		The Bank	
		2023	2022	2023	2022
Cash on hand		3,288,690	4,793,237	3,200,059	4,704,219
Cash and deposits with central bank					
Including: - Required reserve	(1)	52,499,164	52,916,752	50,824,372	51,361,277
- Excess reserve	(2)	12,720,495	12,386,379	9,043,902	8,494,895
- Risk reserve for foreign exchange		202,989	59,508	202,989	59,508
- Other deposits		792,524	66,136	788,994	59,757
Interest accrued		30,084	29,945	29,393	29,342
Total		69,533,946	70,251,957	64,089,709	64,708,998

(1) Statutory deposit reserves are deposited with the People's Bank of China ("PBOC") as required and are not available for the Group's daily operations. As at 31 December 2023, the Bank's RMB deposit reserve ratio is 5.25% (31 December 2022: 5.75%), the foreign currency deposit reserve ratio is 4% (31 December 2022: 6%). Deposit reserve ratio of the Bank's subsidiaries in Mainland China is subject to relevant regulations of the local PBOC.

(2) Excess reserves include funds deposited with the PBOC for settlement purposes and other non-restricted funds.

2. Deposits with banks and other financial institutions

Analysed by location and types of institutions

	The Group		The Bank	
	2023	2022	2023	2022
Deposits with domestic banks	15,012,184	30,037,284	7,971,324	25,958,038
Deposits with other domestic financial institutions	1,024,446	1,063,143	1,024,446	1,063,143
Deposits with overseas banks	985,760	1,215,405	985,760	1,215,405
Interest accrued	83,166	63,309	32,023	30,566
Subtotal	17,105,556	32,379,141	10,013,553	28,267,152
Less: Loss allowance	(18,575)	(12,898)	(16,480)	(10,481)
Total	17,086,981	32,366,243	9,997,073	28,256,671

As at 31 December 2023, the deposits with other banks and other financial institutions of the Group and the Bank included deposit of RMB 67,529 thousand (deposit of the Group and the Bank as at 31 December 2022: RMB 72,170 thousand), and the deposits were restricted.

3. Placements with banks and other financial institutions

Analysed by location and types of institutions

	The Group		The Bank	
	2023	2022	2023	2022
Placements with domestic banks	1,422,953	734,035	1,422,953	734,035
Placements with other domestic financial institutions	51,340,642	39,650,000	52,140,642	43,000,000
Placements with overseas banks	885,338	10,342,450	885,338	10,342,450
Interest accrued	659,484	556,591	667,638	597,225
Subtotal	54,308,417	51,283,076	55,116,571	54,673,710
Less: Loss allowance	(148,360)	(43,637)	(153,365)	(50,399)
Total	54,160,057	51,239,439	54,963,206	54,623,311

4. Derivative financial instruments

The Group enters into foreign currency exchange rate, interest rate and precious metals related derivative financial instruments for purposes of trading, asset and liability management and customer driven business.

The contracts, notional amount and fair value of the Group's derivative financial instruments are as follows: The contracts and notional amount of the derivative financial instruments only provide a basis for comparing the fair value of the assets or liabilities recognised within the statement, but don't stand for the relevant future cash flow or current fair value, thus, do not indicate the Group's exposure to credit or market risks. The derivative financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, foreign exchange rates or precious metal prices relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

	The Group and the Bank					
	2023			2022		
	Notional amount	Fair value		Notional amount	Fair value	
Assets		Liabilities	Assets		Liabilities	
Interest rate derivatives	225,406,400	954,496	(1,049,026)	234,381,899	564,491	(598,833)
Exchange rate derivatives	48,801,897	447,413	(267,832)	41,136,497	243,985	(241,231)
Precious metal derivatives	18,284,095	632,025	(449,942)	56,124,343	385,407	(382,450)
Credit risk mitigation	1,063,915	2,334	(14,536)	795,140	4,405	(25,095)
Total	293,556,307	2,036,268	(1,781,336)	332,437,879	1,198,288	(1,247,609)

(All amounts expressed in thousands of RMB unless otherwise stated)

5. Financial assets purchased under resale agreements

	The Group		The Bank	
	2023	2022	2023	2022
Bonds purchased under resale agreements	18,069,360	28,542,794	17,003,360	28,052,763
Interest accrued	12,647	21,286	12,130	21,162
Subtotal	18,082,007	28,564,080	17,015,490	28,073,925
Less: Loss allowance	(27,319)	(36,211)	(26,032)	(36,211)
Total	18,054,688	28,527,869	16,989,458	28,037,714

6. Loans and advances to customers

6.1 Category of loans and advances to customers

	Note	The Group		The Bank	
		2023	2022	2023	2022
Total loans and advances to customers at amortised cost		599,396,379	575,328,224	579,414,556	555,658,675
Interest accrued of loans and advances to customers at amortised cost		1,230,190	1,253,007	1,183,543	1,206,729
Subtotal		600,626,569	576,581,231	580,598,099	556,865,404
Less: Loss allowance		(27,834,218)	(27,924,551)	(26,963,107)	(27,169,102)
Carrying amount of loans and advances to customers at amortised cost	6.1.1	572,792,351	548,656,680	553,634,992	529,696,302
Loans and advances to customers at FVTOCI	6.1.2	108,563,530	92,436,016	108,563,530	92,436,016
Loans and advances to customers at FVTPL	6.1.3	3,523,403	2,858,795	3,523,403	2,858,795
Total		684,879,284	643,951,491	665,721,925	624,991,113

6.1.1 Loans and advances to customers at amortised cost

	The Group		The Bank	
	2023	2022	2023	2022
Corporate loans and advances to customers				
- Loans	388,447,141	361,434,862	385,913,476	358,446,936
- Discounted bills	-	1,397	-	1,397
Subtotal	388,447,141	361,436,259	385,913,476	358,448,333
Personal loans and advances				
- Personal mortgage loans	106,584,596	113,288,909	101,936,325	107,821,023
- Personal business loans	58,681,778	54,454,495	48,605,357	45,602,258
- Personal consumption loans	42,056,396	39,971,283	39,346,459	37,677,769
- Credit cards	3,605,151	6,108,998	3,605,151	6,108,998
- Others	21,317	68,280	7,788	294
Subtotal	210,949,238	213,891,965	193,501,080	197,210,342
Interest accrued of loans and advances to customers at amortised cost	1,230,190	1,253,007	1,183,543	1,206,729
Total loans and advances to customers at amortised cost	600,626,569	576,581,231	580,598,099	556,865,404
Less: Loss allowance	(27,834,218)	(27,924,551)	(26,963,107)	(27,169,102)
Carrying amount of loans and advances to customers at amortised cost	572,792,351	548,656,680	553,634,992	529,696,302

6.1.2 Loans and advances to customers at FVTOCI

	The Group and the Bank	
	2023	2022
Corporate loans and advances to customers		
Loans	26,565,434	20,538,003
Discounted bills	81,998,096	71,898,013
Carrying amount of loans and advances to customers at FVTOCI	108,563,530	92,436,016

6.1.3 Loans and advances to customers at FVTPL

	The Group and the Bank	
	2023	2022
Corporate loans and advances to customers		
Discounted bills	3,523,403	2,858,795

6.2 Analysed by industry distribution

	The Group				The Bank			
	2023		2022		2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Real estate	104,664,765	14.71	100,487,579	14.98	104,642,743	15.13	100,476,989	15.44
Leasing and business services	95,013,113	13.35	88,556,712	13.21	94,655,368	13.69	88,069,659	13.53
Manufacturing	83,730,810	11.77	74,111,686	11.05	83,141,236	12.02	73,310,867	11.26
Wholesale and retail business	33,388,568	4.69	28,989,836	4.32	32,847,054	4.75	28,417,560	4.37
Transportation, warehousing and postal services	15,353,415	2.16	13,614,423	2.03	15,229,402	2.20	13,481,381	2.07
Information transmission, software and information technology services	13,926,035	1.96	12,108,343	1.81	13,866,096	2.01	12,043,626	1.85
Construction	11,368,635	1.60	11,415,546	1.70	11,005,111	1.59	10,994,619	1.69
Financial	8,005,163	1.13	5,838,574	0.87	8,004,163	1.16	5,838,099	0.90
Hotel and catering services	7,111,178	1.00	8,909,538	1.33	7,012,627	1.01	8,823,227	1.36
Scientific research and technical service	6,279,788	0.88	4,876,195	0.73	6,260,664	0.91	4,860,905	0.75
Others	36,171,105	5.08	33,064,433	4.93	35,814,446	5.18	32,668,007	5.00
Sub-total of corporate loans	415,012,575	58.33	381,972,865	56.96	412,478,910	59.65	378,984,939	58.22
Discounted bills	85,521,499	12.02	74,758,205	11.15	85,521,499	12.37	74,758,205	11.48
Personal loans	210,949,238	29.65	213,891,965	31.89	193,501,080	27.98	197,210,342	30.30
Total loans and advances to customers	711,483,312	100.00	670,623,035	100.00	691,501,489	100.00	650,953,486	100.00

(All amounts expressed in thousands of RMB unless otherwise stated)

6.3 Analysed by collateral types

	The Group		The Bank	
	2023	2022	2023	2022
Credit loans	144,577,030	106,540,845	137,982,723	101,724,543
Guaranteed loans	112,682,655	107,526,461	107,691,891	102,358,340
Mortgage loans	355,640,187	347,899,200	347,273,942	338,253,469
Pledged loans	98,583,440	108,656,529	98,552,933	108,617,134
Total	711,483,312	670,623,035	691,501,489	650,953,486

6.4 Overdue loans

	The Group				
	2023				
	Overdue 1 - 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue for more than 3 years	Total
Credit loans	672,853	1,348,967	160,546	20,345	2,202,711
Guaranteed loans	608,663	562,754	740,676	42,266	1,954,359
Mortgage loans	1,082,517	1,609,634	1,816,853	189,344	4,698,348
Pledged loans	-	44,005	-	-	44,005
Total	2,364,033	3,565,360	2,718,075	251,955	8,899,423

	The Group				
	2022				
	Overdue 1 - 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue for more than 3 years	Total
Credit loans	501,008	602,643	122,340	21,188	1,247,179
Guaranteed loans	713,959	289,129	560,818	264,685	1,828,591
Mortgage loans	2,971,787	542,538	2,249,773	790,422	6,554,520
Pledged loans	-	-	-	5,900	5,900
Total	4,186,754	1,434,310	2,932,931	1,082,195	9,636,190

	The Bank				
	2023				
	Overdue 1 - 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue for more than 3 years	Total
Credit loans	610,944	1,292,510	133,819	19,954	2,057,227
Guaranteed loans	509,403	515,865	717,568	37,804	1,780,640
Mortgage loans	955,560	1,536,031	1,790,630	182,514	4,464,735
Pledged loans	-	44,005	-	-	44,005
Total	2,075,907	3,388,411	2,642,017	240,272	8,346,607

The Bank					
2022					
	Overdue 1 - 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue for more than 3 years	Total
Credit loans	460,837	579,462	117,306	19,926	1,177,531
Guaranteed loans	592,868	246,108	530,159	259,528	1,628,663
Mortgage loans	2,802,627	505,482	2,219,040	782,397	6,309,546
Pledged loans	-	-	-	5,900	5,900
Total	3,856,332	1,331,052	2,866,505	1,067,751	9,121,640

Loans with principal or interests overdue for one day or more are classified as overdue loans.

6.5 Risks and ECL of loans and advances to customers

The Group				
2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Carrying amount of loans and advances to customers at amortised cost	558,989,035	34,702,699	6,934,835	600,626,569
Less: Loss allowance of loans and advances to customers at amortised cost	(16,325,377)	(6,454,344)	(5,054,497)	(27,834,218)
Carrying amount of loans and advances to customers at amortised cost	542,663,658	28,248,355	1,880,338	572,792,351
Carrying amount of loans and advances to customers at FVTOCI	108,550,009	6,198	7,323	108,563,530
Loss allowance for loans and advances to customers measured at FVTOCI	(208,114)	(3)	(7,323)	(215,440)

The Group				
2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Carrying amount of loans and advances to customers at amortised cost	530,254,530	38,742,157	7,584,544	576,581,231
Less: Loss allowance of loans and advances to customers at amortised cost	(15,447,495)	(6,168,775)	(6,308,281)	(27,924,551)
Carrying amount of loans and advances to customers at amortised cost	514,807,035	32,573,382	1,276,263	548,656,680
Carrying amount of loans and advances to customers at FVTOCI	92,427,403	1,293	7,320	92,436,016
Loss allowance for loans and advances to customers measured at FVTOCI	(284,080)	(1)	(5,980)	(290,061)

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank			
	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Carrying amount of loans and advances to customers at amortised cost	540,290,017	33,698,549	6,609,533	580,598,099
Less: Loss allowance of loans and advances to customers at amortised cost	(15,799,365)	(6,310,292)	(4,853,450)	(26,963,107)
Carrying amount of loans and advances to customers at amortised cost	524,490,652	27,388,257	1,756,083	553,634,992
Carrying amount of loans and advances to customers at FVTOCI	108,550,009	6,198	7,323	108,563,530
Loss allowance for loans and advances to customers measured at FVTOCI	(208,114)	(3)	(7,323)	(215,440)

	The Bank			
	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Carrying amount of loans and advances to customers at amortised cost	511,412,980	38,176,822	7,275,602	556,865,404
Less: Loss allowance of loans and advances to customers at amortised cost	(15,033,546)	(6,067,755)	(6,067,801)	(27,169,102)
Carrying amount of loans and advances to customers at amortised cost	496,379,434	32,109,067	1,207,801	529,696,302
Carrying amount of loans and advances to customers at FVTOCI	92,427,403	1,293	7,320	92,436,016
Loss allowance for loans and advances to customers measured at FVTOCI	(284,080)	(1)	(5,980)	(290,061)

6.6 Movement in allowance for impairment of loans and advances to customers

(a) Movement in allowance for impairment of loans and advances to customers at amortised cost

Provision for impairment	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2023	15,447,495	6,168,775	6,308,281	27,924,551
Transferred to:				
- Stage 1	1,858,795	(1,745,438)	(113,357)	-
- Stage 2	(737,922)	1,173,292	(435,370)	-
- Stage 3	(65,163)	(345,825)	410,988	-
Provision during the year	(177,828)	1,203,540	1,352,048	2,377,760
Written-off during the year	-	-	(3,198,257)	(3,198,257)
Recovery of loans and advances to customers previously written off	-	-	730,164	730,164
Balance at 31 December 2023	16,325,377	6,454,344	5,054,497	27,834,218

Provision for impairment	The Group			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	
Balance at 1 January 2022	15,851,939	4,458,405	5,336,670	25,647,014
Transferred to:				
- Stage 1	1,541,017	(1,487,973)	(53,044)	-
- Stage 2	(1,723,066)	1,726,687	(3,621)	-
- Stage 3	(174,305)	(69,045)	243,350	-
(Reversal)/Provision during the year	(48,090)	1,540,701	1,691,287	3,183,898
Written-off during the year	-	-	(1,451,057)	(1,451,057)
Recovery of loans and advances to customers previously written off	-	-	544,696	544,696
Balance at 31 December 2022	15,447,495	6,168,775	6,308,281	27,924,551

Provision for impairment	The Bank			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	
Balance at 1 January 2023	15,033,546	6,067,755	6,067,801	27,169,102
Transferred to:				
- Stage 1	1,855,437	(1,742,220)	(113,217)	-
- Stage 2	(719,657)	1,145,219	(425,562)	-
- Stage 3	(52,942)	(322,902)	375,844	-
(Reversal)/Provision during the year	(317,019)	1,162,440	1,288,791	2,134,212
Written-off during the year	-	-	(2,986,052)	(2,986,052)
Recovery of loans and advances to customers previously written off	-	-	645,845	645,845
Balance at 31 December 2023	15,799,365	6,310,292	4,853,450	26,963,107

Provision for impairment	The Bank			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	
Balance at 1 January 2022	15,327,659	4,362,797	5,124,337	24,814,793
Transferred to:				
- Stage 1	1,532,816	(1,482,602)	(50,214)	-
- Stage 2	(1,718,375)	1,721,461	(3,086)	-
- Stage 3	(166,065)	(52,738)	218,803	-
Provision during the year	57,511	1,518,837	1,675,021	3,251,369
Written-off during the year	-	-	(1,356,537)	(1,356,537)
Recovery of loans and advances to customers previously written off	-	-	459,477	459,477
Balance at 31 December 2022	15,033,546	6,067,755	6,067,801	27,169,102

(All amounts expressed in thousands of RMB unless otherwise stated)

(b) Movement in allowance for impairment of loans and advances to customers at FVTOCI

Provision for impairment	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2023	284,080	1	5,980	290,061
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
(Reversal)/Provision for the year	(75,966)	2	1,343	(74,621)
Balance at 31 December 2023	208,114	3	7,323	215,440

Provision for impairment	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2022	129,839	198	7,452	137,489
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provision / (reversal) for the year	154,241	(197)	(1,472)	152,572
Balance at 31 December 2022	284,080	1	5,980	290,061

7. Financial assets held for trading

	The Group		The Bank	
	2023	2022	2023	2022
Interbank certificate of deposit	19,905,866	2,683,790	17,991,756	2,335,749
Corporate bonds	16,495,278	20,601,210	6,663,485	12,540,295
Financial bonds	12,296,346	9,206,004	3,718,300	882,287
Fund investments	9,454,935	9,622,123	25,885,237	24,382,326
Government bonds	879,510	535,366	858,453	425,577
Trust and asset management plans	210,201	248,862	42,303,015	34,255,421
Asset-backed securities	272	412,210	272	412,210
Wealth management products issued by other banks	-	770,435	-	770,435
Total	59,242,408	44,080,000	97,420,518	76,004,300

8. Debt investments

	The Group		The Bank	
	2023	2022	2023	2022
Government bonds	97,484,579	69,726,184	95,610,202	68,341,811
Financial bonds	71,637,944	67,364,300	71,637,944	67,364,300
Corporate bonds	1,510,279	2,505,980	1,510,279	2,505,980
Debt financing plans	525,000	625,000	525,000	625,000
Trust and asset management plans	204,401	387,289	204,401	387,289
Asset-backed securities	47,772	376,022	47,772	376,022
Subtotal	171,409,975	140,984,775	169,535,598	139,600,402
Interest accrued	2,829,772	2,562,824	2,804,058	2,544,970
Provision for impairment	(383,097)	(229,022)	(383,012)	(229,022)
Total	173,856,650	143,318,577	171,956,644	141,916,350

(i) Movement in provision for impairment of debt investments:

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2023	24,621	-	204,401	229,022
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provision for the year	154,075	-	-	154,075
Balance at 31 December 2023	178,696	-	204,401	383,097

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2022	19,941	148,741	215,056	383,738
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	(148,741)	148,741	-
Provision / (reversal) for the year	4,680	-	(159,396)	(154,716)
Balance at 31 December 2022	24,621	-	204,401	229,022

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	
Balance at 1 January 2023	24,621	-	204,401	229,022
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provision for the year	153,990	-	-	153,990
Balance at 31 December 2023	178,611	-	204,401	383,012

	The Bank			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	
Balance at 1 January 2022	19,941	148,741	215,056	383,738
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	(148,741)	148,741	-
Provision / (reversal) for the year	4,680	-	(159,396)	(154,716)
Balance at 31 December 2022	24,621	-	204,401	229,022

9. Other debt investments

	The Group		The Bank	
	2023	2022	2023	2022
Financial bonds	142,236,206	111,554,027	115,491,933	92,992,366
Government bonds	59,247,477	49,773,725	58,439,265	49,773,725
Corporate bonds	51,340,372	44,705,625	29,831,592	20,414,129
Interbank certificate of deposit	3,671,586	6,163,447	2,128,651	6,063,687
Asset-backed securities	201,499	202,681	201,499	202,681
Subtotal	256,697,140	212,399,505	206,092,940	169,446,588
Interest accrued	4,045,403	3,600,802	3,194,964	2,797,810
Total	260,742,543	216,000,307	209,287,904	172,244,398

(i) Movement in provision for impairment of debt investments:

	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2023	24,581	-	-	24,581
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	(50)	50	-	-
- Stage 3	-	-	-	-
Provision during the year	250,480	45,868	-	296,348
Balance at 31 December 2023	275,011	45,918	-	320,929

	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2022	8,576	-	-	8,576
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provision during the year	16,005	-	-	16,005
Balance at 31 December 2022	24,581	-	-	24,581

10. Investments in other equity instruments

	The Group and the Bank	
	2023	2022
Equity investments	236,500	236,500

11. Finance lease receivables / long-term receivables

	Note	The Group	
		2023	2022
Financing lease receivables	11.1	7,716,421	12,216,424
Long-term receivables	11.2	27,081,537	20,546,536
Total		34,797,958	32,762,960

(All amounts expressed in thousands of RMB unless otherwise stated)

11.1 Finance lease receivables

	The Group	
	2023	2022
Financing lease receivables	9,524,915	14,594,929
Interest accrued of financing lease receivables	96,141	167,270
Less: Unearned finance income	(1,164,354)	(1,491,320)
Total financing lease receivables	8,456,702	13,270,879
Less: Loss allowance	(740,281)	(1,054,455)
Carrying amount of finance lease receivables	7,716,421	12,216,424

11.1.1 Minimum lease receipts to be received after the balance sheet date

	The Group	
	2023	2022
1 st year after the balance sheet date	4,453,536	6,360,932
2 nd year after the balance sheet date	2,830,671	4,635,032
3 rd year after the balance sheet date	697,678	2,768,013
Years afterwards	1,543,030	830,952
Total minimum lease receipts	9,524,915	14,594,929
Accrued interest	96,141	167,270
Unearned finance income	(1,164,354)	(1,491,320)
Total	8,456,702	13,270,879
Less: Loss allowance	(740,281)	(1,054,455)
Carrying amount of finance lease receivables	7,716,421	12,216,424

11.1.2 Finance lease receivables analysed by industry distribution:

	The Group			
	2023	Percentage (%)	2022	Percentage (%)
Water conservancy, environmental and other public services	3,910,669	41.06	6,616,376	45.33
Construction industry	1,704,829	17.90	3,392,696	23.25
Production and supply of electricity, heat, gas and water	1,671,498	17.55	1,205,341	8.26
Transportation, warehousing and postal services	767,898	8.06	1,045,783	7.17
Manufacturing	538,976	5.66	934,742	6.40
Leasing and business services	496,413	5.21	841,055	5.76
Others	434,632	4.56	558,936	3.83
Total	9,524,915	100.00	14,594,929	100.00

11.1.3 Movement in impairment loss for finance lease receivables:

	The Group			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	
Balance at 1 January 2023	502,152	180,294	372,009	1,054,455
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	(57,678)	57,678	-	-
- Stage 3	(11,965)	(94,800)	106,765	-
(Reversal) / provision for the year	(271,685)	104,879	92,944	(73,862)
Written-off during the year	-	-	(277,734)	(277,734)
Recover after written-off	-	-	37,422	37,422
Balance at 31 December 2023	160,824	248,051	331,406	740,281

	The Group			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	
Balance at 1 January 2022	603,015	163,441	400,805	1,167,261
Transferred to:				
- Stage 1	17,428	(17,428)	-	-
- Stage 2	(7,424)	7,424	-	-
- Stage 3	(197)	(19,782)	19,979	-
(Reversal) / provision for the year	(110,670)	46,639	32,672	(31,359)
Written-off during the year	-	-	(86,023)	(86,023)
Recover after written-off	-	-	4,576	4,576
Balance at 31 December 2022	502,152	180,294	372,009	1,054,455

11.2 Long-term receivables

	The Group	
	2023	2022
Long-term receivables	30,589,441	23,508,296
Interest accrued of long-term receivables	256,237	250,748
Less: Unearned finance income	(2,664,249)	(2,452,970)
Total long-term receivables	28,181,429	21,306,074
Less: Loss allowance	(1,099,892)	(759,538)
Carrying amount of long-term receivables	27,081,537	20,546,536

(All amounts expressed in thousands of RMB unless otherwise stated)

11.2.1 Minimum receipts to be received after the balance sheet date

	The Group	
	2023	2022
1 st year after the balance sheet date	12,911,594	8,517,683
2 nd year after the balance sheet date	9,612,207	7,578,269
3 rd year after the balance sheet date	5,088,102	4,548,978
Years afterwards	2,977,538	2,863,366
Total minimum receipts	30,589,441	23,508,296
Accrued interest	256,237	250,748
Unearned finance income	(2,664,249)	(2,452,970)
Total	28,181,429	21,306,074
Less: Loss allowance	(1,099,892)	(759,538)
Carrying amount of long-term receivables	27,081,537	20,546,536

11.2.2 Long-term receivables analysed by industry distribution:

	The Group			
	2023	Percentage (%)	2022	Percentage (%)
Manufacturing	16,470,896	53.85	9,473,464	40.30
Water conservancy, environmental and other public services	3,721,899	12.17	4,519,681	19.23
Construction	2,422,091	7.92	3,362,320	14.30
Production and supply of electricity, heat, gas and water	2,410,478	7.88	1,971,829	8.39
Transportation, warehousing and postal services	2,041,029	6.67	1,545,703	6.58
Information transmission, software and information technology services	970,844	3.17	401,590	1.71
Leasing and business services	759,218	2.48	659,675	2.81
Cultural, sports and entertainment activities	503,122	1.64	423,651	1.80
Education	416,747	1.36	449,585	1.91
Agriculture, forestry, stock-breeding, and fishery	214,010	0.70	253,930	1.08
Others	659,107	2.16	446,868	1.89
Total	30,589,441	100.00	23,508,296	100.00

(2) Movement in provision for impairment of long-term receivables

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2023	637,700	92,650	29,188	759,538
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	(14,593)	14,593	-	-
- Stage 3	(861)	-	861	-
Provision for the year	214,828	134,045	33,299	382,172
Written-off during the year	-	-	(41,818)	(41,818)
Balance at 31 December 2023	837,074	241,288	21,530	1,099,892

	The Group			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	
Balance at 1 January 2022	397,398	-	-	397,398
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	(62,212)	62,212	-	-
- Stage 3	(741)	-	741	-
Provision for the year	303,255	30,438	28,447	362,140
Balance at 31 December 2022	637,700	92,650	29,188	759,538

12. Long-term equity investments

	Note	The Group		The Bank	
		2023	2022	2023	2022
Investment in subsidiaries	12.1	-	-	3,581,112	3,454,913
Investments in associates	12.2	1,782,848	445,373	1,782,848	445,373
Subtotal		1,782,848	445,373	5,363,960	3,900,286
Less: Provision for impairment					
- Subsidiary		-	-	(892,564)	(892,564)
- Investments in associates	12.2	(2,068)	(2,068)	(2,068)	(2,068)
Total		1,780,780	443,305	4,469,328	3,005,654

12.1 Investments in subsidiaries

Information about subsidiaries

Name of the Subsidiary	2023	2022
Shanghai Chongming SHRCB Rural Bank Co., Ltd.	51,000	51,000
Jinan Huaiyin SHRCB Rural Bank Co., Ltd.	25,500	25,500
Jinan Changqing SHRCB Rural Bank Co., Ltd.	25,500	25,500
Ningyang SHRCB Rural Bank Co., Ltd.	52,264	52,264
Dongping SHRCB Rural Bank Co., Ltd.	83,470	83,470
Linqing SHRCB Rural Bank Co., Ltd.	110,500	110,500
Liaocheng SHRCB Rural Bank Co., Ltd.	25,500	25,500
Chiping SHRCB Rural Bank Co., Ltd.	100,360	100,360
Yanggu SHRCB Rural Bank Co., Ltd.	45,276	45,276
Rizhao SHRCB Rural Bank Co., Ltd.	70,815	70,815
Taian SHRCB Rural Bank Co., Ltd.	107,666	107,666
Ningxiang SHRCB Rural Bank Co., Ltd.	51,000	51,000
Shuangfeng SHRCB Rural Bank Co., Ltd.	25,500	25,500
Lianyuan SHRCB Rural Bank Co., Ltd.	32,784	32,784
Liling SHRCB Rural Bank Co., Ltd.	25,500	25,500
Shimen SHRCB Rural Bank Co., Ltd.	25,500	25,500
Cili SHRCB Rural Bank Co., Ltd.	25,500	25,500
Lixian SHRCB Rural Bank Co., Ltd.	25,500	25,500

(All amounts expressed in thousands of RMB unless otherwise stated)

Name of the Subsidiary	2023	2022
Linli SHRCB Rural Bank Co., Ltd.	25,500	25,500
Yongxing SHRCB Rural Bank Co., Ltd.	25,500	25,500
Guiyang SHRCB Rural Bank Co., Ltd.	25,500	25,500
Hengyangxian SHRCB Rural Bank Co., Ltd.	25,500	25,500
Changsha Xingsha SHRCB Rural Bank Co., Ltd.	51,000	51,000
Ruili SHRCB Rural Bank Co., Ltd.	25,500	25,500
Kaiyuan SHRCB Rural Bank Co., Ltd.	25,500	25,500
Baoshan Longyang SHRCB Rural Bank Co., Ltd.	25,500	25,500
Mengzi SHRCB Rural Bank Co., Ltd.	25,500	25,500
Gejiu SHRCB Rural Bank Co., Ltd.	150,269	150,269
Jianshui SHRCB Rural Bank Co., Ltd.	25,500	25,500
Lincang Linxiang SHRCB Rural Bank Co., Ltd.	163,502	163,502
Mile Linxiang SHRCB Rural Bank Co., Ltd.	55,886	55,886
Songming Linxiang SHRCB Rural Bank Co., Ltd.	25,500	25,500
Kunming Guandu SHRCB Rural Bank Co., Ltd.	51,000	51,000
Shenzhen Guangming SHRCB Rural Bank Co., Ltd.(Note2)	109,954	83,300
Beijing Fangshan SHRCB Rural Bank Co., Ltd.	51,000	51,000
Yangtze United Financial Leasing Co., Ltd. (Note3)	1,784,366	1,684,821
Total	3,581,112	3,454,913

Name of the Subsidiary	Registered place	Nature of business	Registered capital	Acquisition method	Shareholding percentage of Bank (%)	Total voting right percentage of the Bank (%)
Shanghai Chongming SHRCB Rural Bank Co., Ltd. (Note1)	Shanghai	Financial industry	105,260	Establishment	48.45	50.20
Jinan Huaiyin SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	50,000	Establishment	51.00	51.00
Jinan Changqing SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	50,000	Establishment	51.00	51.00
Ningyang SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	76,764	Establishment	68.08	68.08
Dongping SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	107,970	Establishment	77.31	77.31
Lingqing SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	150,000	Establishment	73.67	73.67
Liaocheng SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	50,000	Establishment	51.00	51.00
Chiping SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	124,860	Establishment	80.38	80.38
Yanggu SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	69,776	Establishment	64.89	64.89
Rizhao SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	95,315	Establishment	74.30	74.30
Taian SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	132,166	Establishment	81.46	81.46
Ningxiang SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	110,000	Establishment	51.00	51.00
Shuangfeng SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Lianyuan SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	57,284	Establishment	57.23	57.23
Liling SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Shimen SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Cili SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Lixian SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Linli SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Yongxing SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00

Name of the Subsidiary	Registered place	Nature of business	Registered capital	Acquisition method	Shareholding percentage of Bank (%)	Total voting right percentage of the Bank (%)
Guiyang SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Hengyangxian SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Changsha Xingsha SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	100,000	Establishment	51.00	51.00
Ruilu SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	50,000	Establishment	51.00	51.00
Kaiyuan SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	50,000	Establishment	51.00	51.00
Baoshan Longyang SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	50,000	Establishment	51.00	51.00
Mengzi SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	50,000	Establishment	51.00	51.00
Gejiu SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	174,769	Establishment	85.98	85.98
Jianshui SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	50,000	Establishment	51.00	51.00
Lincang Linxiang SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	188,002	Establishment	86.97	86.97
Mile Linxiang SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	80,386	Establishment	69.52	69.52
Songming Linxiang SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	55,000	Establishment	51.00	51.00
Kunming Guandu SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	100,000	Establishment	51.00	51.00
Shenzhen Guangming SHRCB Rural Bank Co., Ltd. (Note2)	Shenzhen	Financial industry	200,000	Establishment	51.65	61.65
Beijing Fangshan SHRCB Rural Bank Co., Ltd.	Beijing	Financial industry	100,000	Establishment	51.00	51.00
Yangtze United Financial Leasing Co., Ltd. (Note3)	Shanghai	Financial industry	2,450,000	Acquisition	54.29	54.29

Note 1: As at 18 February 2009, the Bank established Shanghai Chongming Yangtze River Village Bank Co., Ltd., owning 51.00% of its equity and voting rights. In 2011, Shanghai Chongming Yangtze River Village Bank Co., Ltd. completed the capital increase, thus the share holding percentage of the Bank was adjusted to 48.45%. In December 2012, Shanghai Chongming Yangtze River Village Bank Co., Ltd. changed its name into Shanghai Chongming Yangtze River Town Bank Co., Ltd. ("Shanghai Chongming SHRCB Rural Bank"). Shanghai Chongming SHRCB Rural Bank signed an entrustment agreement with the Bank on 25 October 2022, and authorised the Bank to exercise the 1.75% voting rights held by Shanghai Chongming SHRCB Rural Bank. The Bank still has actual control over Shanghai Chongming SHRCB Rural Bank, thus including it in the scope of the consolidated financial statements.

Note 2: In December 2012, the Bank established Shenzhen Guangming SHRCB Rural Bank Co., Ltd. (Shenzhen Guangming SHRCB Rural Bank) owning 41.56% of its equity and voting rights. It obtained a business license on 27 December 2012 and began formal operations in early 2013. In December 2023, the Bank obtained Reply of the Shenzhen Regulatory Bureau of the National Financial Regulatory Administration on the Change of Equity of Shenzhen Guangming SHRCB Rural Bank Co., Ltd. (Shen Jin Fu [2023] No. 245), and agreed that the Bank would accept 20 million shares of Shenzhen Guangming SHRCB Rural Bank Co., Ltd. held by Bayannur Hetao Rural Commercial Bank Co., Ltd., accounting for 10% of all shares of Shenzhen Guangming SHRCB Rural Bank. After the transfer, the Bank's shareholding in Shenzhen Guangming SHRCB Rural Bank increased from 83 million shares to 103 million shares, and its shareholding percentage increased from 41.65% to 51.65%. On 7 December 2012, China Gold Coin Shenzhen Distribution Center signed an agreement of concerted action with the Bank to commit that Shenzhen Guangming SHRCB Rural Bank will take concerted action with the Bank during the shareholders' meeting when it exercises its 10.00% voting right. Therefore, the Bank's voting rights percentage of Shenzhen Guangming SHRCB Rural Bank totaled 61.65%.

Note 3: In February 2023, the Bank obtained the Reply of Shanghai Regulatory Bureau of CBRC on Approving Shanghai Rural Commercial Bank Co., Ltd. to Increase its Shareholding in Changjiang United Financial Leasing Co., Ltd. (Hu CBRC Fu [2023] No. 59), and approved the Bank to increase its shareholding in its subsidiary Yangtze United Financial Leasing Co., Ltd. ("YUFL") by 80 million shares, accounting for 3.27% of all shares of YUFL. After the completion of shareholding increase, the Bank's shareholding in YUFL increased from 1.25 billion shares to 1.33 billion shares, with the Shareholding percentage rising from 51.02% to 54.29%.

(All amounts expressed in thousands of RMB unless otherwise stated)

12.2 Investments in associates

12.2.1 The analysis of movement in investments in associates is set out below:

Investee	The Group and the Bank							
	Movements during the year							
	As at 1 January 2023	Increase in investments	Investment income under equity method	Other comprehensive income adjustment	Cash dividend or profit distribution	Provision for impairment	As at 31 December 2023	Impairment at the end of the year
Jiangsu Haimen Rural Commercial Bank Co.,Ltd.(Note.1)	443,305	-	36,273	1,337	(7,459)	-	473,456	-
Hangzhou United Rural Commercial Bank Co., Ltd.(Note.2)	-	1,214,017	97,970	7,548	(12,211)	-	1,307,324	-
Shanghai Jingyi Industry Development Co., Ltd.(Note.3)	-	-	-	-	-	-	-	(2,068)
Total	443,305	1,214,017	134,243	8,885	(19,670)	-	1,780,780	(2,068)

Investee	The Group and the Bank							
	Movements during the year							
	As at 1 January 2022	Increase in investments	Investment income under equity method	Other comprehensive income adjustment	Cash dividend or profit distribution	Provision for impairment	As at 31 December 2022	Impairment at the end of the year
Jiangsu Haimen Rural Commercial Bank Co.,Ltd.	407,346	-	34,033	1,926	-	-	443,305	-
Shanghai Jingyi Industry Development Co., Ltd.	-	-	-	-	-	-	-	(2,068)
Total	407,346	-	34,033	1,926	-	-	443,305	(2,068)

Note 1: On 25 December 2020, the Bank contributed RMB 355,167 thousand to Jiangsu Haimen Rural Commercial Bank Co., Ltd. ("Haimen Rural Commercial Bank"), accounting for 8.96% of the total shares. According to the capital contribution agreement, the Bank assigned a director to the board of directors of Haimen Rural Commercial Bank and is able to exercise significant influence on Rural Commercial Bank, which is accounted for under the equity method.

Note 2: In March 2023, the Bank obtained the Reply of Shanghai Regulatory Bureau of CBRC on Approving Shanghai Rural Commercial Bank Co., Ltd. to Invest in Hangzhou United Rural Commercial Bank Co., Ltd. The Bank invested 87.218056 million shares in Hangzhou United Rural Commercial Bank Co., Ltd. ("Hangzhou United Rural Commercial Bank"), with a Shareholding percentage of 4%. According to the resolution of the 2022 annual general meeting of Hangzhou United Rural Commercial Bank on May 5, 2023, the candidate recommended by the Bank was elected as the shareholder director of the fourth Board of Directors, and the Bank could have a significant impact on Hangzhou United Rural Commercial Bank, which was accounted for in accordance with the equity method.

Note 3: On 31 December 2023, the Bank's shareholding percentage of Shanghai Jingyi Industrial Development Co., Ltd. ("Shanghai Jingyi") was 18.87%, and full provision for impairment was made. The balance of the Bank's provision for impairment of such long-term equity investment was RMB 2,068 thousand.

12.2.2 Interests in joint ventures or associates

	The Group	
	2023	2022
Associates		
- Immaterial associates	1,780,780	443,305

(1) Details of immaterial associates and joint ventures

Name of investee	Direct Shareholding percentage (%)	Nature of business	Registered capital	Principal place of business	Registered place	Strategic to the Group's activities
Associates						
Haimen Rural Commercial Bank	8.96	Financial industry	1,056,608	Nantong	Nantong	No
Hangzhou United Rural Commercial Bank	4.00	Financial industry	2,180,463	Hangzhou	Hangzhou	No
Shanghai Jingyi	18.87	Investment management advisory	38,828	Shanghai	Shanghai	No

(2) Summarised financial information of the Group's immaterial associates:

	The Group	
	2023	2022
Aggregate carrying amount of investments	1,780,780	443,305
Aggregate amount of share of		
- Net profit	134,243	34,033
- Other comprehensive income	8,885	1,926
- Total comprehensive income	143,128	35,959

13. Fixed assets

	The Group					
	Plant and buildings	Transportation facilities	Electronic device	Machinery and equipments	Office equipments	Total
Cost						
1 January 2022	8,312,097	88,612	1,796,116	502,406	101,880	10,801,111
Additions during the year	10,028	7,758	33,936	8,061	2,988	62,771
Transfers from construction in progress	607,921	-	134,532	17,657	1,619	761,729
Disposals during the year	(2,440)	(6,785)	(120,377)	(20,754)	(4,163)	(154,519)
31 December 2022	8,927,606	89,585	1,844,207	507,370	102,324	11,471,092
Additions during the year	14,100	6,768	45,116	8,137	1,856	75,977
Transfers from construction in progress	695,460	4,309	155,150	24,481	2,540	881,940
Disposals during the year	(898,967)	(15,493)	(79,955)	(35,201)	(5,580)	(1,035,196)
31 December 2023	8,738,199	85,169	1,964,518	504,787	101,140	11,393,813
Accumulated depreciation						
1 January 2022	(3,365,893)	(67,916)	(1,411,368)	(358,742)	(71,601)	(5,275,520)
Provision during the year	(370,399)	(7,100)	(119,881)	(41,796)	(9,703)	(548,879)
Disposals during the year	2,104	6,446	114,657	19,700	3,942	146,849
31 December 2022	(3,734,188)	(68,570)	(1,416,592)	(380,838)	(77,362)	(5,677,550)
Provision during the year	(389,421)	(7,515)	(142,947)	(42,678)	(8,774)	(591,335)
Disposals during the year	331,305	14,743	75,912	32,718	5,332	460,010
31 December 2023	(3,792,304)	(61,342)	(1,483,627)	(390,798)	(80,804)	(5,808,875)

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Group					
	Plant and buildings	Transportation facilities	Electronic device	Machinery and equipments	Office equipments	Total
Provision for impairment						
1 January 2022	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
31 December 2022	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
31 December 2023	(485,801)	-	-	-	-	(485,801)
Carrying amounts						
At 31 December 2023	4,460,094	23,827	480,891	113,989	20,336	5,099,137
At 31 December 2022	4,707,617	21,015	427,615	126,532	24,962	5,307,741

	The Bank					
	Plant and buildings	Transportation facilities	Electronic device	Machinery and equipments	Office equipments	Total
Cost						
1 January 2022	8,152,634	66,699	1,740,088	462,299	84,171	10,505,891
Additions during the year	7,042	4,351	31,569	6,700	2,215	51,877
Transfers from construction in progress	542,112	-	131,707	15,970	1,619	691,408
Disposals during the year	(2,440)	(3,390)	(115,915)	(17,258)	(3,308)	(142,311)
31 December 2022	8,699,348	67,660	1,787,449	467,711	84,697	11,106,865
Additions during the year	11,640	1,963	42,478	7,015	1,665	64,761
Transfers from construction in progress	646,513	3,184	154,805	24,105	2,504	831,111
Disposals during the year	(898,950)	(9,395)	(77,500)	(33,936)	(4,853)	(1,024,634)
31 December 2023	8,458,551	63,412	1,907,232	464,895	84,013	10,978,103
Accumulated depreciation						
1 January 2022	(3,309,257)	(50,911)	(1,369,422)	(324,991)	(56,848)	(5,111,429)
Provision during the year	(363,228)	(4,888)	(116,603)	(39,614)	(8,928)	(533,261)
Disposals during the year	2,104	3,220	110,429	16,445	3,150	135,348
31 December 2022	(3,670,381)	(52,579)	(1,375,596)	(348,160)	(62,626)	(5,509,342)
Provision during the year	(379,113)	(4,497)	(139,263)	(40,270)	(8,027)	(571,170)
Disposals during the year	331,305	8,949	73,590	31,529	4,645	450,018
31 December 2023	(3,718,189)	(48,127)	(1,441,269)	(356,901)	(66,008)	(5,630,494)
Provision for impairment						
1 January 2022	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
31 December 2022	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
31 December 2023	(485,801)	-	-	-	-	(485,801)
Carrying amounts						
At 31 December 2023	4,254,561	15,285	465,963	107,994	18,005	4,861,808
At 31 December 2022	4,543,166	15,081	411,853	119,551	22,071	5,111,722

As at 31 December 2023, carrying amount of plant and buildings of the Group and the Bank that are in use but of which the certificates of title have not been obtained amounted to RMB 1,001,973 thousand (31 December 2022: RMB 2,265,401 thousand).

14. Right-of-use assets / lease liabilities

(1) Right-of-use assets

	The Group				
	Plant & buildings	Transportation facilities	Electronic devices	Others	Total
Cost					
1 January 2022	928,913	108	567	8,109	937,697
Additions during the year	309,814	274	-	1,183	311,271
Disposals during the year	(167,663)	-	-	(2,762)	(170,425)
31 December 2022	1,071,064	382	567	6,530	1,078,543
Additions during the year	309,001	294	-	-	309,295
Disposals during the year	(195,377)	(140)	(567)	(59)	(196,143)
31 December 2023	1,184,688	536	-	6,471	1,191,695
Accumulated depreciation					
1 January 2022	(228,929)	(49)	(232)	(1,506)	(230,716)
Provision during the year	(246,409)	(140)	(232)	(1,424)	(248,205)
Disposals during the year	55,764	-	-	679	56,443
31 December 2022	(419,574)	(189)	(464)	(2,251)	(422,478)
Provision during the year	(246,812)	(182)	(102)	(1,125)	(248,221)
Disposals during the year	151,387	123	566	58	152,134
31 December 2023	(514,999)	(248)	-	(3,318)	(518,565)
Carrying amounts					
At 31 December 2023	669,689	288	-	3,153	673,130
At 31 December 2022	651,490	193	103	4,279	656,065

	The Bank				
	Plant & buildings	Transportation facilities	Electronic devices	Others	Total
Cost					
1 January 2022	779,064	-	567	-	779,631
Additions during the year	265,228	-	-	-	265,228
Disposals during the year	(113,665)	-	-	-	(113,665)
31 December 2022	930,627	-	567	-	931,194
Additions during the year	276,335	-	-	-	276,335
Disposals during the year	(169,702)	-	(567)	-	(170,269)
31 December 2023	1,037,260	-	-	-	1,037,260
Accumulated depreciation					
1 January 2022	(194,769)	-	(232)	-	(195,001)
Provision during the year	(213,135)	-	(232)	-	(213,367)
Disposals during the year	36,661	-	-	-	36,661
31 December 2022	(371,243)	-	(464)	-	(371,707)
Provision during the year	(217,622)	-	(102)	-	(217,724)
Disposals during the year	138,115	-	566	-	138,681
31 December 2023	(450,750)	-	-	-	(450,750)
Carrying amounts					
At 31 December 2023	586,510	-	-	-	586,510
At 31 December 2022	559,384	-	103	-	559,487

(All amounts expressed in thousands of RMB unless otherwise stated)

(2) Lease liabilities

	The Group		The Bank	
	2023	2022	2023	2022
Within 1 month (inclusive)	34,011	17,846	31,241	15,971
Over 1 month but within 3 months (inclusive)	36,525	33,681	32,733	29,095
Over 3 months but within 1 year (inclusive)	146,641	146,440	130,585	125,515
Over 1 year but within 5 years (inclusive)	407,809	373,514	354,386	319,743
Over 5 years	64,457	82,007	54,424	66,014
Total undiscounted lease liabilities	689,443	653,488	603,369	556,338
Carrying amount of lease liabilities at the end of the period	640,744	603,813	561,391	514,748

15. Deferred tax**15.1 Deferred tax assets and deferred tax liabilities that are presented at the net amount after offsetting**

	The Group		The Bank	
	2023	2022	2023	2022
Deferred tax assets	6,144,400	6,604,309	5,803,188	6,184,296
Deferred tax liabilities	-	-	-	-

Note: As certain rural banks controlled by the Bank suffered from continuous losses and it is expected that no sufficient future taxable income will be available to charge against the deductible losses and tax credit, the deferred tax assets were not recognised for the deductible temporary differences and deductible losses.

15.2 Deferred tax assets and deferred tax liabilities before offsetting

	The Group			
	2023		2022	
	Deductible/ (taxable) temporary differences	Deferred tax assets / (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets / (liabilities)
Deferred tax assets:				
Provision for loss / impairment of assets	31,127,852	7,780,373	28,858,912	7,213,218
Lease liabilities	595,692	148,761	514,748	128,687
Other temporary differences	1,796,476	448,751	1,677,218	418,713
Subtotal	33,520,020	8,377,885	31,050,878	7,760,618
Amount offset	(8,934,680)	(2,233,485)	(4,625,233)	(1,156,309)
Balance after offsetting	24,585,340	6,144,400	26,425,645	6,604,309
Deferred tax liabilities:				
Changes in fair value of financial assets at FVTPL and derivative financial instrument	(3,961,225)	(990,306)	(1,950,966)	(487,743)
Right-of-use assets	(623,610)	(155,717)	(504,889)	(126,221)
Changes in fair value of financial assets at FVTOCI	(4,348,732)	(1,087,184)	(2,169,378)	(542,345)
Other temporary differences	(1,113)	(278)	-	-
Subtotal	(8,934,680)	(2,233,485)	(4,625,233)	(1,156,309)
Amount offset	8,934,680	2,233,485	4,625,233	1,156,309
Balance after offsetting	-	-	-	-

	The Bank			
	2023		2022	
	Deductible/ (taxable) temporary differences	Deferred tax assets / (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets / (liabilities)
Deferred tax assets:				
Provision for loss / impairment of assets	29,136,340	7,284,085	27,022,239	6,755,561
Lease liabilities	561,391	140,348	514,748	128,687
Other temporary differences	1,577,527	394,382	1,464,111	366,027
Subtotal	31,275,258	7,818,815	29,001,098	7,250,275
Amount offset	(8,062,507)	(2,015,627)	(4,263,914)	(1,065,979)
Balance after offsetting	23,212,751	5,803,188	24,737,184	6,184,296
Deferred tax liabilities:				
Changes in fair value of financial assets at FVTPL and derivative financial instrument	(3,961,225)	(990,306)	(1,950,966)	(487,743)
Right-of-use assets	(586,510)	(146,628)	(504,889)	(126,221)
Changes in fair value of financial assets at FVTOCI	(3,513,659)	(878,415)	(1,808,059)	(452,015)
Other temporary differences	(1,113)	(278)	-	-
Subtotal	(8,062,507)	(2,015,627)	(4,263,914)	(1,065,979)
Amount offset	8,062,507	2,015,627	4,263,914	1,065,979
Balance after offsetting	-	-	-	-

16. Other assets

	Note	The Group		The Bank	
		2023	2022	2023	2022
Other receivables and prepayments	16.1	1,582,097	2,179,997	1,004,820	2,028,100
Intangible assets	16.2	1,082,751	936,643	1,077,992	930,602
Interest receivables		109,128	169,215	84,725	158,159
Long-term deferred expenses		73,828	83,548	43,179	49,345
Amounts pending for settlement		56,209	57,573	53,272	52,485
Capital for debt payment		41,140	41,200	-	-
Subtotal		2,945,153	3,468,176	2,263,988	3,218,691
Provision for impairment of other assets		(112,519)	(162,796)	(83,912)	(141,496)
Total		2,832,634	3,305,380	2,180,076	3,077,195

16.1 Other receivables and prepayments

	The Group		The Bank	
	2023	2022	2023	2022
Amounts to be transferred	706,901	1,632,428	706,901	1,632,428
Other receivables and prepayments	808,925	483,661	236,270	335,545
Prepaid legal expenses	34,422	34,315	30,875	31,529
Rental deposits	31,849	29,593	30,774	28,598
Total	1,582,097	2,179,997	1,004,820	2,028,100

(All amounts expressed in thousands of RMB unless otherwise stated)

16.2 Intangible assets

	The Group			The Bank		
	Land use rights	Software	Total	Land use rights	Software	Total
Cost						
1 January 2022	563,055	1,105,918	1,668,973	563,055	1,095,609	1,658,664
Additions during the year	-	132,998	132,998	-	132,963	132,963
Disposals during the year	(1,652)	(62)	(1,714)	(1,652)	-	(1,652)
31 December 2022	561,403	1,238,854	1,800,257	561,403	1,228,572	1,789,975
Additions during the year	-	286,221	286,221	-	286,203	286,203
Disposals during the year	(12,320)	-	(12,320)	(12,320)	-	(12,320)
31 December 2023	549,083	1,525,075	2,074,158	549,083	1,514,775	2,063,858
Accumulated depreciation						
1 January 2022	(118,995)	(629,281)	(748,276)	(118,995)	(626,428)	(745,423)
Provision during the year	(12,791)	(102,786)	(115,577)	(12,791)	(101,350)	(114,141)
Disposals during the year	191	48	239	191	-	191
31 December 2022	(131,595)	(732,019)	(863,614)	(131,595)	(727,778)	(859,373)
Provision during the year	(12,723)	(118,364)	(131,087)	(12,723)	(117,064)	(129,787)
Disposals during the year	3,294	-	3,294	3,294	-	3,294
31 December 2023	(141,024)	(850,383)	(991,407)	(141,024)	(844,842)	(985,866)
Carrying amounts						
At 31 December 2023	408,059	674,692	1,082,751	408,059	669,933	1,077,992
At 31 December 2022	429,808	506,835	936,643	429,808	500,794	930,602

17. Provision for impairment of assets

	The Group					
	1 January 2023	Provision / (reversal) during the year	Transfers in / (out) during the year	Written-off during the year	Recover after written-off	31 December 2023
Due from placements with other banks and financial institutions	12,898	5,677	-	-	-	18,575
Placements with banks and other financial institutions at amortised cost	43,637	104,723	-	-	-	148,360
Financial assets purchased under resale agreements	36,211	(8,892)	-	-	-	27,319
Loans and advances to customers at amortised cost	27,924,551	2,377,760	-	(3,198,257)	730,164	27,834,218
Loans and advances to customers at FVTOCI	290,061	(74,621)	-	-	-	215,440
Debt investments	229,022	154,075	-	-	-	383,097
Other debt investments	24,581	296,348	-	-	-	320,929
Finance lease receivables and long-term receivables	1,813,993	308,310	-	(319,552)	37,422	1,840,173
Long-term equity investments	2,068	-	-	-	-	2,068
Fixed assets	485,801	-	-	-	-	485,801
Other assets	162,796	(49,333)	-	(2,426)	1,482	112,519
Total	31,025,619	3,114,047	-	(3,520,235)	769,068	31,388,499

	The Group					31 December 2022
	1 January 2022	Provision / (reversal) during the year	Transfers in / (out) during the year	Written-off during the year	Recover after written-off	
Due from placements with other banks and financial institutions	17,096	(4,198)	-	-	-	12,898
Placements with banks and other financial institutions at amortised cost	42,217	1,420	-	-	-	43,637
Placements with banks and other financial institutions at FVTOCI	761	(761)	-	-	-	-
Financial assets purchased under resale agreements	48,272	(12,061)	-	-	-	36,211
Loans and advances to customers at amortised cost	25,647,014	3,183,898	-	(1,451,057)	544,696	27,924,551
Loans and advances to customers at FVTOCI	137,489	152,572	-	-	-	290,061
Debt investments	383,738	(154,716)	-	-	-	229,022
Other debt investments	8,576	16,005	-	-	-	24,581
Finance lease receivables and long-term receivables	1,564,659	330,781	-	(86,023)	4,576	1,813,993
Long-term equity investments	2,068	-	-	-	-	2,068
Fixed assets	485,801	-	-	-	-	485,801
Other assets	80,429	84,259	(1,560)	(345)	13	162,796
Total	28,418,120	3,597,199	(1,560)	(1,537,425)	549,285	31,025,619

	The Bank				
	1 January 2023	Provision / (reversal) during the year	Written-off during the year	Recover after written-off	31 December 2023
Due from placements with other banks and financial institutions	10,481	5,999	-	-	16,480
Placements with banks and other financial institutions at amortised cost	50,399	102,966	-	-	153,365
Financial assets purchased under resale agreements	36,211	(10,179)	-	-	26,032
Loans and advances to customers at amortised cost	27,169,102	2,134,212	(2,986,052)	645,845	26,963,107
Loans and advances to customers at FVTOCI	290,061	(74,621)	-	-	215,440
Debt investments	229,022	153,990	-	-	383,012
Other debt investments	24,581	296,348	-	-	320,929
Long-term equity investments	894,632	-	-	-	894,632
Fixed assets	485,801	-	-	-	485,801
Other assets	141,496	(57,584)	-	-	83,912
Total	29,331,786	2,551,131	(2,986,052)	645,845	29,542,710

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank				31 December 2022
	1 January 2022	Provision / (reversal) during the year	Written-off during the year	Recover after written-off	
Due from placements with other banks and financial institutions	14,831	(4,350)	-	-	10,481
Placements with banks and other financial institutions at amortised cost	45,198	5,201	-	-	50,399
Placements with banks and other financial institutions at FVTOCI	761	(761)	-	-	-
Financial assets purchased under resale agreements	48,272	(12,061)	-	-	36,211
Loans and advances to customers at amortised cost	24,814,793	3,251,369	(1,356,537)	459,477	27,169,102
Loans and advances to customers at FVTOCI	137,489	152,572	-	-	290,061
Debt investments	383,738	(154,716)	-	-	229,022
Other debt investments	8,576	16,005	-	-	24,581
Long-term equity investments	894,632	-	-	-	894,632
Fixed assets	485,801	-	-	-	485,801
Other assets	61,865	79,631	-	-	141,496
Total	26,895,956	3,332,890	(1,356,537)	459,477	29,331,786

18. Borrowings from the central bank

	The Group		The Bank	
	2023	2022	2023	2022
Borrowings from the central bank	49,922,789	36,892,487	49,562,765	36,339,168
Interest accrued	292,294	202,974	292,094	202,698
Total	50,215,083	37,095,461	49,854,859	36,541,866

19. Due to placements with other banks and financial institutions

Analysed by location and types of institutions

	The Group		The Bank	
	2023	2022	2023	2022
Deposits with domestic bank	4,965,857	9,778,782	9,569,509	13,451,931
Deposits with other domestic financial institutions	2,017,304	967,985	2,021,819	977,005
Interest accrued	22,420	36,677	46,096	50,880
Total	7,005,581	10,783,444	11,637,424	14,479,816

20. Placements from banks and other financial institutions

	The Group		The Bank	
	2023	2022	2023	2022
Placements from domestic bank	44,724,566	28,386,874	16,004,567	4,981,874
Placements from overseas bank	-	348,231	-	348,231
Interest accrued	191,423	188,755	43,276	12,698
Total	44,915,989	28,923,860	16,047,843	5,342,803

21. Financial assets sold under repurchase agreements

Analysed by types of collaterals sold under repurchase agreements

	The Group		The Bank	
	2023	2022	2023	2022
Bonds	31,606,627	30,356,393	17,392,800	18,926,581
Accrued interest	13,247	14,064	5,587	4,866
Total	31,619,874	30,370,457	17,398,387	18,931,447

22. Customer deposits

	The Group		The Bank	
	2023	2022	2023	2022
Demand deposits				
Corporate customers	261,622,802	260,989,469	257,910,004	255,638,795
Personal customers	76,930,384	81,563,186	74,370,547	78,968,718
Time deposits				
Corporate customers	159,791,759	151,394,566	157,332,671	148,294,591
Personal customers	455,637,415	394,366,525	433,694,045	377,094,436
Pledged deposits held as collateral	10,463,430	9,961,011	10,368,363	9,827,806
Others	51,965,966	45,209,764	51,961,026	45,203,369
Subtotal	1,016,411,756	943,484,521	985,636,656	915,027,715
Interest accrued	21,326,342	17,884,980	20,399,202	17,059,405
Total	1,037,738,098	961,369,501	1,006,035,858	932,087,120

23. Employee benefits payable

(1) Employee benefits payable are listed as follow

	The Group			
	1 January 2023	Additions during the year	Disposals during the year	31 December 2023
Short-term employee benefits	3,144,019	4,950,558	(4,701,034)	3,393,543
Post-employment benefits - defined contribution plans	878	709,165	(709,069)	974
Termination benefits	-	320	(320)	-
Total	3,144,897	5,660,043	(5,410,423)	3,394,517

	The Group			
	1 January 2022	Additions during the year	Disposals during the year	31 December 2022
Short-term employee benefits	2,865,901	4,602,361	(4,324,243)	3,144,019
Post-employment benefits - defined contribution plans	691	638,203	(638,016)	878
Termination benefits	-	222	(222)	-
Total	2,866,592	5,240,786	(4,962,481)	3,144,897

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank			
	1 January 2023	Additions during the year	Disposals during the year	31 December 2023
Short-term employee benefits	2,813,867	4,533,101	(4,264,955)	3,082,013
Post-employment benefits - defined contribution plans	-	660,003	(660,003)	-
Termination benefits	-	-	-	-
Total	2,813,867	5,193,104	(4,924,958)	3,082,013

	The Bank			
	1 January 2022	Additions during the year	Disposals during the year	31 December 2022
Short-term employee benefits	2,585,970	4,159,465	(3,931,568)	2,813,867
Post-employment benefits - defined contribution plans	-	595,141	(595,141)	-
Total	2,585,970	4,754,606	(4,526,709)	2,813,867

(2) Short-term employee benefits

	The Group			
	1 January 2023	Additions during the year	Disposals during the year	31 December 2023
Salaries, bonuses and allowances	3,129,840	4,070,030	(3,820,973)	3,378,897
Staff welfare	13,333	189,931	(189,931)	13,333
Social insurance				
- Medical insurance	483	261,197	(261,096)	584
- Work-related injury insurance	9	4,673	(4,671)	11
- Maternity insurance	9	988	(991)	6
Housing fund	163	322,657	(322,152)	668
Labour union fee, staff and workers' education fee	182	98,192	(98,344)	30
Others	-	2,890	(2,876)	14
Total	3,144,019	4,950,558	(4,701,034)	3,393,543

	The Group			
	1 January 2022	Additions during the year	Disposals during the year	31 December 2022
Salaries, bonuses and allowances	2,865,452	3,803,576	(3,539,188)	3,129,840
Staff welfare	-	152,686	(139,353)	13,333
Social insurance				
- Medical insurance	405	243,270	(243,192)	483
- Work-related injury insurance	6	4,146	(4,143)	9
- Maternity insurance	5	852	(848)	9
Housing fund	12	290,114	(289,963)	163
Labour union fee, staff and workers' education fee	21	88,978	(88,817)	182
Others	-	18,739	(18,739)	-
Total	2,865,901	4,602,361	(4,324,243)	3,144,019

	The Bank			
	1 January 2023	Additions during the year	Disposals during the year	31 December 2023
Salaries, bonuses and allowances	2,800,315	3,743,148	(3,475,465)	3,067,998
Staff welfare	13,333	162,464	(162,464)	13,333
Social insurance				
- Medical insurance	-	239,971	(239,971)	-
- Work-related injury insurance	-	3,936	(3,936)	-
- Maternity insurance	-	216	(216)	-
Housing fund	163	292,705	(292,200)	668
Labour union fee, staff and workers' education fee	56	90,408	(90,464)	-
Others	-	253	(239)	14
Total	2,813,867	4,533,101	(4,264,955)	3,082,013

	The Bank			
	1 January 2022	Additions during the year	Disposals during the year	31 December 2022
Salaries, bonuses and allowances	2,585,970	3,440,140	(3,225,795)	2,800,315
Staff welfare	-	128,440	(115,107)	13,333
Social insurance				
- Medical insurance	-	224,281	(224,281)	-
- Work-related injury insurance	-	3,491	(3,491)	-
- Maternity insurance	-	157	(157)	-
Housing fund	-	264,355	(264,192)	163
Labour union fee, staff and workers' education fee	-	81,695	(81,639)	56
Others	-	16,906	(16,906)	-
Total	2,585,970	4,159,465	(3,931,568)	2,813,867

(3) Defined contribution plans

	The Group			
	1 January 2023	Additions during the year	Disposals during the year	31 December 2023
Basic pension insurance	767	425,059	(424,881)	945
Unemployment insurance	111	13,590	(13,672)	29
Annuity	-	270,516	(270,516)	-
Total	878	709,165	(709,069)	974

	The Group			
	1 January 2022	Additions during the year	Disposals during the year	31 December 2022
Basic pension insurance	673	386,648	(386,554)	767
Unemployment insurance	18	11,778	(11,685)	111
Annuity	-	239,777	(239,777)	-
Total	691	638,203	(638,016)	878

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank			
	1 January 2023	Additions during the year	Disposals during the year	31 December 2023
Basic pension insurance	-	385,534	(385,534)	-
Unemployment insurance	-	12,106	(12,106)	-
Annuity	-	262,363	(262,363)	-
Total	-	660,003	(660,003)	-

	The Bank			
	1 January 2022	Additions during the year	Disposals during the year	31 December 2022
Basic pension insurance	-	345,880	(345,880)	-
Unemployment insurance	-	10,864	(10,864)	-
Annuity	-	238,397	(238,397)	-
Total	-	595,141	(595,141)	-

24. Taxes payable

	The Group		The Bank	
	2023	2022	2023	2022
Corporate income tax	157,665	1,079,147	100,572	960,711
Individual income tax	23,146	23,020	22,581	22,178
Surcharges	49,786	46,177	49,118	45,422
VAT	408,653	384,079	403,354	377,182
Others	20,458	20,140	19,175	18,970
Total	659,708	1,552,563	594,800	1,424,463

25. Debt securities issued

	Note	The Group and the Bank	
		2023	2022
Interbank negotiable certificates of deposit	(1)	68,737,010	66,908,550
Financial bonds	(2)	13,000,000	10,000,000
Capital bonds	(3)	10,000,000	10,000,000
Interest accrued		383,136	317,092
Total		92,120,146	87,225,642

(1) On 31 December 2023, there were 71 interbank negotiable certificates of deposit (not yet matured) issued publicly by the Group and the Bank on the interbank market, with a maximum term of 1-year and an interest rate range of 2.24% to 2.70% (2022: 61 interbank negotiable certificates of deposit (not yet matured) issued publicly by the Group and the Bank on the interbank market, with a maximum term of 1-year and an interest rate range of 1.92% to 2.60%).

(2) As at the balance sheet date, the Group and the Bank issued the following financial bonds:

	2023	2022
20 SHRCB 01	-	8,000,000
20 SHRCB 02	-	2,000,000
23 SHRCB green bonds 01	3,000,000	-
23 SHRCB 01	10,000,000	-
Total	13,000,000	10,000,000

In 26 October 2020, the Group and the Bank issued RMB 8 billion of 3-year fixed rate financial bonds with interest rate of 3.63% on the national interbank bond market to the public. The Group and the Bank fully redeemed the bond on October 28, 2023.

In 20 November 2020, the Group and the Bank issued RMB 2 billion of 3-year fixed rate financial bonds with interest rate of 3.75% on the national interbank bond market to the public. The Group and the Bank fully redeemed the bond on November 24, 2023.

In 13 July 2023, the Group and the Bank issued RMB 3 billion of 3-year fixed rate green financial bonds with interest rate of 2.67% on the national interbank bond market to the public.

In 24 August 2023, the Group and the Bank issued RMB 10 billion of 3-year fixed rate financial bonds with interest rate of 2.57% on the national interbank bond market to the public.

(3) As at the balance sheet date, the Group and the Bank issued the following tier-II capital bonds:

	2023	2022
22 SHRCB tier-II 01	7,000,000	7,000,000
22 SHRCB tier-II capital bonds 02	3,000,000	3,000,000
Total	10,000,000	10,000,000

The Group and the Bank issued RMB 7 billion 10-year fixed rate tier-II capital bonds with interest rate of 3.67% on 3 March 2022 on the national interbank bond market to the public, which are redeemable at the end of the fifth year.

The Group and the Bank issued RMB 3 billion 10-year fixed rate tier-II capital bonds with interest rate of 3.39% on 20 July 2022 on the national interbank bond market to the public, which are redeemable at the end of the fifth year.

26. Provisions

	Note	The Group and the Bank	
		2023	2022
Provision for expected credit loss in off-balance sheet	(1)	704,473	611,151

(1) Movements of expected credit loss in off-balance sheet

	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2023	334,125	277,026	-	611,151
Transferred to:				
- Stage 1	21,583	(21,583)	-	-
- Stage 2	(2,331)	2,331	-	-
- Stage 3	-	(5)	5	-
Provision /(Reversal) during the year	99,067	(6,194)	449	93,322
Balance at 31 December 2023	452,444	251,575	454	704,473

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2022	315,108	24,331	-	339,439
Transferred to:				
- Stage 1	22,581	(22,581)	-	-
- Stage 2	(19,052)	19,052	-	-
- Stage 3	-	-	-	-
Provision for the year	15,488	256,224	-	271,712
Balance at 31 December 2022	334,125	277,026	-	611,151

27. Other liabilities

	The Group		The Bank	
	2023	2022	2023	2022
Amounts to be settled and transferred	1,577,025	9,497,707	1,567,921	9,488,982
Lease deposits	2,742,756	2,360,123	-	-
Dividends payable	4,494	2,790	653	563
Others	638,253	838,501	314,392	573,249
Total	4,962,528	12,699,121	1,882,966	10,062,794

28. Share capital

	The Group and the Bank			
	2023		2022	
	Number of shares (‘000)	Percentage (%)	Number of shares (‘000)	Percentage (%)
Renminbi ordinary shares listed in China (A share)	9,644,444	100.00	9,644,444	100.00

29. Capital reserve

	The Group			
	2023			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Share premium	16,495,350	54,778	-	16,550,128
Other capital reserves	66	-	-	66
Total	16,495,416	54,778	-	16,550,194

	The Group			
	2022			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Share premium	16,495,350	-	-	16,495,350
Other capital reserves	66	-	-	66
Total	16,495,416	-	-	16,495,416

	The Bank			
	2023			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Share premium	16,784,433	-	-	16,784,433
Other capital reserves	66	-	-	66
Total	16,784,499	-	-	16,784,499

	The Bank			
	2022			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Share premium	16,784,433	-	-	16,784,433
Other capital reserves	66	-	-	66
Total	16,784,499	-	-	16,784,499

Note 1: In February 2023, the Bank obtained the Reply of Shanghai Regulatory Bureau of CBRC on Approving Shanghai Rural Commercial Bank Co., Ltd. to Increase its Shareholding in Changjiang United Financial Leasing Co., Ltd. (Hu CBRC Fu [2023] No. 59), and approved the Bank to increase its shareholding in its subsidiary Yangtze United Financial Leasing Co., Ltd. ("YUFL") by 80 million shares. The Bank includes the difference of RMB 48.69 million between the newly acquired long-term equity investment cost and the identifiable net asset share of YUFL calculated continuously from the merger date based on the newly added shareholding ratio in the capital reserve.

Note 2: In December 2023, the Bank obtained Reply of the Shenzhen Regulatory Bureau of the National Financial Regulatory Administration on the Change of Equity of Shenzhen Guangming SHRCB Rural Bank Co., Ltd. (Shen Jin Fu [2023] No. 245), and agreed that the Bank would accept 20 million shares of Shenzhen Guangming SHRCB Rural Bank Co., Ltd. held by Bayannur Hetao Rural Commercial Bank Co., Ltd. The bank includes the difference of RMB 6.18 million between the newly acquired long-term equity investment cost and the identifiable net asset share of Shenzhen Guangming SHRCB Rural Bank Co., Ltd. calculated based on the newly added shareholding ratio from the merger date into the capital reserve.

30. Other comprehensive income

	The Group					
	Opening balance of other comprehensive income	2023				Closing balance of other comprehensive income
		Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After tax	
Loss that will not be reclassified to profit or loss						
Remeasurement of defined benefit plan	(9,474)	51,275	-	-	51,275	41,801
Other comprehensive income that will be reclassified to profit or loss						
Including: Other comprehensive income recognised under equity method	(1,541)	8,885	-	-	8,885	7,344
Changes in fair value of financial assets classified as at FVOCI	1,391,052	2,204,514	(246,886)	(489,407)	1,468,221	2,859,273
Credit losses of financial assets classified as at FVOCI	235,981	221,727	-	(55,432)	166,295	402,276
Total	1,616,018	2,486,401	(246,886)	(544,839)	1,694,676	3,310,694

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank					
	Opening balance of other comprehensive income	2023				Closing balance of other comprehensive income
		Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After tax	
Loss that will not be reclassified to profit or loss						
Remeasurement of defined benefit plan	(9,474)	51,275	-	-	51,275	41,801
Other comprehensive income that will be reclassified to profit or loss						
Including: Other comprehensive income recognised under equity method	(1,541)	8,885	-	-	8,885	7,344
Changes in fair value of financial assets classified as at FVOCI	1,120,063	1,730,759	(246,886)	(370,968)	1,112,905	2,232,968
Credit losses of financial assets classified as at FVOCI	235,981	221,727	-	(55,432)	166,295	402,276
Total	1,345,029	2,012,646	(246,886)	(426,400)	1,339,360	2,684,389

	The Group					
	Opening balance of other comprehensive income	2022				Closing balance of other comprehensive income
		Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After tax	
Loss that will not be reclassified to profit or loss						
Remeasurement of defined benefit plan	(9,474)	-	-	-	-	(9,474)
Other comprehensive income that will be reclassified to profit or loss						
Including: Other comprehensive income recognised under equity method	(3,467)	1,926	-	-	1,926	(1,541)
Changes in fair value of financial assets classified as at FVOCI	1,534,019	191,235	(381,857)	47,655	(142,967)	1,391,052
Credit losses of financial assets classified as at FVOCI	110,119	167,816	-	(41,954)	125,862	235,981
Total	1,631,197	360,977	(381,857)	5,701	(15,179)	1,616,018

	The Bank					
	Opening balance of other comprehensive income	2022				Closing balance of other comprehensive income
		Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After tax	
Loss that will not be reclassified to profit or loss						
Remeasurement of defined benefit plan	(9,474)	-	-	-	-	(9,474)
Other comprehensive income that will be reclassified to profit or loss						
Including: Other comprehensive income recognised under equity method	(3,467)	1,926	-	-	1,926	(1,541)
Changes in fair value of financial assets classified as at FVOCI	1,534,019	(170,084)	(381,857)	137,985	(413,956)	1,120,063
Credit losses of financial assets classified as at FVOCI	110,119	167,816	-	(41,954)	125,862	235,981
Total	1,631,197	(342)	(381,857)	96,031	(286,168)	1,345,029

31. Surplus reserve

	The Group			The Bank		
	1 January 2023	Increase during the year	31 December 2023	1 January 2023	Increase during the year	31 December 2023
Statutory surplus reserve	7,990,465	1,097,883	9,088,348	7,774,968	1,060,638	8,835,606
Discretionary surplus reserve	20,023,517	3,023,395	23,046,912	19,777,736	2,957,727	22,735,463
Total	28,013,982	4,121,278	32,135,260	27,552,704	4,018,365	31,571,069

	The Group			The Bank		
	1 January 2022	Increase during the year	31 December 2022	1 January 2022	Increase during the year	31 December 2022
Statutory surplus reserve	7,038,842	951,623	7,990,465	6,835,414	939,554	7,774,968
Discretionary surplus reserve	17,239,193	2,784,324	20,023,517	17,042,261	2,735,475	19,777,736
Total	24,278,035	3,735,947	28,013,982	23,877,675	3,675,029	27,552,704

In accordance with the Company Law and the Company's Articles of Association, the Group should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Group can cease appropriation when the statutory reserve accumulated to more than 50% of the registered capital. The statutory reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities. Approved by the Bank's 2022 Annual General Meeting of Shareholders on 9 June 2023, the Bank appropriated RMB 1,060,638 thousand to the statutory surplus reserve for the year 2023. (Approved by the 2021 Annual General Meeting of Shareholders: RMB 939,554 thousand)

The Bank makes appropriations to discretionary reserve after making appropriation to statutory reserve. Discretionary reserve could be used to make up for prior year's loss or increase the paid-in capital. Approved by the Bank's 2022 Annual General Meeting of Shareholders on 9 June 2023, the Bank appropriated RMB 2,957,727 thousand to discretionary surplus reserve. (Approved by the 2021 Annual General Meeting of Shareholders: RMB 2,735,475 thousand)

32. General risk reserve

	The Group			The Bank		
	1 January 2023	Increase during the year	31 December 2023	1 January 2023	Increase during the year	31 December 2023
General risk reserve	12,785,082	1,726,587	14,511,669	12,262,297	1,694,412	13,956,709

	The Group			The Bank		
	1 January 2022	Increase during the year	31 December 2022	1 January 2022	Increase during the year	31 December 2022
General risk reserve	11,909,737	875,345	12,785,082	11,412,670	849,627	12,262,297

Pursuant to the Notice on Promulgation of the Administrative Measures on Accrual of Provisions by Financial Enterprises (Cai Jin [2012] No.20) promulgated by MOF, the Bank's balance of general risk reserve should not be less than 1.5% of the aggregate amount of all risk assets in principle.

The Group's general risk reserve normally includes the general risk reserve made by its subsidiaries in accordance with applicable laws and regulations in their respective industries.

(All amounts expressed in thousands of RMB unless otherwise stated)

33. Retained earnings

	The Group		The Bank	
	2023	2022	2023	2022
Opening balance	33,279,027	29,809,274	32,332,327	29,143,939
Add: Net profit attributable to the Bank's shareholders	12,141,958	10,974,378	11,872,143	10,606,377
Less: Appropriation for statutory surplus reserve	(1,097,883)	(951,623)	(1,060,638)	(939,554)
Appropriation for discretionary surplus reserve	(3,023,395)	(2,784,324)	(2,957,727)	(2,735,475)
Appropriation to general risk reserve	(1,726,587)	(875,345)	(1,694,412)	(849,627)
Dividends to ordinary shares	(3,298,400)	(2,893,333)	(3,298,400)	(2,893,333)
Retained earnings at the end of the year	36,274,720	33,279,027	35,193,293	32,332,327

(1) In accordance with the resolution of 2022 Annual General Meeting of Shareholders on 9 June 2023, the profit appropriation plan is as follows:

- Appropriation for statutory surplus reserve of RMB 1.061 billion based on 10% of the net profit earned by the Bank in 2022;
- Combine the undistributed profits from previous years of the Bank with the net profit realized in 2022 and distribute 10% of the statutory surplus reserve and general risk reserve available for distribution to investors, with a discretionary surplus reserve of RMB 2.958 billion.
- Appropriation for general risk reserve of RMB 1.694 billion based on 1.5% of the increase in risk assets in 2022;
- Based on the total share capital of 9,644,444,445 ordinary shares as at 31 December 2022, the Bank distributed cash dividends on ordinary shares in the amount of RMB 3.42 (including tax) for every 10 shares, totalling RMB 3.298 billion.

(2) In accordance with the resolution of 2021 Annual General Meeting of Shareholders on 10 June 2022, the profit appropriation plan is as follows:

- Appropriation for statutory surplus reserve of RMB 0.94 billion based on 10% of the net profit earned by the Bank in 2021;
- Combine the undistributed profits from previous years of the Bank with the net profit realized in 2021 and distribute 10% of the statutory surplus reserve and general risk reserve available for distribution to investors, with a discretionary surplus reserve of RMB 2.735 billion.
- Appropriation for general risk reserve of RMB 850 million based on 1.5% of the increase in risk assets in 2021;
- Based on the total share capital of 9,644,444,445 ordinary shares as at 31 December 2021, the Bank distributed cash dividends on ordinary shares in the amount of RMB 3.00 (including tax) for every 10 shares, totalling RMB 2.893 billion.

34. Net interest income

	The Group		The Bank	
	2023	2022	2023	2022
Interest income				
Deposits with central bank	916,303	915,231	862,873	872,222
Due from banks and other financial institutions	379,958	319,244	276,593	233,327
Placements with banks and other financial institutions and financial assets purchased under resale agreements	2,605,134	2,529,269	2,657,273	2,657,433
Loans and advances to customers				
Including: Corporate loans and advances	16,450,741	16,376,078	16,261,253	16,151,259
Individual loans	10,958,342	10,560,415	9,844,789	9,530,339
Discount bills	1,125,251	1,339,713	1,125,251	1,339,713
Financial investment	10,963,171	9,234,560	10,926,993	9,203,790
Interest income from sale and leaseback transactions	1,418,115	1,143,834	-	-
Interest income from finance leases	643,135	1,034,521	-	-
Sub-total	45,460,150	43,452,865	41,955,025	39,988,083
Interest expense				
Loans from the central bank	(900,540)	(953,353)	(891,928)	(943,966)
Due to banks and other financial institutions	(176,188)	(82,050)	(339,698)	(231,238)
Placements from banks and other financial institutions and financial assets sold under repurchase agreement	(2,411,541)	(1,922,118)	(1,691,644)	(1,134,339)
Customer deposits	(18,769,551)	(17,466,260)	(18,050,657)	(16,826,592)
Debt securities issued	(2,502,773)	(2,274,836)	(2,502,773)	(2,274,836)
Other	(50)	-	(50)	-
Sub-total	(24,760,643)	(22,698,617)	(23,476,750)	(21,410,971)
Net interest income	20,699,507	20,754,248	18,478,275	18,577,112

35. Net fee and commission income

	The Group		The Bank	
	2023	2022	2023	2022
Fee and commission income				
Agency services	1,771,026	1,615,614	1,769,193	1,613,610
Consultancy and advisory services	255,361	303,334	262,222	311,970
Settlement and clearing services	252,107	217,736	252,083	217,721
Electronic banking services	88,194	86,148	87,959	85,860
Guarantee and commitment services	55,366	35,375	55,366	35,363
Bank card services	51,232	65,081	51,172	65,040
Other operating activities	40,457	124,713	64,134	155,201
Sub-total	2,513,743	2,448,001	2,542,129	2,484,765
Fee and commission expenses				
Settlement and clearing services	(121,024)	(96,506)	(118,113)	(94,264)
Agency services	(74,525)	(64,313)	(74,523)	(64,194)
Other operating activities	(49,773)	(131,519)	(35,610)	(110,148)
Sub-total	(245,322)	(292,338)	(228,246)	(268,606)
Net fee and commission income	2,268,421	2,155,663	2,313,883	2,216,159

(All amounts expressed in thousands of RMB unless otherwise stated)

36. Investment income

	The Group		The Bank	
	2023	2022	2023	2022
Financial assets at FVTPL and derivative financial instruments	1,233,654	1,202,702	1,233,654	1,202,702
Financial assets measured at FVOCI	258,045	381,857	258,045	381,857
Profit or loss arising from derecognition of financial assets measured at amortized cost	-	4,034	-	-
Long-term equity investment recognised under equity method	134,243	34,033	134,243	34,033
Precious metals	(101,773)	(35,950)	(101,773)	(35,950)
Long-term equity investment recognised under cost method	-	-	128,627	110,885
Other	1,115	-	1,115	-
Total	1,525,284	1,586,676	1,653,911	1,693,527

37. Gain from changes in fair value

	The Group and the Bank	
	2023	2022
Financial assets held for trading and precious metals	1,664,422	542,005
Loans and advances at FVTPL	4,970	(8,062)
Financial liabilities held for trading	(3,543)	(1,327)
Derivative financial instruments	(43,325)	170
Total	1,622,524	532,786

38. General and administrative expenses

	The Group		The Bank	
	2023	2022	2023	2022
Employee benefits	5,660,043	5,240,786	5,193,104	4,754,606
Office and administrative expense	1,193,259	1,019,536	1,065,680	905,607
Depreciation of fixed assets	591,335	548,879	571,170	533,261
Deposit Insurance Premium	377,224	257,913	366,708	249,219
Electronic equipment operating expenses	344,380	309,606	334,908	287,171
Depreciation of right-of-use assets	248,221	248,205	217,724	213,367
Amortisation of intangible assets	131,087	115,577	129,787	114,141
Amortisation of long-term deferred expenses	33,448	37,718	24,127	23,664
Rental expenses	20,160	20,520	14,951	17,396
Total	8,599,157	7,798,740	7,918,159	7,098,432

39. Credit losses

	The Group		The Bank	
	2023	2022	2023	2022
Loans and advances measured at amortized cost	2,377,760	3,183,898	2,134,212	3,251,369
Loans and advances at FVOCI	(74,621)	152,572	(74,621)	152,572
Debt investments	154,075	(154,716)	153,990	(154,716)
Other debt investments	296,348	16,005	296,348	16,005
Finance lease receivables and long-term receivables	308,310	330,781	-	-
Provisions	93,322	271,712	93,322	271,712
Others	50,617	64,958	41,202	67,660
Total	3,205,811	3,865,210	2,644,453	3,604,602

40. Income tax expenses

	The Group		The Bank	
	2023	2022	2023	2022
Current income tax	2,484,022	3,008,950	2,223,290	2,690,759
Deferred income tax	(84,930)	(733,152)	(45,292)	(673,336)
Total	2,399,092	2,275,798	2,177,998	2,017,423

Reconciliation of income tax expenses to accounting profit is as follows:

	The Group		The Bank	
	2023	2022	2023	2022
Profit before tax	14,886,467	13,668,975	14,050,141	12,623,800
Tax calculated at applicable tax rate	3,721,617	3,417,244	3,512,535	3,155,950
Effect of different tax rates applied by subsidiaries	(2,961)	(7,619)	-	-
Effect of non-taxable income	(1,385,426)	(1,171,975)	(1,408,539)	(1,164,627)
Effect of non-deductible (before tax) expenses and losses	86,647	50,752	81,464	47,462
Tax effect arising from tax filing of prior year	(165)	7,067	(27)	5,032
Others	(20,620)	(19,671)	(7,435)	(26,394)
Income tax expenses	2,399,092	2,275,798	2,177,998	2,017,423

41. Earnings per share

	The Group	
	2023	2022
Net profit attributable to the Bank's shareholders (RMB'000)	12,141,958	10,974,378
Weighted average number of ordinary shares outstanding ('000 shares)	9,644,444	9,644,444
Basic earnings per share and diluted earnings per share (in RMB)	1.26	1.14

42. Supplement to the cash flow statement

(1) Reconciliation of net profit to cash flows from operating activities:

	The Group		The Bank	
	2023	2022	2023	2022
Net profit	12,487,375	11,393,177	11,872,143	10,606,377
Add: credit losses	3,205,811	3,865,210	2,644,453	3,604,602
Impairment losses	1,558	3,701	-	-
Depreciation of fixed assets	591,335	548,879	571,170	533,261
Depreciation of right-of-use assets	248,221	248,205	217,724	213,367
Amortisation of intangible assets	131,087	115,577	129,787	114,141
Amortisation of long-term deferred expenses	33,448	37,718	24,127	23,664
Gains from disposal of fixed assets, intangible assets, and other long-term assets	(34,239)	(19,717)	(34,505)	(19,717)
Gains from changes in fair value	(1,622,524)	(532,786)	(1,622,524)	(532,786)
Investment income	(393,403)	(419,924)	(522,030)	(526,775)
Interest income from securities and other investments	(10,963,171)	(9,234,560)	(10,926,993)	(9,203,790)
Interest expenses of issued debt securities	2,502,773	2,274,836	2,502,773	2,274,836
Interest expenses from lease liabilities	21,966	22,129	19,193	18,597
Net exchange gains	(200,932)	(428,518)	(200,932)	(428,518)
Increase in deferred tax assets	(84,930)	(733,152)	(45,292)	(673,336)
Increase in operating receivables	(60,420,780)	5,578,828	(57,987,874)	(24,136,143)
Increase in operating payables	94,131,791	112,311,240	84,417,592	98,571,897
Non-operating income	(468,816)	-	(468,816)	-
Net cash inflow from operating activities	39,166,570	125,030,843	30,589,996	80,439,677

(2) Change in cash and cash equivalents:

	The Group		The Bank	
	2023	2022	2023	2022
Cash and cash equivalents at the end of the year	29,272,508	54,819,400	24,211,395	50,333,000
Less: Cash and cash equivalents at the beginning of the year	(54,819,400)	(33,705,073)	(50,333,000)	(30,807,690)
Net (decrease)/ increase in cash and cash equivalents	(25,546,892)	21,114,327	(26,121,605)	19,525,310

(3) Details of cash and cash equivalents:

	The Group		The Bank	
	2023	2022	2023	2022
Cash on hand	3,288,690	4,793,237	3,200,059	4,704,219
Deposits with central bank that are not restricted	13,513,019	12,452,515	9,832,896	8,554,652
Amount due from banks and other financial institutions with an original maturity of three months or less	10,506,363	28,063,934	9,214,004	27,264,415
Placements with banks and other financial institutions with an original maturity of three months or less	1,964,436	9,509,714	1,964,436	9,809,714
Cash and cash equivalents at the end of the year	29,272,508	54,819,400	24,211,395	50,333,000

VI. Collaterals

1. Assets pledged

The Group's secured liabilities relating to assets pledged as collateral are loans from the central bank, financial assets sold under repurchase agreement, customer deposits, the carrying amount of financial liabilities as at 31 December 2023 were RMB 147,436,495 thousand (interest accrued not included) (2022: RMB 117,675,049 thousand). In addition, secured liabilities include bonds leased by the Group as a lessee via bond lending operations, which are conducted under normal commercial terms.

The assets pledged as collateral above include bonds and notes, and the classification of asset items includes debt investments and other debt investments. As at 31 December 2023, the carrying amount of assets pledged as collateral (interest accrued not included) was RMB 164,985,072 thousand (2022: RMB 121,154,017 thousand).

2. Collateral accepted

As at 31 December 2023, The Group and the Bank conduct financial assets purchased under resale agreements and bond lending transactions in accordance with general commercial terms. The total fair value of collateral that can be sold or reused as collateral in the absence of default by the collateral owner is RMB 102,077 thousand (2022: RMB 0).

VII. Transfer of financial assets

In the normal course of business, the Group may transfer recognised financial assets to a third party in the course of a transaction. The Group either recognises these transferred financial assets in full, to the extent of its continuing involvement, or derecognises them in full.

1. Credit asset transfers

For the year ended 31 December 2023, the Group did not directly transfer credit assets to third parties (2022: RMB 2,433 thousand, all of which have been derecognised).

2. Securities lending transactions

For securities lending transactions, counterparties may sell the securities or use them as collaterals as long as the Group does not default but shall return the securities to the Group upon the maturity dates set forth in the related agreements. For these transactions, the securities are not derecognised as the Group has retained almost all the risks and returns thereon. As at 31 December 2023, the carrying amount of assets transferred by the Group in the securities lending transaction was RMB 13,810,000 thousand (2022: RMB 14,390,000 thousand).

3. Sales and repurchase agreements

Sales and repurchase agreements ("repurchase agreements") are transactions in which the Group sells a financial asset and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. As the repurchase prices are fixed, the Group continues to be exposed to substantially all of the credit and market risks and rewards of the securities sold. These securities, which the Group has no ability to use during the life of the agreements, are not derecognised from the financial statements, but are considered to be "collateral" for the secured loans, as the Group retains substantially all the risks and rewards of the securities. The Group recognises financial liability for cash received. For all these arrangements, the counterparties have recourse not only to the transferred financial assets.

As at 31 December 2023 and at 31 December 2022, the Group had transactions under repurchase agreements, and the proceeds from the sales of these securities are presented as "financial assets sold under repurchase agreements" (see Note V. 21).

In the case of a repurchase agreement transaction with a sell-out element, the rights to the underlying assets are transferred to the counterparty. As at 31 December 2023, the Group and the Bank did not have derecognized transferred financial assets and related liabilities. (As at 31 December 2022, transferred financial assets not yet derecognised by the Group and the Bank include debt investments and other debt investments with a total carrying amount of RMB 323,003 thousand, and the related liabilities with a total carrying amount of RMB 322,726 thousand).

VIII. Interests in other entities

1. Subsidiaries

For information about the subsidiaries of the Group, refer to Note V.12.1.

2. Associates

For information about the a of the Group, refer to Note V. 12.2.

3. Interests in structured entities

The Group manages and invests in several structured entities, including funds, trusts, asset management plans, asset-backed securities and wealth management products. The Group determines whether it controls a structured entity by assessing the influence of decision making and extent of participation in the establishment of the structured entity; its overall economic interest (both gain from direct holding and expected management fees) set out in related arrangements; as well as the extent of its decision-making power over the structured entity. The Group considers that it has control of a structured entity and includes the structured entity within the scope of the Group's consolidated financial statements when the Group has power over the structured entity through arrangements such as investment contracts and access to variable returns through participation in the relevant activities of the structured entity, and the ability to influence the variable returns of the structured entity. The Group is not required to include a structured entity in the consolidated financial statements if the Group does not have significant power over the principal activities of the structured entity, or if the percentage of economic interest held by the Group in the structured entity is insignificant such that the Group acts as an agent rather than as the primary responsible party to the structured entity.

As at 31 December 2023, structured entities included in the consolidation scope by the Bank were RMB 58,812,652 thousand, and was under "financial assets held for trading" on the balance sheet (2022: RMB 50,277,454 thousand).

(1) Information about structured entities not included in the consolidated financial statements:

The Group did not include the following structured entities in the consolidated financial statements: funds, trusts, asset management plans, debt financing plans, asset-backed securities provided by third parties, and wealth management products provided by the Group. The nature and purpose of these structured entities are to manage assets on behalf of investors. These structured entities are financed by issuing investment products to investors. The Group's interest in these structured entities mainly includes income from direct holding or management fees arising from the provision of management services to these structured entities.

The Group has not included the above-mentioned structured entities in the consolidated financial statements based on the definition of control as described in Note III 4(1), the relevant agreements and the Group's investment in the structured entities.

(2) Investments in unconsolidated structured entities sponsored by third parties:

The Group holds interests in structured entities sponsored by third-party institutions through direct investments. As at the balance sheet date, the Group's interests in structured entities sponsored by third-party institutions that are not included in the scope of the consolidated financial statements through directly held investments are represented in the Group's consolidated balance sheet under the relevant asset and liability items and their carrying value / maximum exposure to losses as follows:

	As at 31 December 2023			
	Financial assets held for trading	Debt investments	Other debt investments	Total
Funds	9,454,935	-	-	9,454,935
Trusts and asset management products	210,201	-	-	210,201
Asset-backed securities	272	47,703	202,162	250,137
Total	9,665,408	47,703	202,162	9,915,273

	As at 31 December 2022			Total
	Financial assets held for trading	Debt investments	Other debt investments	
Funds	9,622,123	-	-	9,622,123
Trusts and asset management products, etc.	248,862	808,240	-	1,057,102
Asset-backed securities	412,210	376,211	203,345	991,766
Wealth-management products	770,435	-	-	770,435
Total	11,053,630	1,184,451	203,345	12,441,426

The maximum exposure to loss on funds and asset management products at year end is equal to their fair value at the balance sheet date. The maximum exposure to loss on trusts and asset management plans, debt financing plans and asset-backed securities at the end of the year is equal to their fair value or amortised cost at the balance sheet date in accordance with the line items of these assets recognised in the balance sheet.

(3) Interest in the unconsolidated structured entities sponsored by the Group

The Group is a sponsor of a structured entity if both of the following criteria are met:

- the Group has had a significant influence in initiating the establishment of the structured entity or in organising other interested parties to jointly establish the structured entity, and
- and the structured entity is an extension of the Group's principal activities and the structured entity maintains a close business relationship with the Group.

Unconsolidated structured entities sponsored by the Group are mainly financial products provided by the Group and the Group's interest in them is mainly the management fee and other service fees for managing these structured entities.

As at 31 December 2023, the balance of unconsolidated structured entities sponsored by the Group was RMB 181,893,663 thousand (2022: RMB 184,998,843 thousand).

(4) Unconsolidated structure entities sponsored by the Group during the year and in which the Group holds no interest as at 31 December 2023

Fee and commission income arising from wealth management products provided by the Group in 2023 and due by the year then ended was not material (2022: not material).

IX. Segment reporting

Products and services provided by each segment reporting of the Group are mainly corporate banking, personal banking, financial markets and other business.

Corporate banking services include corporate deposit taking, corporate lending, corporate wealth management, trade-related products and services, agency and commissions.

Personal banking includes personal deposits, personal loans, personal wealth management, bank cards, payments and agency.

Financial markets business includes money market transaction, transaction under repurchase agreement, bond investment, interest rate and precious metals derivatives trading, and inter-bank wealth management.

Other business are those cannot form a separate segment or service cannot be allocated on a reasonable basis.

Segment accounting policies are consistent with those used to prepare the consolidated financial statements.

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Group				
	2023				
	Corporate banking business	Personal banking business	Financial market business	Other businesses	Total
I. Operating Income	13,197,258	10,219,671	2,880,393	116,476	26,413,798
Net interest income	12,502,196	8,753,279	(52,018)	(503,950)	20,699,507
Including: External net interest income	10,582,672	372,071	9,394,985	349,779	20,699,507
Internal net interest income/(expense)	1,919,524	8,381,208	(9,447,003)	(853,729)	-
Net fee and commission income	722,123	1,465,153	122,329	(41,184)	2,268,421
Gains/(losses) arising from investments	(126,715)	(643)	1,145,403	507,239	1,525,284
Other income	-	-	-	34,656	34,656
Gains from changes in fair value	19,192	-	1,603,332	-	1,622,524
Exchange gain	80,462	1,882	61,347	37,481	181,172
Other operating income	-	-	-	47,995	47,995
Gains from asset disposals	-	-	-	34,239	34,239
II. Operating expenses	(5,081,304)	(5,374,279)	(909,808)	(784,257)	(12,149,648)
Taxes and surcharges	(145,911)	(122,022)	(42,624)	(2,882)	(313,439)
General and administrative expenses	(3,919,560)	(3,435,621)	(415,449)	(828,527)	(8,599,157)
Credit losses	(1,015,833)	(1,816,636)	(451,735)	78,393	(3,205,811)
Loss from impairment of assets	-	-	-	(1,558)	(1,558)
Other operating expenses	-	-	-	(29,683)	(29,683)
III. Operating profit	8,115,954	4,845,392	1,970,585	(667,781)	14,264,150
Add: Non-operating income	-	-	-	671,034	671,034
Less: Non-operating expenses	-	-	-	(48,717)	(48,717)
IV. Profit before income tax	8,115,954	4,845,392	1,970,585	(45,464)	14,886,467
Total assets	405,980,719	252,794,346	655,129,441	78,309,194	1,392,213,700
Total liabilities	(491,180,837)	(549,890,292)	(198,684,351)	(36,099,725)	(1,275,855,205)

	The Group				
	2022				
	Corporate banking business	Personal banking business	Financial market business	Other businesses	Total
I. Operating Income	13,102,784	8,965,869	2,980,922	577,695	25,627,270
Net interest income	12,668,459	7,623,073	152,375	310,341	20,754,248
Including: External net interest income	10,939,184	927,408	8,488,388	399,268	20,754,248
Internal net interest income/(expense)	1,729,275	6,695,665	(8,336,013)	(88,927)	-
Net fee and commission income	663,687	1,341,635	191,936	(41,595)	2,155,663
Gains/(losses) arising from investments	(303,121)	(190)	1,762,989	126,998	1,586,676
Other income	-	-	-	25,364	25,364
(losses)/gains from changes in fair value	(18,158)	-	550,944	-	532,786
Exchange gain	91,917	1,351	322,678	103,123	519,069
Other operating income	-	-	-	33,747	33,747
Gains from asset disposals	-	-	-	19,717	19,717
II. Operating expenses	(5,593,680)	(4,820,847)	(836,946)	(701,174)	(11,952,647)
Taxes and surcharges	(127,748)	(92,661)	(40,750)	(7,443)	(268,602)
General and administrative expenses	(3,660,908)	(3,036,044)	(437,076)	(664,712)	(7,798,740)
Credit losses	(1,805,024)	(1,692,142)	(359,120)	(8,924)	(3,865,210)
Loss from impairment of assets	-	-	-	(3,701)	(3,701)
Other operating expenses	-	-	-	(16,394)	(16,394)
III. Operating profit	7,509,104	4,145,022	2,143,976	(123,479)	13,674,623
Add: Non-operating income	-	-	-	42,002	42,002
Less: Non-operating expenses	-	-	-	(47,650)	(47,650)
IV. Profit before income tax	7,509,104	4,145,022	2,143,976	(129,127)	13,668,975
Total assets	364,771,066	252,594,998	587,256,361	76,776,696	1,281,399,121
Total liabilities	(473,934,074)	(489,732,504)	(139,762,914)	(72,253,982)	(1,175,683,474)

X. Commitments and contingencies

1. Credit commitment

The Group's credit commitment include credit limit for loan and credit card, bank acceptance bill, financial guarantee and letter of credit.

The contractual amount of credit commitment for loan or credit card is the full amount available to the borrower and card holder. The contractual amount of a letter of guarantee and letter and credit is the maximum loss when the other party fails to fulfil its contractual obligations. A bank acceptance bill is the redemption commitment made by the Group to the draft issued by the customer.

As the loan and credit facility may not be fully drawn before maturity, the amounts below may not represent the expected future cash outflows.

	The Group	
	2023	2022
Credit commitment for loan or credit card	65,461,336	64,365,338
Bank acceptance bills	19,572,951	17,350,662
Issuance of letter of guarantee	5,229,339	3,576,757
Issuance of letter of credit	13,145,858	9,085,879
Total	103,409,484	94,378,636

(All amounts expressed in thousands of RMB unless otherwise stated)

2. Capital expenditure commitments

At balance sheet dates, capital expenditure commitments of the Group are summarised as follows:

	The Group	
	2023	2022
Authorised but not contracted for	37,087	45,187
Contracted but not provided for	266,206	128,198
Total	303,293	173,385

3. Finance leases commitments

	The Group	
	2023	2022
Finance leases commitments	264,671	7,085

Finance lease commitments represent the contractual amounts of finance leases entered into by the Group as lessor as at 31 December 2023 and 2022 and where the lease has not yet commenced.

4. Operating lease commitments

As at 31 December 2023, future cash outflows not included in lease liabilities where the Group is the lessee were immaterial (2022: immaterial).

5. Bond underwriting and payment commitments

As at 31 December 2023, the Group has no commitment to underwrite bonds that have not yet matured (2022: Nil).

The Group underwrites treasury bonds. Bonds holder has a right to redeem the bonds at par at any time prior to maturity and the Group is required to pay the principal at face value and interest payable due on the redemption date. Interest payable to holder is calculated on the basis of the calculation method promulgated by the MOF and the People's Bank of China. The redemption amount may differ from the fair value of similar bonds available in the market as at the redemption date.

As at the balance sheet date, the Group's commitments for the redemption of treasury bonds that have been underwritten, sold but not yet matured at par value are as follows:

	2023	2022
Redemption commitments	2,535,501	2,494,676

6. Outstanding litigation and dispute

As at 31 December 2023, pending litigation and disputes in which the Group is a defendant amounted to RMB 88 million (2022: RMB 99 million). The Group is of the opinion, after consultation with internal and external legal counsel, that no provision is required in respect of the above litigation and disputes.

XI. Entrusted loans

	The Group	
	2023	2022
Entrusted loans	88,290,577	105,473,923
Entrusted loan funds	88,290,577	105,473,923

XII. Risk management of financial instruments

The Group's operations expose it to a variety of financial risks and the Group analyses, evaluates, assumes and manages risks or portfolios of risks at a certain level. Risk management is critical to the financial industry, while commercial activity inevitably involves operational risk. The Group aims to achieve an appropriate balance between risk and return and to minimise any potential adverse impact on the Group's financial performance.

The objective of the Group's risk management is to adopt the advanced risk management theories based on the stable risk management strategy determined by the Board of Directors, establish a risk management system that is suitable for the Group's market positioning, local credit environment, and matching the development of the Group, continuously improve the ability to identify, measure, monitor and control various risks, to effectively control the risks at an acceptable level, and ensure that the business management activities are in compliance with laws and regulations, convenient and efficient, operated stably, and can effectively prevent and reduce operating risks, and maintain the capital security of the Group and achieve continuous and stable value-added.

The Group's Board of Directors is responsible for establishing and maintaining an effective risk management system and has ultimate responsibility for the Group's risk management. The Risk Management Committee, which reports to the Board of Directors, performs risk management functions under the authority of the Board of Directors and formulates the strategy and overall policy with respect to risk management. The executive body of the risk management system is the Group's senior management, which is responsible for implementing the risk management strategy defined by the Board of Directors, implementing the risk management policy and establishing the risk management system and procedures covering all business and management processes.

The Risk Management Department is responsible for the overall risk management of the Group. It is responsible for the day-to-day operation of the risk management system to ensure consistency and effectiveness of overall risk management. It also prepares or assists in the preparation of relevant policies, regulations, procedures, risk control standards and detailed operating rules and submits them to senior management and the Board of Directors for approval. It also organises regular monitoring, analysis and reporting on the effectiveness of the implementation of risk management policies, systems and processes. In addition, the business unit and the branch are the first line of defence against risk and are responsible and accountable for their own risk management and the services they provide.

The Group's credit risk consists primarily of credit risk, market risk and liquidity risk. Market risk mainly includes interest rate risk and foreign currency risk.

1. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to loans and debt instruments.

The Group is exposed to credit risk when a debtor or counterparty defaults on its contractual obligations or its credit quality deteriorates, resulting in a financial loss to the Group. The Group's credit exposures arise principally from loans, investments, guarantees, acceptance bills and other credit risks related businesses on- and off-balance-sheet.

The credit risk management system of the Group is divided into four levels: the first level is the Board of Directors and its special committee, the Supervisory Board and its special committee; the second level is the senior management and its special committee; the third level is the head office credit risk management function departments; the fourth level is the head office credit risk related business departments, branches and its subordinate special committee and functional departments. The Board of Directors is responsible for establishing and maintaining an effective credit risk management system and bears ultimate responsibility for the credit risk management of the Group. The Supervisory Board is primarily responsible for overseeing the establishment and operation of the Group's credit risk management system. Senior management is responsible for the day-to-day management of the Group's credit risk and reports to the Board in accordance with the credit risk management strategies, policies, preferences and systems approved by the Board.

1.1 Credit risk assessment

1.1.1 Loans, finance lease receivables/ long-term receivables and credit commitments

The Group formulates a five-grade classification system to measure and manage the quality of its credit assets, including finance lease receivables and long-term receivables. The classification system is based on the Measures for Credit Risk Classification of Financial assets of Commercial Banks issued by former CBRC and the People's Bank of China. The five grades for the balance sheet and off-balance credit assets are pass, special mention, substandard, doubtful and loss. Those in the bottom three grades are considered as "non-performing".

The core definition of credit assets classification by Measures for Credit Risk Classification of Financial assets of Commercial Banks is as follows:

Pass: Borrower or lessee is able to meet its contractual obligations and there is no uncertainty as to whether principal and interest payments will be made on time.

Special Mention: Borrower or lessee is currently able to make principal and interest payments, although there are some potential factors that may adversely affect the execution of contractual obligations.

(All amounts expressed in thousands of RMB unless otherwise stated)

Substandard: Borrower or lessee is unable to pay the principal and interest payments in full, or the financial assets have suffered credit impairment.

Doubtful: Borrower or lessee has been unable to pay the principal and interest payments in full, or the financial assets have suffered significant credit impairment.

Loss: Only a small portion or none of the principal and interest can be recovered after taking all possible measures.

1.1.2 Bonds and other bills

In accordance with its own risk-bearing capacity and the qualifications of issuers, the Group carries out quota management, sets standards for bond investment according to the principle of risk return balance. The Group continuously optimizes the internal rating system, provides effective technical support for bond access, continually refines the post-investment management requirements, and emphasizes on continuous risk monitoring and timely risk alert.

1.1.3 Placements with banks and other financial institutions

The Group has established strict standards for the acceptance of financial institutions by setting rating standards, and tracks changes in the accreditation of financial institutions.

1.1.4 Wealth management products, trusts and asset management plans

The Group regularly reviews and manages the credit risk of financial institutions that provide wealth management products. For capital preservation wealth management product, the issuing bank's credit line is affected accordingly; for non-capital preservation wealth management product, the credit line of the product or the credit line of the entity's underlying assets is affected.

The Group has established standards for the acceptance of trust plan issuers and thoroughly manages the allocation of the trust plan's assets, as well as continuously monitoring changes in the issuer's institutional qualifications.

The Group has established standards for the acceptance of asset management plan issuers and thoroughly manages the allocation of the asset management plan's assets, as well as continuously monitoring changes in the issuer's institutional qualifications.

1.2 Risk limit control and mitigation measures

The Group manages, limits and controls concentrations of credit risk wherever they are identified, in particular, to individual counterparty, group and industry.

The Group sets limits on each borrower, group and industry to optimize credit risk structure. Risks mentioned-above are monitored when appropriate and reviewed annually or more frequently as deemed necessary.

Exposure to Credit risk is also managed through regular analysis of the ability of borrowers to meet principal and interest repayment obligations. The Group will update their lending limits when appropriate based on the analysis.

Some other specific control and mitigation measures are as follows:

1.2.1 Loans

The Group has a number of policies and practices in place to mitigate credit risk, one of the more significant measures is obtaining collateral, deposits and guarantees from corporate borrower or personal borrower. The Group implements guidelines on the acceptance of specific classes of collateral. The principal of types of collateral are as follows:

- Financial collateral, e.g. cash and cash equivalents, precious metals, bonds and bills
- Real estate, e.g. commercial real estate, residential real estate and construction in progress
- Accounts receivable, e.g. trading accounts receivable, and rental receivable
- Other collaterals, e.g. letters of credit, machinery and equipment, and transportations

Fair value of collaterals is usually required to be assessed by professional evaluator designated by the Group. To mitigate the credit risk, the Group sets limit on the highest collateral ratio (the ratio of loan amount to the fair value of collateral) for difference types of collateral. The principal collateral types for corporate loans and individual loans are as follows:

Collateral	Maximum ratio (%)
Time deposit	85.00 - 100.00
Certificate treasury bonds	90.00 - 100.00
Financial bond	90.00
Corporate bond	80.00
Commercial building and factory	50.00 - 70.00
Housing and land use rights	60.00 - 70.00

For loans guaranteed by a third-party guarantor, the Group will assess the financial condition, credit history and ability to meet obligations of the guarantor.

Collateral held as security for other financial assets other than loans is determined by the nature of the instrument. Debt securities, certificate treasury bonds and other eligible bills are generally unsecured.

1.2.2 Credit-related commitments

The primary purpose of these credit-related commitments is to ensure that funds are available to a customer as required. Issued letters of guarantee, letters of credit and acceptance bill represent irrevocable assurances that the Group will make payments in event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans, and guarantee deposits are received by the Group to lessen the credit risks of the service provided by the Group when the amount of credit commitment applied by the customer exceeds the original credit limit. The Group's potential amount of credit risk is equivalent to the total amount of credit commitments.

1.3 Credit risk impairment analysis and provision policy

1.3.1 Risk stages of financial instruments

The Group applies a 'three-stage model' for measuring ECLs for financial instruments based on whether the credit risk of a financial instrument has increased significantly since initial recognition or whether it has become credit-impaired:

Stage 1: For financial instruments with no significant increase in credit risk since initial recognition, the 12 months ECL shall be recognized;

Stage 2: For financial instruments with significant increase in credit risk since initial recognition but no objective evidence of impairment, the lifetime expected credit loss shall be recognized;

Stage 3: For financial instruments with objective evidence of impairment at the balance sheet date, the lifetime expected credit loss shall be recognized.

1.3.2 Significant increases in credit risk

In classifying the risk stages of financial instruments, the Group takes full account of all reasonable and evidence-based information, including forward-looking information which reflects whether there has been a significant change in its credit risk. Main considerations include regulatory and economic environment, internal and external credit risk ratings, solvency, operating capacity, loan agreement terms and repayment activities. The Group compares the risk of default on the initial recognition date and on the balance sheet date of a financial instrument to determine the change in the risk of default over the expected life of the instrument. The Group assesses, at least quarterly, whether the credit risk of the relevant financial instrument has increased significantly since the initial recognition. By setting qualitative and quantitative criteria, the Group determines whether the credit risk of a financial instrument has increased significantly since the initial recognition. When one or more of the following criteria are met, the Group believes that the credit risk of financial instruments has increased significantly:

- The principal or interest of the debt is overdue for more than 30 days;
- Since initial recognition, the classification of credit risk transferred from Pass to Special Mention;
- Significant deterioration in the credit rating of the debtor since initial recognition;

- Significant adverse changes in the debtor's operating or financial position;

- Other circumstances identified by the Group as indicative of a significant increase in credit risk.

The Group regularly reviews whether the evaluation criteria are applicable to the current situation.

1.3.3 Judgement criteria for incurred credit impairment

In determining whether a credit impairment occurs, the Group adopts criteria consistent with internal credit risk management objectives for the relevant financial instruments, taking into account both quantitative and qualitative indicators. In assessing whether a debtor has suffered a credit impairment, the Group takes into account the following factors:

- The internal rating of the customer is a default ;
- The debtor is more than 90 days overdue after the date of payment of the contract;
- The Group, for economic or contractual reasons relating to the financial difficulties of the debtor, grants the debtor concessions which are normally unwilling to make;
- The Group realizes that the debtor may not be able to repay its debts to the bank in full unless recourse measures such as the realization of the collateral are taken;
- The disappearance of an active market for the financial asset because of significant financial difficulties of the debtor;
- It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- Other objective evidence indicating impairment of the financial asset.

1.3.4 Risk grouping

The Group assesses ECLs on credit risk exposures on an individual or portfolio basis. When assessing ECLs on a portfolio basis, the Group assigns assets with similar credit risk characteristics to the same group. Key factors to consider when grouping include the type of transaction, the type of customer, the industry to which the customer belongs, the type of guarantee and other credit risk characteristics. The Group regularly reviews the appropriateness of grouping.

1.3.5 Measurement parameters of ECL

The Group estimates the Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD) for each single debt of future periods to determine the credit impairment loss. The expected credit loss is the result after discounting the product of the probability of default, loss given default and exposure at default.

The key parameters used for measuring ECL are:

- PD: is an estimate of the likelihood of default over future 12 months or lifetime horizon;
- LGD: is the proportion of the loss arising on default to the exposure at default;

(All amounts expressed in thousands of RMB unless otherwise stated)

• EAD: is the amount that the Group should be paid in the event of default in the future 12 months or the lifetime.

These figures are generally derived from internally developed statistical models and other historical data.

During the reporting period, there is no significant changes in evaluation techniques or key assumptions.

1.3.6 Forward-looking information

The Group uses macroeconomic forward-looking information during the calculation of expected credit loss.

Through the analysis of historical data, the Group identifies key economic indicators that affect credit risk and expected credit loss in various business types, such as gross domestic product (GDP), industrial producer price index (PPI). The Group evaluates these indicators on a regular basis and analyses the relationship between these key economic indicators and the probability of default using the regression model, and assesses the forward looking impact of the movement in these indicators on the expected credit loss is calculated.

Based on macroeconomic statistical analyses and expert judgements, the Group calculates weighted provision for expected credit loss under optimistic, benchmark and pessimistic macroeconomic scenarios and its weight. At the end of 2023, the optimistic, benchmark and pessimistic macroeconomic scenarios have similar weightings.

The Group regularly evaluates and forecasts the macroeconomic indicators used in the forward-looking expected credit loss model. Taking the cumulative year-on-year growth rate of gross domestic product (GDP) and the cumulative year-on-year growth rate of industrial producer price index (PPI) as examples, the Group predicts that the cumulative year-on-year growth rate of GDP will be 4.91% under the 2024 benchmark scenario, the cumulative year-on-year growth rate of PPI is 0.34% under the benchmark scenario of 2024.

Similar to other economic forecasts, the estimates of expected economic indicators and likelihood of occurrence are subject to a high degree of inherent uncertainty, and therefore actual results may differ from forecasts. The Group believes that these forecasts reflect the Group's best estimate of likely outcomes.

1.4 Maximum exposure to credit risk before collateral held or other credit enhancements

	The Group	
	2023	2022
Credit risk exposures relating to balance sheet items:		
Cash and deposits with central bank	69,533,946	70,251,957
Deposits with banks and other financial institutions	17,086,981	32,366,243
Placements with banks and other financial institutions	54,160,057	51,239,439
Derivative financial assets	2,036,268	1,198,288
Financial assets purchased under resale agreements	18,054,688	28,527,869
Loans and advances to customers	684,879,284	643,951,491
Financial assets held for trading	59,242,408	44,080,000
Debt investments	173,856,650	143,318,577
Other debt investments	260,742,543	216,000,307
Finance lease receivables	7,716,421	12,216,424
Long-term receivables	27,081,537	20,546,536
Other financial assets	982,897	2,011,222
Sub-total	1,375,373,680	1,265,708,353
Credit risk exposures relating to off-balance-sheet items:		
Credit commitments for loans	65,461,336	64,365,338
Bank acceptance bills	19,572,951	17,350,662
Issuance of letter of guarantee	5,229,339	3,576,757
Issuance of letter of credit	13,145,858	9,085,879
Sub-total	103,409,484	94,378,636
Total	1,478,783,164	1,360,086,989

The tables above represent the maximum exposure to credit risk before collateral held or other credit enhancements.

1.5 Credit quality analysis of financial instruments included in impairment assessment

As at 31 December 2023, the Group's financial assets are classified by risk stage as follows:

	2023							
	Book value				Expected credit impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and deposits with central bank	69,533,946	-	-	69,533,946	-	-	-	-
Deposits with banks and other financial institutions	17,105,556	-	-	17,105,556	(18,575)	-	-	(18,575)
Placements with banks and other financial institutions	54,308,417	-	-	54,308,417	(148,360)	-	-	(148,360)
Financial assets purchased under resale agreements	18,082,007	-	-	18,082,007	(27,319)	-	-	(27,319)
Loans and advances to customers	558,989,035	34,702,699	6,934,835	600,626,569	(16,325,377)	(6,454,344)	(5,054,497)	(27,834,218)
Finance lease receivables	7,163,705	805,743	487,254	8,456,702	(160,824)	(248,051)	(331,406)	(740,281)
Long-term receivables	27,346,120	806,601	28,708	28,181,429	(837,074)	(241,288)	(21,530)	(1,099,892)
Financial investment	174,035,346	-	204,401	174,239,747	(178,696)	-	(204,401)	(383,097)
Sub-total	926,564,132	36,315,043	7,655,198	970,534,373	(17,696,225)	(6,943,683)	(5,611,834)	(30,251,742)
Financial assets measured at FVOCI								
Loans and advances to customers	108,550,009	6,198	7,323	108,563,530	(208,114)	(3)	(7,323)	(215,440)
Financial investment	260,540,381	202,162	-	260,742,543	(275,011)	(45,918)	-	(320,929)
Sub-total	369,090,390	208,360	7,323	369,306,073	(483,125)	(45,921)	(7,323)	(536,369)
Credit commitment	100,452,429	2,949,480	7,575	103,409,484	(452,444)	(251,575)	(454)	(704,473)
Total	1,396,106,951	39,472,883	7,670,096	1,443,249,930	(18,631,794)	(7,241,179)	(5,619,611)	(31,492,584)

(All amounts expressed in thousands of RMB unless otherwise stated)

As at 31 December 2022, risk stages of financial assets are as follows:

	2022							
	Book value				Expected credit impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and deposits with central bank	70,251,957	-	-	70,251,957	-	-	-	-
Deposits with banks and other financial institutions	32,379,141	-	-	32,379,141	(12,898)	-	-	(12,898)
Placements with banks and other financial institutions	51,283,076	-	-	51,283,076	(43,637)	-	-	(43,637)
Financial assets purchased under resale agreements	28,564,080	-	-	28,564,080	(36,211)	-	-	(36,211)
Loans and advances to customers	530,254,530	38,742,157	7,584,544	576,581,231	(15,447,495)	(6,168,775)	(6,308,281)	(27,924,551)
Finance lease receivables	12,110,734	714,905	445,240	13,270,879	(502,152)	(180,294)	(372,009)	(1,054,455)
Long-term receivables	20,880,422	379,566	46,086	21,306,074	(637,700)	(92,650)	(29,188)	(759,538)
Financial investment	143,343,198	-	204,401	143,547,599	(24,621)	-	(204,401)	(229,022)
Sub-total	889,067,138	39,836,628	8,280,271	937,184,037	(16,704,714)	(6,441,719)	(6,913,879)	(30,060,312)
Financial assets measured at FVOCI								
Loans and advances to customers	92,427,403	1,293	7,320	92,436,016	(284,080)	(1)	(5,980)	(290,061)
Financial investment	216,000,307	-	-	216,000,307	(24,581)	-	-	(24,581)
Sub-total	308,427,710	1,293	7,320	308,436,323	(308,661)	(1)	(5,980)	(314,642)
Credit commitment	90,805,820	3,572,816	-	94,378,636	(334,125)	(277,026)	-	(611,151)
Total	1,288,300,668	43,410,737	8,287,591	1,339,998,996	(17,347,500)	(6,718,746)	(6,919,859)	(30,986,105)

Note: The three-level classification does not apply to impairment allowance recognised on other financial assets measured at amortised cost using the practical expedient.

1.6 Restructured loans

According to Measures for Credit Risk Classification of Financial assets of Commercial Banks issued by former CBRC and the People's Bank of China and effective on 1 July 2023, restructured loans refer to loans with adjustments to the contract made by commercial banks in favor of the debtor with financial difficulties in order to urge the debtor to repay its debt, or loans to refinance the debtor's existing debt, including repayment and new financing. As at 31 December 2023, the balance of restructured loans of the Group satisfied with the above-mentioned measure is RMB 2,213,425 thousand (As at 31 December 2022, the balance of restructured loans of the Group satisfied with the former regulations is RMB 448,902 thousand). As at 31 December 2023, the balance of restructured loans of the Bank satisfied with the above-mentioned measure is RMB 2,191,503 thousand (As at 31 December 2022, the balance of restructured loans of the Bank satisfied with the former regulations is RMB 448,783 thousand).

1.7 Credit-impaired loans and advances to customers

Covered or not covered with collaterals and other credit enhancements

	The Group	
	2023	2022
Carrying value - covered	1,195,713	978,074
Carrying value - not covered	691,948	297,124
Total	1,887,661	1,275,198

1.8 Bonds and other investments

The Group adopts credit rating method to monitor the credit risk of the debt instrument portfolios. The investment grading of debt instruments is always based on the grading of rating agencies recognized by the PBOC. At the balance sheet date, according to the investment grading, the carrying amount of the financial investment is set out as follows:

	The Group			
	2023			
	Financial assets held for trading	Debt investments	Other debt investments	Total
AAA- to AAA+	1,642,426	49,443,176	88,440,815	139,526,417
AA- to AA+	30,373	-	992,414	1,022,787
Unrated	57,569,609	124,413,474	171,309,314	353,292,397
Total	59,242,408	173,856,650	260,742,543	493,841,601

	The Group			
	2022			
	Financial assets held for trading	Debt investments	Other debt investments	Total
AAA- to AAA+	14,789,680	42,184,629	33,170,796	90,145,105
AA- to AA+	432,747	-	404,479	837,226
Unrated	28,857,573	101,133,948	182,425,032	312,416,553
Total	44,080,000	143,318,577	216,000,307	403,398,884

2. Liquidity risk

The Group is exposed to daily calls on its available cash resources from overnight deposits, demand deposits, maturing time deposits, bonds payable, loan draw downs, guarantees and other payment calls. Historical experience shows that a large proportion of the deposits will remain in the Group rather than being withdrawn at maturity. The Group sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals in the event of unexpected demand.

The Group is required to maintain certain percentage of RMB and foreign currency customer deposits with the PBOC, which are restricted for the Group's daily operation, see Note V.1 for detail.

Maintaining a matching maturity structure of assets and liabilities and effectively managing matching differences is of paramount importance to the Group's management. A bank is seldom able to match assets and liabilities exactly, as transactions are often of uncertain duration and involve different types of business.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of Banks and their exposure to changes in interest rates and exchange rates.

The Group provides guarantees and issues letters of credit based on customers' creditworthiness and deposit amount. Customers usually do not fully withdraw the amount of letter of guarantees or letter of credit provided by the Group, the cash amount required is generally lower than the guaranteed amount. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

The Group has administrative measures in place for liquidity risk management to standardise liquidity management policies and procedures. Liquidity risk management system of the Group is mainly divided into three levels. The first level is the Board of Directors and its special committee, supervisory board and its special committees; the second level is the senior management and its special committee; the third level is the functional departments of the head office and the branches. The Board of Directors shall bear the ultimate responsibility for liquidity risk management, examine and approve liquidity risk preferences, liquidity risk management strategies, important policies and procedures, etc. The supervisory board is responsible for monitoring liquidity risk management. Senior management is responsible for carrying out the specific management responsibilities and defining the organizational structure of liquidity risk management. It also formulates, regularly assesses and monitors the implementation of liquidity risk preferences, liquidity risk management strategies, policies and procedures. And senior management is responsible for organizing the implementation of specific liquidity risk management, and reporting to the Board of Directors on the status of liquidity risk with regular understanding

(All amounts expressed in thousands of RMB unless otherwise stated)

of the management work. Asset and Liability Management department of the head office is responsible for leading the liquidity risk management, and the risk management department of the head office is responsible for integrating liquidity risk into the overall risk management system. The Audit Department of the head office shall perform the audit duties and carry out a comprehensive audit of the liquidity risk management.

The Group adheres to the prudent liquidity management strategy. Through the establishment of a scientific and overall liquidity risk management system, the Group implements effective identification, measurement, monitoring and reporting of liquidity risk. By formulating liquidity risk management policies in accordance with regulatory requirements, external macro-operating environment and business development, the Group effectively promises balance liquidity, safety and efficiency under the premise of ensuring liquidity safety.

The liquidity risk preference of the Group is prudent and well adapted to the current development stage of the Group. The current liquidity risk management policy and system basically meet the regulatory requirements and the Group's own management needs.

Liquidity risk management includes daily basic work such as large amount forecast management, reserve management, liquidity supervision index measurement, monitoring and controlling, asset-liability matching management, etc., and liquidity emergency management, stress testing and other sudden risk management. Daytime liquidity risk management based on the funds position management system, daily liquidity risk management and stress testing based on the asset liability management system.

Taking into account the external market environment and its own business characteristics, the Group develops stress test plans annually, and conducts regular stress tests to assess whether the Group can cope with the liquidity requirements in extreme situations. Besides the annual stress tests required by the Regulatory agencies, the Group also conducts stress tests on a quarterly basis. The test results show that the liquidity risk of the Group is always in controllable range under the set stress scenario and multiple scenario stress assumptions.

In addition, the Group develops a liquidity contingency plan to timely conduct liquidity contingency exercises in case of a liquidity crisis. On this basis, the Group establishes a regular reporting mechanism on liquidity risk to timely report to the Board and senior management the updated liquidity risk.

(1) Contractual undiscounted cash flow analysis

	The Group								
	2023								
	Contractual cash flow	Undated	Overdue	On demand	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Non-derivative financial assets									
Cash and balances with central bank	69,533,946	52,702,153	-	16,831,793	-	-	-	-	-
Due from banks and other financial institutions	17,152,948	-	-	10,164,074	2,625,459	1,684,707	2,678,708	-	-
Placements with banks and other financial institutions	54,784,655	-	-	-	8,422,000	7,222,311	35,565,590	3,574,754	-
Financial assets purchased under resale agreements	18,085,248	-	-	-	18,085,248	-	-	-	-
Loans and advances to customers	829,083,554	-	8,899,423	-	30,931,374	84,545,806	239,065,692	236,493,829	229,147,430
Financial assets held for trading	60,093,252	-	-	-	35,968,703	7,131,517	9,217,488	6,388,261	1,387,283
Debt investments	195,136,265	-	204,401	-	4,399,590	6,270,692	23,667,174	103,418,408	57,176,000
Other debt investments	281,178,121	-	-	-	53,456,894	6,062,320	17,597,039	159,289,193	44,772,675
Investments in other equity instruments	236,500	236,500	-	-	-	-	-	-	-
Finance lease receivables	9,524,915	-	880,799	-	297,231	828,432	3,001,263	3,723,127	794,063
Long-term receivables	30,589,441	-	249,170	-	1,126,294	2,452,728	9,173,063	16,889,182	699,004
Other financial assets	1,079,130	-	110,348	-	968,782	-	-	-	-
Total non-derivative financial assets	1,566,477,975	52,938,653	10,344,141	26,995,867	156,281,575	116,198,513	339,966,017	529,776,754	333,976,455

	2023								
	Contractual cash flow	Undated	Overdue	On demand	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Non-derivative financial liabilities									
Loans from the central bank	(50,868,114)	-	-	-	(6,470,210)	(5,098,401)	(39,299,503)	-	-
Due to banks and other financial institutions	(7,057,742)	-	-	(1,573,161)	(301,873)	(654)	(5,182,054)	-	-
Placements from banks and other financial institutions	(44,934,595)	-	-	-	(8,705,334)	(7,360,942)	(28,128,581)	(739,738)	-
Financial liabilities held for trading	(97,128)	-	-	(97,128)	-	-	-	-	-
Financial assets sold under repurchase agreement	(31,621,070)	-	-	-	(31,621,070)	-	-	-	-
Customer deposits	(1,055,698,195)	-	-	(373,629,505)	(58,881,670)	(101,936,401)	(212,609,003)	(308,641,616)	-
Debt securities issued	(96,678,700)	-	-	-	(7,220,000)	(7,536,900)	(55,378,800)	(15,108,600)	(11,434,400)
Lease liabilities	(689,443)	-	-	-	(34,011)	(36,525)	(146,641)	(407,809)	(64,457)
Other financial liabilities	(4,946,306)	-	-	-	(2,254,887)	(58,000)	(437,677)	(2,096,582)	(99,160)
Total non-derivative financial liabilities	(1,292,591,293)	-	-	(375,299,794)	(115,489,055)	(122,027,823)	(341,182,259)	(326,994,345)	(11,598,017)
Net value	273,886,682	52,938,653	10,344,141	(348,303,927)	40,792,520	(5,829,310)	(1,216,242)	202,782,409	322,378,438
Derivative financial instruments									
Derivative settled on a gross basis									
- Cash inflow	58,435,547	-	-	-	23,597,106	9,864,341	24,511,862	462,238	-
- Cash outflow	(57,192,121)	-	-	-	(23,466,712)	(9,622,068)	(23,643,980)	(459,361)	-
Derivative settled on a net basis	(89,123)	-	-	-	(1,142)	(12,841)	(28,055)	(47,085)	-
Total derivative financial instruments	1,154,303	-	-	-	129,252	229,432	839,827	(44,208)	-
Credit commitment	103,409,484	-	-	30,547,661	6,099,930	10,344,324	21,958,047	16,464,335	17,995,187

(All amounts expressed in thousands of RMB unless otherwise stated)

	2022								
	Contractual cash flow	Undated	Overdue	On demand	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Non-derivative financial assets									
Cash and balances with central bank	70,251,957	52,976,260	-	17,275,697	-	-	-	-	-
Due from banks and other financial institutions	32,422,259	-	-	26,628,918	1,591,944	1,534,316	2,667,081	-	-
Placements with banks and other financial institutions	52,016,204	-	-	-	12,634,408	4,945,875	32,561,312	1,874,609	-
Financial assets purchased under resale agreements	28,575,753	-	-	-	28,575,753	-	-	-	-
Loans and advances to customers	799,288,643	-	9,636,190	-	41,333,212	56,382,826	220,899,856	228,888,143	242,148,416
Financial assets held for trading	44,613,289	-	-	-	26,968,537	8,758,815	3,050,552	5,507,759	327,626
Debt investments	166,459,928	-	204,401	-	1,728,931	3,570,764	16,353,808	117,642,660	26,959,364
Other debt investments	234,438,735	-	-	-	44,098,257	818,510	14,101,748	113,798,874	61,621,346
Investments in other equity instruments	236,500	236,500	-	-	-	-	-	-	-
Finance lease receivables	14,762,199	-	420,534	-	501,969	1,300,298	4,305,400	8,048,090	185,908
Long-term receivables	23,759,044	-	30,326	-	776,317	1,723,832	6,237,956	14,594,246	396,367
Other financial assets	2,011,222	-	63,416	-	1,947,806	-	-	-	-
Total non-derivative financial assets	1,468,835,733	53,212,760	10,354,867	43,904,615	160,157,134	79,035,236	300,177,713	490,354,381	331,639,027

	2022								
	Contractual cash flow	Undated	Overdue	On demand	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Non-derivative financial liabilities									
Loans from the central bank	(37,532,469)	-	-	-	(4,952,271)	(4,537,991)	(28,042,207)	-	-
Due to banks and other financial institutions	(10,818,942)	-	-	(1,896,768)	(3,001,873)	(4,287,438)	(1,632,863)	-	-
Placements from banks and other financial institutions	(29,286,563)	-	-	-	(5,302,500)	(4,677,877)	(19,306,186)	-	-
Financial liabilities held for trading	(55,955)	-	-	(55,955)	-	-	-	-	-
Financial assets sold under repurchase agreement	(30,374,040)	-	-	-	(30,374,040)	-	-	-	-
Customer deposits	(981,607,476)	-	-	(376,522,297)	(67,658,335)	(68,053,309)	(174,048,064)	(295,325,471)	-
Debt securities issued	(91,624,986)	-	-	-	(1,380,000)	(17,357,157)	(59,657,202)	(1,435,834)	(11,794,793)
Lease liabilities	(653,488)	-	-	-	(17,846)	(33,681)	(146,440)	(373,514)	(82,007)
Other financial liabilities	(12,675,773)	-	-	-	(10,332,150)	(23,122)	(154,720)	(2,095,081)	(70,700)
Total non-derivative financial liabilities	(1,194,629,692)	-	-	(378,475,020)	(123,019,015)	(98,970,575)	(282,987,682)	(299,229,900)	(11,947,500)
Net value	274,206,041	53,212,760	10,354,867	(334,570,405)	37,138,119	(19,935,339)	17,190,031	191,124,481	319,691,527
Derivative financial instruments									
Derivative settled on a gross basis									
- Cash inflow	41,220,669	-	-	-	30,016,249	2,991,152	8,069,055	144,213	-
- Cash outflow	(41,106,191)	-	-	-	(29,835,573)	(3,052,067)	(8,078,716)	(139,835)	-
Derivative settled on a net basis	(177,016)	-	-	-	1,625	(28,338)	(116,063)	(34,240)	-
Total derivative financial instruments	(62,538)	-	-	-	182,301	(89,253)	(125,724)	(29,862)	-
Credit commitment	94,378,636	-	-	33,199,440	3,044,482	6,557,789	11,282,865	13,503,818	26,790,242

3. Market risk

Market risk refers to the risk of loss to the Group's on/off-balance sheet business caused by adverse changes in market price (interest rate, exchange rate and other prices). The Group's market risk arises primarily from the interest rate risk and exchange rate risk of various asset and liability businesses and products involved in market operations.

The Group's market risk arises from trading books and bank books. Trading accounts include financial instruments and commodity positions held for trading or to hedge the risk of other items in the trading account. Bank accounts refer to asset and liability operations and related financial instruments recorded on and off the bank's balance sheet, with relatively stable market values, which the bank undertakes and is willing to hold for stable returns or to hedge risks.

The Group set up market risk management policies and market risk pressure test policies management. The Internal Control Management Committee takes the role of market risk management of the senior management. The risk management department of the head office leads and assumes responsibility of market risk management, implement all specific tasks to identify, measure, monitor and control market risks. The departments bearing market risk take the responsibilities of applying the policy and follow the standard procedure of the Group, coordinating with the Risk Management Department, reporting market risk and the execution of standard procedure, as well as applying decisions made by the Asset and Liability Management Committee. Furthermore, the asset and liability information system of the Group can manage market risk effectively.

(1) Measurement of market risk

The Group uses sensitivity analysis, scenario analysis and pressure test to assess investment portfolio risk that exposures to the movement of interest rate and exchange rate. By simulating the impact of interest rate, exchange rate and income curve on the market value of the portfolio, the Group's overall market risk level is revealed in a timely and accurate manner. And in accordance with the market risk management reporting system, the Group reports regularly to senior management and the Board of Directors.

(All amounts expressed in thousands of RMB unless otherwise stated)

(2) Foreign currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of exchange rate on its financial position and cash flows.

The Group's principle in controlling exchange rate risk is to match its assets and liabilities in each currency and to maintain exchange rate risk within established limits. The Group sets risk tolerance limits in accordance with the relevant regulatory requirements, the guidelines of the Internal Control and Risk Management Committee and management's assessment of the current environment. The Group also manages its foreign capital sources and usage of foreign currencies to minimize potential currency mismatches.

The tables below summaries the Group's exposure to foreign currency exchange rate risk at the balance sheet date. Included in the tables are the Group's assets and liabilities at carrying amounts in RMB:

	2023			Total
	RMB	USD equivalent to RMB	Other currencies equivalent to RMB	
Assets				
Cash and balances with central bank	68,885,384	585,875	62,687	69,533,946
Due from banks and other financial institutions	15,608,114	922,405	556,462	17,086,981
Placements with banks and other financial institutions	52,332,089	1,827,968	-	54,160,057
Derivative financial assets	1,746,867	119,665	169,736	2,036,268
Financial assets purchased under resale agreements	18,054,688	-	-	18,054,688
Loans and advances to customers	677,668,963	4,012,441	3,197,880	684,879,284
Financial assets held for trading	59,242,408	-	-	59,242,408
Debt investments	173,511,817	344,833	-	173,856,650
Other debt investments	254,458,502	6,228,740	55,301	260,742,543
Investments in other equity instruments	236,500	-	-	236,500
Finance lease receivables	7,716,421	-	-	7,716,421
Long-term receivables	27,081,537	-	-	27,081,537
Other financial assets	980,109	2,788	-	982,897
Total financial assets	1,357,523,399	14,044,715	4,042,066	1,375,610,180
Liabilities				
Loans from the central bank	(50,215,083)	-	-	(50,215,083)
Due to banks and other financial institutions	(7,005,514)	(67)	-	(7,005,581)
Placements from banks and other financial institutions	(43,221,779)	(1,694,210)	-	(44,915,989)
Financial liabilities held for trading	(97,128)	-	-	(97,128)
Derivative financial liabilities	(1,668,016)	(101,457)	(11,863)	(1,781,336)
Financial assets sold under repurchase agreement	(31,619,874)	-	-	(31,619,874)
Customer deposits	(1,028,450,355)	(7,427,236)	(1,860,507)	(1,037,738,098)
Debt securities issued	(92,120,146)	-	-	(92,120,146)
Lease liabilities	(640,744)	-	-	(640,744)
Other financial liabilities	(4,945,765)	(528)	(13)	(4,946,306)
Total financial liabilities	(1,259,984,404)	(9,223,498)	(1,872,383)	(1,271,080,285)
Net balance sheet exposure	97,538,995	4,821,217	2,169,683	104,529,895
Derivative financial instrument contracts	4,550,020	(3,695,342)	(1,410,565)	(555,887)
Credit commitment	101,812,748	1,435,679	161,057	103,409,484

	2022			Total
	RMB	USD equivalent to RMB	Other currencies equivalent to RMB	
Assets				
Cash and balances with central bank	69,600,749	634,296	16,912	70,251,957
Due from banks and other financial institutions	20,646,210	4,351,235	7,368,798	32,366,243
Placements with banks and other financial institutions	40,526,200	10,688,680	24,559	51,239,439
Derivative financial assets	1,081,605	106,870	9,813	1,198,288
Financial assets purchased under resale agreements	28,527,869	-	-	28,527,869
Loans and advances to customers	636,246,515	4,101,054	3,603,922	643,951,491
Financial assets held for trading	44,080,000	-	-	44,080,000
Debt investments	142,642,600	675,977	-	143,318,577
Other debt investments	213,045,090	2,955,217	-	216,000,307
Investments in other equity instruments	236,500	-	-	236,500
Finance lease receivables	12,216,424	-	-	12,216,424
Long-term receivables	20,546,536	-	-	20,546,536
Other financial assets	2,006,584	4,638	-	2,011,222
Total financial assets	1,231,402,882	23,517,967	11,024,004	1,265,944,853
Liabilities				
Loans from the central bank	(37,095,461)	-	-	(37,095,461)
Due to banks and other financial institutions	(10,781,823)	(1,621)	-	(10,783,444)
Placements from banks and other financial institutions	(26,090,162)	(2,833,698)	-	(28,923,860)
Financial liabilities held for trading	(55,955)	-	-	(55,955)
Derivative financial liabilities	(1,155,483)	(91,954)	(172)	(1,247,609)
Financial assets sold under repurchase agreement	(30,370,457)	-	-	(30,370,457)
Customer deposits	(951,529,563)	(9,208,209)	(631,729)	(961,369,501)
Debt securities issued	(87,225,642)	-	-	(87,225,642)
Lease liabilities	(603,813)	-	-	(603,813)
Other financial liabilities	(12,582,101)	(71,118)	(22,554)	(12,675,773)
Total financial liabilities	(1,157,490,460)	(12,206,600)	(654,455)	(1,170,351,515)
Net balance sheet exposure	73,912,422	11,311,367	10,369,549	95,593,338
Derivative financial instrument contracts	19,687,887	(10,109,649)	(10,050,767)	(472,529)
Credit commitment	91,966,245	2,091,955	320,436	94,378,636

The table below illustrates the potential impact of an appreciation or depreciation of other currencies against RMB by 500bps on the Group's net profit:

	The Group	
	2023	2022
500 basis points appreciation	9,980	8,187
500 basis points depreciation	(9,980)	(8,187)

(All amounts expressed in thousands of RMB unless otherwise stated)

When determining the business conditions and financial inputs, the Group makes following assumptions in performing sensitivity analysis to exchange rate:

- Analysis based on the static gap of balance sheet, and changes to the Group's business operations after balance sheet date are not considered;
- Exchange rate sensitivity refers to the exchange gains and losses caused by the fluctuation of 500 basis points of the absolute value of the closing price (middle price) of each currency against RMB on the balance sheet date;
- As the proportion of the Group's non-US dollar assets and liabilities in other foreign currencies in the total assets and liabilities is not significant, the possible impact on the Group's net profit of other foreign currencies in the above sensitivity analysis is calculated at the amount converted into US dollars;
- The calculation of foreign exchange exposure includes spot foreign exchange exposure, forward foreign exchange exposure and swap foreign exchange exposure;
- Other variables (including interest rate) remain unchanged; and
- Customers' reactions to the exchange rate movements and exchange rate movements' impact on the marketing prices are not considered;

Due to these limitations of the Group's approach, actual impact on the Group's net income from exchange rate fluctuation may vary from the analysis above.

(3) Interest rate risk

The Group's interest rate risk arises primarily from mismatches between the maturity date or repricing date of interest-earning assets and interest-bearing liabilities. The Group's interest-bearing assets and interest-bearing liabilities are mainly denominated in RMB. Since the reform of the central bank's loan market quotation rate ("LPR"), the Group has implemented relevant policies and actively promoted the application of LPR in accordance with regulatory requirements.

The Group manages interest rate risk mainly by optimizing the business scale and maturity structure of its assets and liabilities, regularly monitoring interest rate risk sensitivity indicators and using exposure analysis to statically measure the repricing characteristics of assets and liabilities. At the same time, The Group continues to pay attention to changes in domestic and foreign economic situations, and increase the observation of the trend of local and foreign currency interest rates, keep up with interest rate movements, performs the scenario analysis and adjusts interest rate of loans and deposits as appropriate, in order to reduce the interest rate exposure. The Group paid close attention to the regulatory policy of international benchmark interest rate reform and interbank dynamics, actively carried out the conversion of pricing benchmarks for foreign currency business, and related work was carried out in an orderly manner.

The following table summarises the structural analysis of the Group's financial assets and financial liabilities at the interest rate repricing date. The tables show the Group's assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

	2023					Total
	Non-interest-bearing	Less than 3 month	3 months -1 year (inclusive)	1-5 years (inclusive)	More than 5 years	
Assets						
Cash and balances with central bank	4,667,942	64,866,004	-	-	-	69,533,946
Due from banks and other financial institutions	83,166	14,387,534	2,616,281	-	-	17,086,981
Placements with banks and other financial institutions	659,484	15,495,495	34,618,978	3,386,100	-	54,160,057
Derivative financial assets	2,036,268	-	-	-	-	2,036,268
Financial assets purchased under resale agreements	12,647	18,042,041	-	-	-	18,054,688
Loans and advances to customers	1,230,190	275,927,813	343,486,209	53,961,760	10,273,312	684,879,284
Financial assets held for trading	274,452	42,997,594	8,956,791	5,814,448	1,199,123	59,242,408
Debt investments	2,829,771	9,105,812	19,726,784	90,816,474	51,377,809	173,856,650
Other debt investments	4,045,403	59,442,029	14,331,075	142,267,579	40,656,457	260,742,543
Investments in other equity instruments	236,500	-	-	-	-	236,500
Finance lease receivables	90,907	5,169,878	1,581,585	847,757	26,294	7,716,421
Long-term receivables	248,980	22,705,286	2,706,934	1,354,367	65,970	27,081,537
Other financial assets	982,897	-	-	-	-	982,897
Total financial assets	17,398,607	528,139,486	428,024,637	298,448,485	103,598,965	1,375,610,180
Liabilities						
Loans from the central bank	(292,294)	(11,368,478)	(38,554,311)	-	-	(50,215,083)
Due to banks and other financial institutions	(22,420)	(1,873,161)	(5,110,000)	-	-	(7,005,581)
Placements from banks and other financial institutions	(191,423)	(16,459,486)	(27,565,080)	(700,000)	-	(44,915,989)
Financial liabilities held for trading	(97,128)	-	-	-	-	(97,128)
Derivative financial liabilities	(1,781,336)	-	-	-	-	(1,781,336)
Financial assets sold under repurchase agreement	(13,247)	(31,606,627)	-	-	-	(31,619,874)
Customer deposits	(21,794,263)	(527,062,838)	(202,647,206)	(286,233,791)	-	(1,037,738,098)
Debt securities issued	(383,136)	(14,460,056)	(54,276,954)	(13,000,000)	(10,000,000)	(92,120,146)
Lease liabilities	-	(61,850)	(133,851)	(383,587)	(61,456)	(640,744)
Other financial liabilities	(4,946,306)	-	-	-	-	(4,946,306)
Total financial liabilities	(29,521,553)	(602,892,496)	(328,287,402)	(300,317,378)	(10,061,456)	(1,271,080,285)
Interest rate risk exposure	(12,122,946)	(74,753,010)	99,737,235	(1,868,893)	93,537,509	104,529,895

(All amounts expressed in thousands of RMB unless otherwise stated)

	2022					Total
	Non-interest-bearing	Less than 3 month	3 months -1 year (inclusive)	1-5 years (inclusive)	More than 5 years	
Assets						
Cash and balances with central bank	5,512,177	64,739,780	-	-	-	70,251,957
Due from banks and other financial institutions	63,309	29,674,934	2,628,000	-	-	32,366,243
Placements with banks and other financial institutions	556,591	16,971,676	31,913,320	1,797,852	-	51,239,439
Derivative financial assets	1,198,288	-	-	-	-	1,198,288
Financial assets purchased under resale agreements	21,286	28,506,583	-	-	-	28,527,869
Loans and advances to customers	1,253,006	252,705,678	322,041,071	52,035,531	15,916,205	643,951,491
Financial assets held for trading	160,304	35,935,016	2,907,259	4,811,074	266,347	44,080,000
Debt investments	2,562,824	3,239,980	11,551,081	102,016,808	23,947,884	143,318,577
Other debt investments	3,600,802	46,485,929	10,874,757	98,697,889	56,340,930	216,000,307
Investments in other equity instruments	236,500	-	-	-	-	236,500
Finance lease receivables	240,502	7,794,795	2,859,863	1,321,264	-	12,216,424
Long-term receivables	267,647	16,051,323	3,303,492	918,076	5,998	20,546,536
Other financial assets	2,011,222	-	-	-	-	2,011,222
Total financial assets	17,684,458	502,105,694	388,078,843	261,598,494	96,477,364	1,265,944,853
Liabilities						
Loans from the central bank	(202,974)	(9,267,019)	(27,625,468)	-	-	(37,095,461)
Due to banks and other financial institutions	(36,677)	(9,136,767)	(1,610,000)	-	-	(10,783,444)
Placements from banks and other financial institutions	(188,755)	(9,763,105)	(18,972,000)	-	-	(28,923,860)
Financial liabilities held for trading	(55,955)	-	-	-	-	(55,955)
Derivative financial liabilities	(1,247,609)	-	-	-	-	(1,247,609)
Financial assets sold under repurchase agreement	(14,064)	(30,356,393)	-	-	-	(30,370,457)
Customer deposits	(17,884,980)	(506,745,248)	(166,145,959)	(270,593,314)	-	(961,369,501)
Debt securities issued	(317,092)	(18,406,323)	(58,502,227)	-	(10,000,000)	(87,225,642)
Lease liabilities	-	(46,335)	(134,396)	(345,599)	(77,483)	(603,813)
Other financial liabilities	(12,675,773)	-	-	-	-	(12,675,773)
Total financial liabilities	(32,623,879)	(583,721,190)	(272,990,050)	(270,938,913)	(10,077,483)	(1,170,351,515)
Interest rate risk exposure	(14,939,421)	(81,615,496)	115,088,793	(9,340,419)	86,399,881	95,593,338

The potential impact on net interest income and other comprehensive income of financial assets and liabilities held by the Group at the balance sheet date that are expected to reprice within one year, assuming a 100 basis point parallel shift in the yield curves for each currency, is analysed below:

	The Group			
	2023		2022	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income
+100 basis points parallel shift in all yield curves	644,573	(6,796,334)	799,302	(6,415,868)
-100 basis points parallel shift in all yield curves	(644,573)	7,237,094	(799,302)	6,849,588

In performing the above analysis, the Group has made the following general assumptions when determining business conditions and financial parameters:

- Analysis based on the static gap of balance sheet, and changes to the Group's business operations after balance sheet date are not considered;
- The impact of cash and balances with central bank and accepted demand deposits on the static shortfall at the balance sheet date are not considered;
- The impacts on interest-earning assets and interest-bearing liabilities are the same;
- All interest re-priced assets and liabilities are re-priced in the middle of each specified time period;
- Customers' responses to interest rate movement are not considered;
- Impact of interest rate movement on market prices of assets and liabilities are not considered;
- Impact of interest rate movement on off-balance sheet items are not considered;
- The necessary actions to be taken by the Group in response to the interest rate movement are not considered.

Due to these limitations above, the actual impact of interest rate fluctuation on the net profit of the Group may vary from the analysis above.

XIII. Fair value of financial instruments

1. Fair value measurement

(1) The levels of fair value measurement

The following table presents the fair value information and fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring basis. The level at which fair value measurement is categorised is determined by the lowest level input in the fair value hierarchy that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities. The following table presents the Group's financial instruments measured at fair value at the balance sheet date by the levels of fair value measurement:

(All amounts expressed in thousands of RMB unless otherwise stated)

	2023			
	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	Total
Assets				
Derivative financial assets	-	2,036,268	-	2,036,268
Loans and advances to customers				
Including: Loans and advances to customers at FVOCI	-	-	3,523,403	3,523,403
Loans and advances to customers at FVOCI	-	-	108,563,530	108,563,530
Financial assets held for trading	9,454,935	49,577,272	210,201	59,242,408
Other debt investments	-	260,742,543	-	260,742,543
Investments in other equity instruments	-	-	236,500	236,500
Total assets measured at fair value on a recurring basis	9,454,935	312,356,083	112,533,634	434,344,652
Liabilities				
Financial liabilities held for trading	-	(97,128)	-	(97,128)
Derivative financial liabilities	-	(1,781,336)	-	(1,781,336)
Total liabilities measured at fair value on a recurring basis	-	(1,878,464)	-	(1,878,464)
2022				
	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	Total
Assets				
Derivative financial assets	-	1,198,288	-	1,198,288
Loans and advances to customers				
Including: Loans and advances to customers at FVOCI	-	-	2,858,795	2,858,795
Loans and advances to customers at FVOCI	-	-	92,436,016	92,436,016
Financial assets held for trading	9,622,123	33,438,580	1,019,297	44,080,000
Other debt investments	-	216,000,307	-	216,000,307
Investments in other equity instruments	-	-	236,500	236,500
Total assets measured at fair value on a recurring basis	9,622,123	250,637,175	96,550,608	356,809,906
Liabilities				
Financial liabilities held for trading	-	(55,955)	-	(55,955)
Derivative financial liabilities	-	(1,247,609)	-	(1,247,609)
Total liabilities measured at fair value on a recurring basis	-	(1,303,564)	-	(1,303,564)

(2) Level 1 Fair value measurement

Where there is a reliable quotation on an active market (e.g. quoted by a recognised stock exchange or a manager of an actively traded mutual funds), the closing price on the active market on the last trading day prior to the balance sheet date is used as the fair value.

(3) Level 2 Fair value measurement

The Group's Level 2 financial instruments are mainly fixed income investments, foreign exchange forwards and swaps, interest rate swaps, foreign exchange options and precious metals contracts. The fair value of bonds is based on the valuation by China Central Depository & Clearing Company Limited; foreign exchange forwards and swaps, interest rate swaps and currency options are valued using the discounted cash flow method and the Blair-Scholes model; the fair value of precious metals is based on the closing price of the Shanghai Gold Exchange. All significant valuation parameters are based on observable market information.

(4) Level 3 Fair value measurement

The Group's Level 3 financial assets are mainly loans and advances to customers at FVTPL, loans and advances to customers at FVOCI, financial products, trusts and asset management plans. The Group uses the discounted cash flow method where the unobservable inputs are the cash flows and the discount rate. Other equity instruments are valued using the latest market approach, where the unobservable parameters are the latest available funding prices.

Movement of the Level 3 financial instruments

	The Group					
	Loans and advances to customers at FVTPL	Loans and advances to customers at FVOCI	Placements with banks and other financial institutions at FVOC	Financial assets held for trading	Other equity instruments	Total
1 January 2023	2,858,795	92,436,016	-	1,019,297	236,500	96,550,608
Comprehensive income						
- Profit or loss	166,152	-	-	1,260,864	-	1,427,016
- Other comprehensive income	-	16,365	-	-	-	16,365
Purchases/issue	35,637,239	209,031,003	-	7,010,000	-	251,678,242
Disposal/settlement	(35,138,783)	(192,919,854)	-	(9,079,960)	-	(237,138,597)
31 December 2023	3,523,403	108,563,530	-	210,201	236,500	112,533,634

	The Group					
	Loans and advances to customers at FVTPL	Loans and advances to customers at FVOCI	Placements with banks and other financial institutions at FVOC	Financial assets held for trading	Other equity instruments	Total
1 January 2022	3,965,552	70,577,100	911,620	29,716,008	111,500	105,281,780
Comprehensive income						
- Profit or loss	121,912	-	(12,609)	1,008,750	-	1,118,053
- Other comprehensive income	-	(114,195)	989	-	-	(113,206)
Purchases/issue	2,864,122	92,521,319	-	15,405,000	125,000	110,915,441
Disposal/settlement	(4,092,791)	(70,548,208)	(900,000)	(45,110,461)	-	(120,651,460)
31 December 2022	2,858,795	92,436,016	-	1,019,297	236,500	96,550,608

Information about Level 3 fair value measurements using significant unobservable inputs is as follows:

	Fair value at 31 December 2023	Valuation techniques	Unobservable inputs
Loans and advances to customers	112,086,933	Discounted cash flow model	Cash flows, discount rates
Trusts and asset management plans	210,201	Discounted cash flow model	Cash flows, discount rates
Investments in other equity instruments	236,500	See recent market approach	Recent financing prices

	Fair value at 31 December 2022	Valuation techniques	Unobservable inputs
Loans and advances to customers	95,294,811	Discounted cash flow model	Cash flows, discount rates
Wealth-management products	770,435	Discounted cash flow model	Cash flows, discount rates
Trusts and asset management plans	248,862	Discounted cash flow model	Cash flows, discount rates
Investments in other equity instruments	236,500	See recent market approach	Recent financing prices

(All amounts expressed in thousands of RMB unless otherwise stated)

2. Changes in valuation techniques and the reasons for the changes

During the reporting period, there were no significant changes in valuation techniques for fair value measurements.

3. Fair values of financial assets and liabilities not measured at fair value

All financial instruments are carried at amounts not materially different from their fair value as at 31 December 2023 and 2022 except as follows:

	The Group			
	2023		2022	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets				
Debt investments	173,856,650	177,477,885	143,318,577	146,238,872
Financial liabilities				
Debt securities issued	92,120,146	91,652,228	87,225,642	86,375,786

The financial assets and financial liabilities above are measured at Level 2 fair value.

XIV. Related parties and related-party transactions

1. Shareholders with over 5% of the Bank's Shares

Name of related party	Principal activities	Shareholding percentage (%)	
		2023	2022
Shanghai State-owned Assets Management Co., Ltd.	Capital operation and industrial investment	9.29	9.29
China COSCO Shipping Corporation Ltd.	International shipping	8.29	8.29
BaoSteel Corporation Ltd.	Steel smelting and processing	8.29	8.29
Shanghai Jiushi (Group) Co., Ltd.	Urban transportation, sports industry and capital management	7.72	7.72
China Pacific Life Insurance Co., Ltd.	Insurance and fund utilisation	5.81	5.81

General information of major shareholders:

Shareholders	Legal representative	Registration place	2023 Registered capital
Shanghai State-owned Assets Management Co., Ltd.	Guan Wei	Shanghai	RMB 5.5 billion
China COSCO Shipping Corporation Ltd.	Wan Min	Shanghai	RMB 11 billion
BaoSteel Corporation Ltd.	Zhou Jixin	Shanghai	RMB 22.3 billion
Shanghai Jiushi (Group) Co., Ltd.	Guo Jianfei	Shanghai	RMB 60 billion
China Pacific Life Insurance Co., Ltd.	Pan Yanhong	Shanghai	RMB 8.6 billion

Principal activities of these shareholders are as follows:

Shanghai State-owned Assets Management Co., Ltd.: Mainly engaged in industrial investment, capital operations, asset acquisition, packaging and transfer, enterprise and asset custody, debt restructuring, property brokerage, real estate agents, financial consultancy, investment consultancy and operation-related consultancy services, guarantees relating to assets operation and capital operation.

China Ocean Shipping Group Co. Ltd.: Mainly engaged in international shipping, international shipping supporting business; import and export business of goods and technology; marine, land, air international cargo agency services; self-owned ship leasing; sales of ship, container and steel; marine engineering equipment design; wharf and port investment; sales of communication equipment; information and technical services; warehousing (excluding hazardous chemicals); technology development, transfer, consultation and services in the fields related to ships and spare parts and equity investment fund.

BaoSteel Corporation Limited is principally engaged in the manufacture of hazardous chemicals; operation of hazardous chemicals; management of hazardous waste; power generation, transmission and supply (distribution); port operations; road haulage (excluding dangerous goods); road transport of dangerous goods; manufacture of special equipment; motor vehicle inspection and testing services. (For those subject to approval, the Company won't carry out business activities before obtaining the approval from relevant departments. Specific operations are subject to approval by the relevant departments.) General operations: smelting of iron and steel; casting of steel; smelting of non-ferrous metals; casting of non-ferrous metals; sale of coal and coal products; sale of metal ores; sale of metal materials; sales of high-grade special steel materials; sales of special equipment; sales of renewable raw materials; sales agency; technical services, technical development, technical consulting, technical exchange, technology transfer and technology promotion; production of chemical products (excluding licensed chemical products); sales of chemical products (excluding licensed chemical products); production of basic chemical raw materials (excluding production of licensed chemicals such as hazardous chemicals); general warehousing services (except hazardous chemicals and other items requiring authorisation); national freight forwarding services; national container forwarding services; leasing of non-residential real estate; leasing of land use rights; leasing of machinery; leasing of transport equipment; ship chartering; leasing of special equipment; Manufacture of drawing, calculating and measuring instruments; sale of drawing, calculating and measuring instruments; business consultancy; environmental protection monitoring; tender agency services; repair and maintenance of motor vehicles; import and export of goods; import and export of technology; import and export agency; scrap metal and scrap metal processing.

Shanghai Jiushi Group Co., Ltd. is mainly engaged in urban transportation operation, infrastructure investment management and resource exploitation and utilization with domestic and foreign capital, land and property development and operation, property management, sports and tourism operation, equity investment, management and operation, information technology services, auto mobile leasing, and consulting business.

China Pacific Life Insurance Co., Ltd.: Mainly engaged in underwriting various kinds of life insurance business in RMB and foreign currency, including life insurance, health insurance, accident and injury insurance, handling reinsurance business of the above mentioned business, various kinds of statutory life insurance business, establishing agency relations and business contacts with domestic and foreign insurance and related institutions, and acting as agents for foreign insurance institutions in the appraisal and settlement of losses and other related matters entrusted by them, running funds operations of the Insurance Law and other relevant laws and regulations, and participating in international insurance activities upon approval and other business upon approval by the China Insurance Regulatory Commission.

2. Information about the subsidiaries of the Bank

For information about the subsidiaries of the Bank, refer to Note V. 12.1.

3. Information about associates of the Bank

Associates of the Bank are Haimen Rural Commercial Bank, Shanghai Jingyi Industry Development Company Limited and Hangzhou United Rural Commercial Bank Co., Ltd..

4. Related party transactions

Transactions between the Group and its related parties were conducted under general commercial terms and normal business processes, and the pricing principles were consistent with those adopted in transactions with independent third-parties. The amount of the Group's significant transactions with related parties and the balance of significant transactions as at the balance sheet date are as follows:

	Shareholders that hold 5% or more equity in the Bank, and the groups to which they belong	Connected natural persons	Other connected legal representatives	Total	Ratio to amount /balance of related transactions (%)
The amount of significant transactions in 2023:					
Interest income	113,572	504	244,567	358,643	0.79
Interest expense	54,968	926	39,631	95,525	0.39
Net fee and commission income	43	4	8,900	8,947	0.39
Investment income	2,464	-	124,391	126,855	8.32
Gains and losses from changes in fair value	(5,216)	-	(3,035)	(8,251)	0.51
General and administrative expenses	12,647	7,672	2,026	22,345	0.26
Other comprehensive income	1,528	-	13,634	15,162	0.46

(All amounts expressed in thousands of RMB unless otherwise stated)

	Shareholders that hold 5% or more equity in the Bank, and the groups to which they belong	Connected natural persons	Other connected legal representatives	Total	Ratio to amount /balance of related transactions (%)
As at 31 December 2023, the balance of significant transactions is as follows:					
Due from banks and other financial institutions	66	-	766,976	767,042	4.49
Derivative financial assets	28,995	-	16,972	45,967	2.26
Financial assets purchased under resale agreements	50,067	-	89,713	139,780	0.77
Loans and advances to customers	3,873,627	13,476	6,123,713	10,010,816	1.46
Financial investment:					
- Financial assets held for trading	211,102	-	250,754	461,856	0.78
- Other debt investments	1,124,175	-	1,308,435	2,432,610	0.93
Long-term equity investments	-	-	1,780,780	1,780,780	100.00
Due to banks and other financial institutions	50	-	220	270	0.00
Customer deposits	3,226,682	30,683	3,057,602	6,314,967	0.61
Derivative financial liabilities	30,387	-	18,373	48,760	2.74
Debt securities issued	792,494	-	698,652	1,491,146	1.62
As at 31 December 2023, significant off-balance sheet items are as follows:					
Entrusted loans	368,295	147	-	368,442	0.42
Loans secured by collateral provided by related parties	1,293,470	-	400,000	1,693,470	0.25
The amount of significant transactions in 2022:					
Interest income	93,724	705	197,169	291,598	0.67
Interest expense	31,343	552	17,700	49,595	0.22
Net fee and commission income	43	2	6	51	0.01
Investment income	3,215	-	47,956	51,171	3.23
Losses from changes in fair value	(512)	-	(22,712)	(23,224)	4.36
Other comprehensive income	(1,081)	-	(1,629)	(2,710)	17.85
General and administrative expenses	2,796	-	1,158	3,954	0.05
As at 31 December 2022, the balance of significant transactions is as follows:					
Due from banks and other financial institutions	101	-	793,884	793,985	2.45
Loans and advances to customers	3,002,175	15,935	5,240,801	8,258,911	1.28
Financial investment:					
- Financial assets held for trading	144,611	-	1,016,471	1,161,082	2.63
- Other debt investments	723,118	-	602,670	1,325,788	0.61
Long-term equity investments	-	-	443,305	443,305	100.00
Due to banks and other financial institutions	117	-	2,957	3,074	0.03
Customer deposits	4,606,927	29,924	2,860,965	7,497,816	0.78
As at 31 December 2022, significant off-balance sheet items are as follows:					
Loans secured by collateral provided by related parties	1,257,055	-	400,000	1,657,055	0.26

5. Transactions between the Bank and its subsidiaries

The amount of significant transactions during the period:

	2023	2022
Interest income	55,805	133,036
Interest expense	163,494	151,821
Fee and commission income	30,876	39,489
Investment income	128,627	-
Operation and administrative expenses	9	-

The balance of significant transactions as at the balance sheet date is as follows:

	2023	2022
Due from banks and other financial institutions	-	135,796
Placements with banks and other financial institutions	803,149	3,383,872
Due to banks and other financial institutions	4,631,925	3,855,237

6. Trades with annuity plan

The Group did not have any other related party transactions with the established corporate annuity funds in 2023 and 2022 other than normal contributions.

7. Remuneration of key management personnel

	The Group	
	2023	2022
Remuneration and benefits	18,229	19,076

The remuneration of key management personnel includes the salary received from the company within the relevant year that belongs to the current year, as well as the corporate contribution of social insurance, housing fund, enterprise annuity, and supplementary medical insurance. According to the regulations of the relevant departments of the State, the final total amount of remuneration of such key management personnel in 2023 is pending for the final confirmation by the major responsible departments.

XV. Capital management

The Group calculates the capital adequacy ratio in accordance with the Administrative Measures for the Capital Management of Commercial Banks (Trial) and other relevant regulations. For non-systemically important banks, the core capital ratio should not be less than 7.50%, the tier 1 capital ratio should not be less than 8.50% and the capital ratio should not be less than 10.50%. As at 31 December 2023, the calculation results of the Group's capital adequacy ratio met the relevant regulatory requirements.

The tables below summaries the capital adequacy ratio of the Group:

	The Group	
	2023	2022
Net Core Tier 1 Capital	112,967,044	103,073,479
Net Tier 1 Capital	113,217,417	103,319,998
Net Capital	133,517,933	122,997,899
Risk-weighted assets	848,308,505	795,442,350
Core Tier 1 Capital Adequacy Ratio	13.32%	12.96%
Tier 1 Capital Adequacy Ratio	13.35%	12.99%
Capital Adequacy Ratio	15.74%	15.46%

XIV. Subsequent events

In February 2024, the Bank obtained the Approval of the Shanghai Regulatory Bureau of National Financial Regulatory Administration for the targeted offering plan and related shareholder qualifications of Shanghai Chongming SHRCB Rural Bank, Hu Jin Fu [2024] No. 75, and agreed to subscribe to 6 million shares of Shanghai Chongming SHRCB Rural Bank through targeted offering. After the investment, the number of shares held by the Bank in Shanghai Chongming SHRCB Rural Bank increased from 51 million to 57 million, and the shareholding ratio increased from 48.45% to 51.23%.

XVII. Comparative figures

Certain comparative figures have been reclassified in order to comply with the presentation method of the financial statements.



Supplementary information to financial statements for the year

1. Extraordinary gain and loss

In accordance with the Explanatory Announcement No. 1 of Information Disclosure for Public Offering Securities - Non-recurring Profit or Loss (2008), the Group's extraordinary gain and loss are as follows:

	2023	2022
Net proceeds from disposal of non-current assets	34,239	19,717
Government grants recognised in profit or loss for the current period	75,247	25,364
Investment cost of subsidiaries, associates and joint ventures acquired by the Bank less than the value generated from the fair value of the identifiable net assets of the invested entity that should be allocated when acquiring	468,816	-
Net gain on disposal of long-term unclaimed deposits	1,576	43
Net gains from compensation for breach of contract	(8,908)	(4,268)
Donation expenditure	(11,747)	(21,261)
Other non-operating income and expenses besides the items above	131,989	19,838
Sub-total of non-recurring profit or loss (Note)	691,212	39,433
Effect of income tax of non-recurring profit or loss	(60,372)	(13,471)
Total	630,840	25,962
Including: Non-recurring profit or loss that will have impact on the net profit attributable to shareholders of the Bank	618,543	23,797
Non-recurring profit or loss that will have impact on the net profit attributable to non-controlling interest	12,297	2,165

Note: The above breakdown of non-recurring profit or loss is determined and disclosed in accordance with Interpretive Pronouncement on the Preparation of Information Disclosures of Companies Issuing Public Shares No. 1 – Extraordinary Gains and Losses (2008) (Announcement of China Securities Regulatory Commission [2008] No.43) issued by CSRC.

According to the announcement, non-recurring profit or loss arises from the transactions or events that is not directly related to daily operations, or the transactions or events that are associated with normal operations but may affect the investors' proper judgements on the performance and profitability of the company due to their special and incidental nature. The above non-recurring profit or loss is accounted for in other income, gains from disposal of assets, non-operating income or non-operating expenses accordingly. Gains or losses from the investment or management of assets entrusted to others, the reversal of provisions for credit losses on financial assets, investment income from the holding and disposal of trading financial assets, trading financial liabilities and other debt instruments, and custody fee income from entrusted operations are gains or losses arising from the Group's normal operating activities and are therefore not included in the disclosure of non-recurring gains or losses.

2. Earnings per share

In accordance with Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (Revised 2010) issued by the CSRC, the Group's earnings per share are calculated as follows:

	2023	2022
Weighted average number of ordinary shares outstanding ('000 shares)	9,644,444	9,644,444
Before the deduction of non-recurring profit or loss		
Net profit for the year attributable to the Bank's ordinary shareholders	12,141,958	10,974,378
Basic earnings per share and diluted earnings per share (in RMB)	1.26	1.14
After the deduction of non-recurring profit or loss		
Net profit for the year attributable to the Bank's ordinary shareholders	11,523,415	10,950,581
Basic earnings per share and diluted earnings per share (in RMB)	1.19	1.14

In both 2023 and 2022, there was no difference between basic and diluted earnings per share as the Group did not have any shares that would have a potential dilutive effect.

3. Return on net assets

In accordance with Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (2010 revised) issued by the CSRC, the Group's return on net assets is calculated as follows:

	2023	2022
Net assets at the end of the year attributable to the Bank's ordinary shareholders	112,426,981	101,833,969
Weighted average net assets attributable to the Bank's ordinary shareholders	107,130,475	97,801,036
Before the deduction of non-recurring profit or loss		
Net profit for the year attributable to the Bank's ordinary shareholders	12,141,958	10,974,378
Weighted average return on net assets (%)	11.34	11.22
After the deduction of non-recurring profit or loss		
Net profit for the year attributable to the Bank's ordinary shareholders	11,523,415	10,950,581
Weighted average return on net assets (%)	10.76	11.20

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