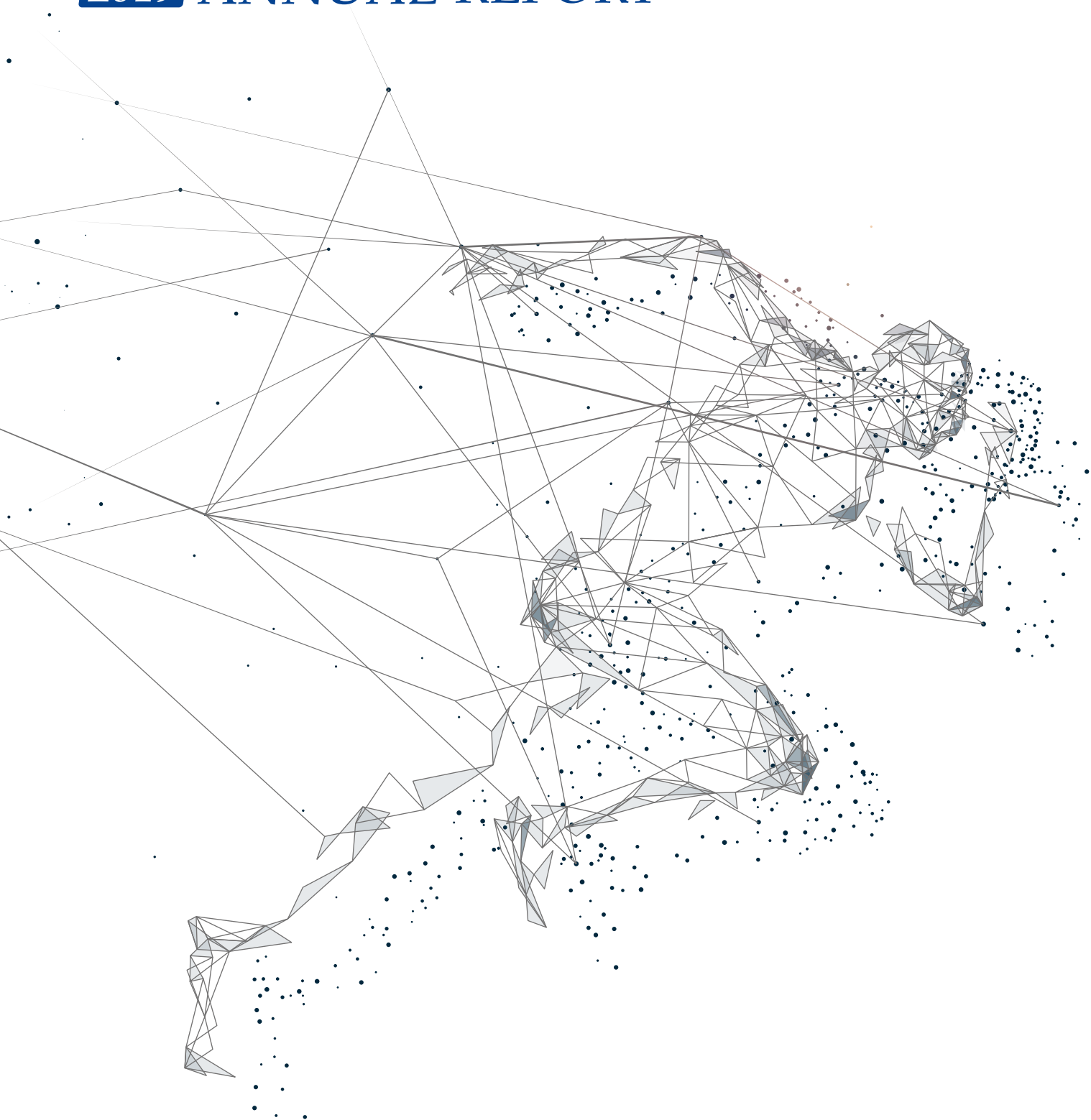


2019 ANNUAL REPORT



Mission

Inclusive finance delivers better life.

Vision

Build a service-oriented, value-creating, full-fledged regional banking group with optimal experience and reputation.

Core Values

Sincerity **R**esponsibility

Creation **B**enefit

SRCB

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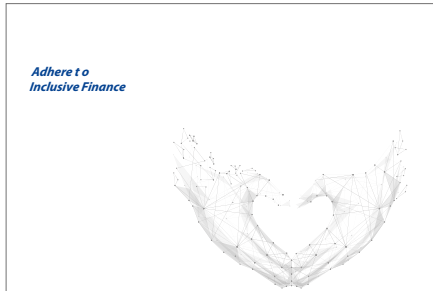



Official Website



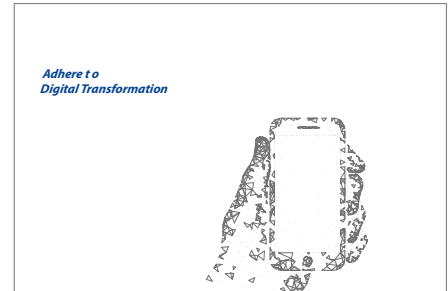

WeChat Account

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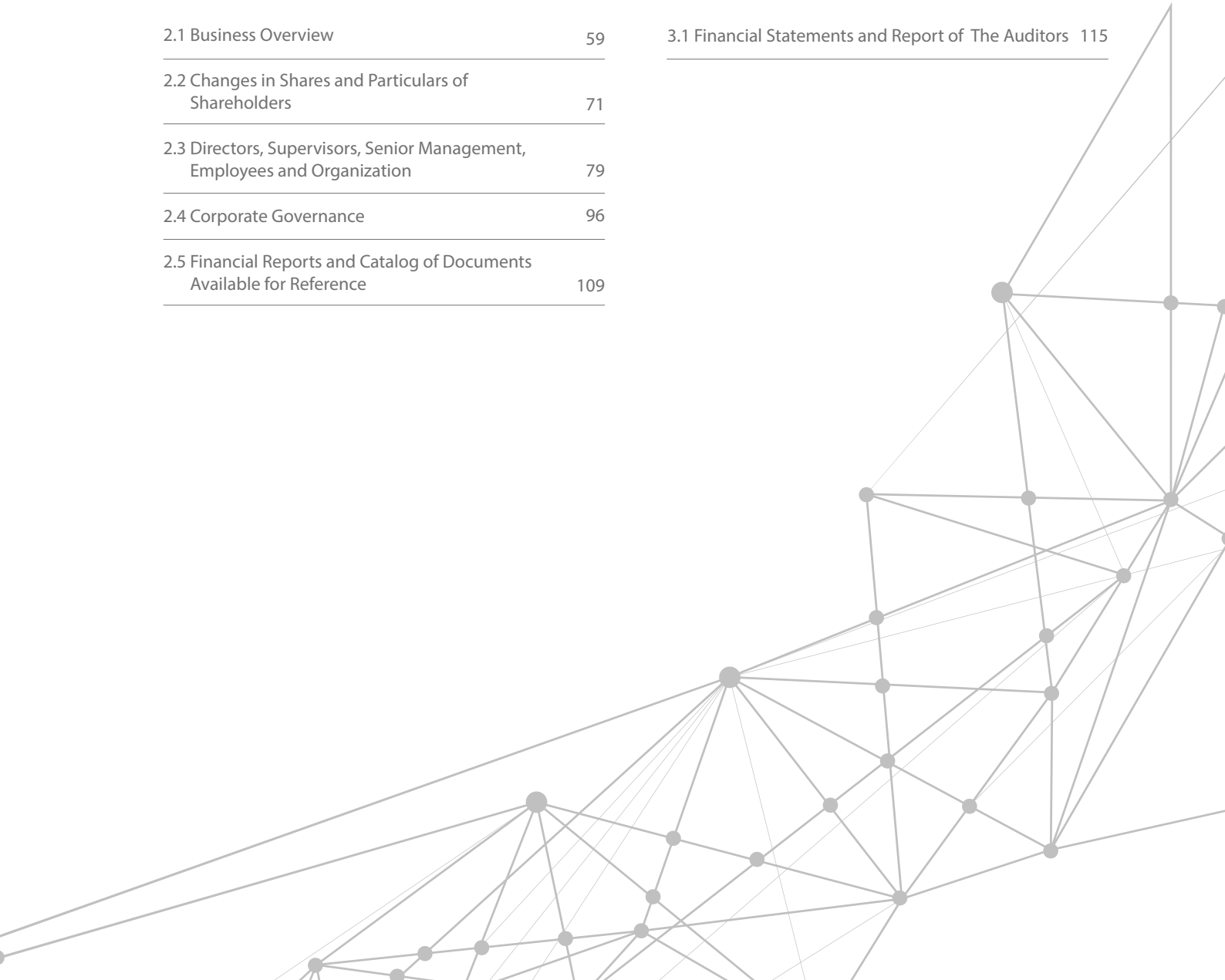


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Important Notice

- ▶ 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 Annual Report has been reviewed and approved at the meeting of the Board of Directors held on 10 April 2020. The number of directors who should attend the meeting is 19, with 16 directors attending the meeting in person. Non-executive director ZHOU Lei entrusted non-executive director WANG Tayu, non-executive director ZHANG Ke entrusted non-executive director ZHAO Ying, and independent director MAO Huigang entrusted independent director CHEN Naiwei to attend and vote on their behalves at the meeting. 4 supervisors attended the meeting as non-voting attendees.
- ▶ The 2019 financial statements prepared by the Company in accordance with Chinese Accounting Standards ("CAS") have been audited by Deloitte & Touche CPAs(LLP) , who issued an unqualified opinion.
- ▶ Chairman of the Board of Directors XU Li, GU Jianzhong in charge of the Company's accounting and CHEN Nanhua in charge of the accounting firm warrant the authenticity, accuracy and completeness of the financial statements in this report.
- ▶ The Board of Directors has reviewed and proposed a profit distribution plan for the reporting period: based on a total of 8,680,000,000 shares at the end of 2019, RMB 1.9 cash dividend per 10 shares (tax included) will be distributed to all shareholders, which amounts to RMB 1,649,200,000.00 (tax included) in total. This proposal is subject to the approval of the 2019 Annual Shareholders' Meeting.
- ▶ 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 shall have the meaning set out below:

The Group/Group	Shanghai Rural Commercial Bank Ltd. and subsidiaries under its control
The Company/Parent Company/Company/the Bank/Bank/SRCB	Shanghai Rural Commercial Bank Ltd.
Financial Leasing Company/Yangtze Financial Leasing Company/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
CBRC/former CBRC	Former China Banking Regulatory Commission
CBIRC	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
CBRC Shanghai	Former China Banking Regulatory Commission - Shanghai
CBIRC Shanghai	China Banking and Insurance Regulatory Commission- Shanghai
FTZ	China Shanghai Pilot Free Trade Zone
RMB	Renminbi, the lawful currency of PRC
Reporting period	1 January 2019 to 31 December 2019

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.

Company Profile

► Basic Information

Registered 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
Registered name in English	Shanghai Rural Commercial Bank Co., Ltd.
Abbreviated name in English	SRCB
Legal representative	XU Li
Date of initial registration	23 August, 2005
Registered address	No.70, Zhongshan No.2 Road (E), Huangpu District, Shanghai, China
Postal code of registered address	200002
Office address	No.70, Zhongshan No.2 Road (E), Huangpu District, Shanghai, China
Postal code of office address	200002
Unified social credit code	913100007793473149
Company website	http://www.srcb.com
Email	webmaster@srcb.com
Service & complaint hotline	021-962999

► Contact Information

	Secretary to the Board of Directors
Name	YU Minhua
Address	No.70, Zhongshan No.2 Road (E), Huangpu District, Shanghai, China
Telephone	021-61899999
Fax	021-50105180
Email	webmaster@srcb.com

► Information Disclosure and Provision

Newspaper for Company Information Disclosure	Shanghai Financial News
Website for Publication of the Annual Report	http://www.srcb.com
Annual report Available at:	Office of the Board of Directors

► Other Relevant Information

Appointed auditor	Name	Deloitte & Touche CPAs(LLP)
	Office address	30/F, Bund Center, No. 222 East Yan'an Road, Shanghai, China
	Certified Public Accountants who signed the auditor's report	HU Xiaojun, SU Yichen
Appointed legal advisor	Name	Beijing Junhe Law Firm
	Office address	20/F, China Resources Building, 8 Jianguomenbei Avenue, Beijing, China
Equity trust	Name	Shanghai Equity Exchange
	Office address	Zhangjiang Center, 560 Songtao Road, Zhangjiang High-tech Park, Pudong New District, Shanghai

Honors and Awards

Within the reporting period, the Company has won many honors and awards from events organized by domestic and overseas institutions.

► Domestic/overseas rankings

156 th on the UK The Banker's list of "Top 1000 World Banks 2019", 22 places higher than that of 2018, the 24 th among Chinese commercial banks	UK The Banker
23 rd on the "List of Top 100 among China Banking Industry in 2019" of China Banking Association, 2 places higher than that of 2018, ranking 2 nd among Chinese rural commercial banks	China Banking Association
477 th among the "2019 Top 500 Enterprises in China"	China Enterprise Confederation, China Enterprise Directors Association
38 th among the "2019 Top 100 Enterprises in Shanghai"	Shanghai Enterprise Directors Association, Jiefang Daily
44 th among the "2019 Top 100 Service Enterprises in the Yangtze River Delta Region"	Shanghai Enterprise Confederation

► Brand value

191 st among the "Banking 500 2019", 32 places higher than that of 2018	UK The Banker
--	---------------

► Rating

"BBB" long-term credit rating with a "stable" outlook, "A-2" short-term corporate credit rating by Standard & Poor's Ratings Services	Standard & Poor's Ratings Services
2 nd among urban rural commercial banks in 2018 "GYROSCOPE" rating	China Banking Association

► Awards

3 rd prize, 2018 Banking Technology Development Award	PBOC
1 st prize, Chinese Corporate Financial Institutions, 2018 Chinese Financial Institutions Statistical Evaluation	Shanghai Branch of PBOC
2018 Outstanding Contribution Award for Inclusive Financial Service of Shanghai Banking Sector	
2018 Best Small and Micro Enterprises Service Case of Shanghai Banking Sector	
2018 Fintech Service Award of Shanghai Banking Sector	
Best Investment Banking Business Case Award	Shanghai Banking Association
2019 Shanghai Banking Institution Contribution Award	
2019 Inclusive Financial Service Innovation Award of Shanghai Banking Sector (online revolving rural loan)	
2019 Fintech Service Award of Shanghai Banking Sector	
2018 Shanghai Fintech Cooperation Bank Progress Award	Science and Technology Commission Shanghai Municipality
2018 Excellent Interbank Domestic Currency Market Trader	National Interbank Funding Center
2018 Core Interbank Domestic Currency Market Trader	
2018 Excellent Member	Shanghai Commercial Paper Exchange Corporation
2018 Jinniu Wealth Management Bank Award	China Securities Journal
China Talent Management HR Influence Model Award	Beisen Research of Talent Management, Renmin Business School, Harvard Business Review
2019 Excellent Interbank Market Underwriter	China Development Bank
2019 Excellent "Counter Bond" Underwriter	
2019 CBN China Financial Value Ranking • Rural Commercial Bank of the Year	China Business Network

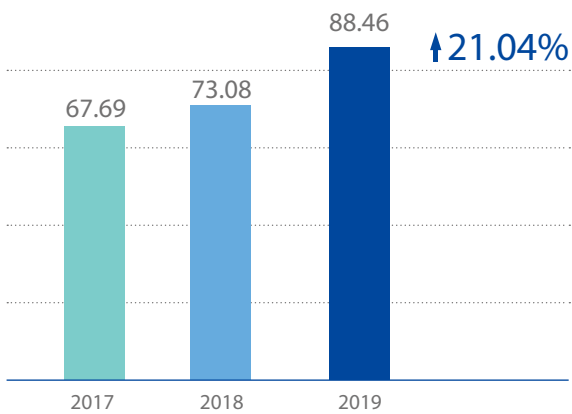
► Corporate social responsibility

2018 CSR Top 100 "Best Inclusive Finance Performance Award"	China Banking Association
CSR Model Award	The 8 th Finance Summit
2019 Golden Bee CSR Report –Employee Responsibility Information Disclosure Award	China Sustainability Tribune

Business Highlights

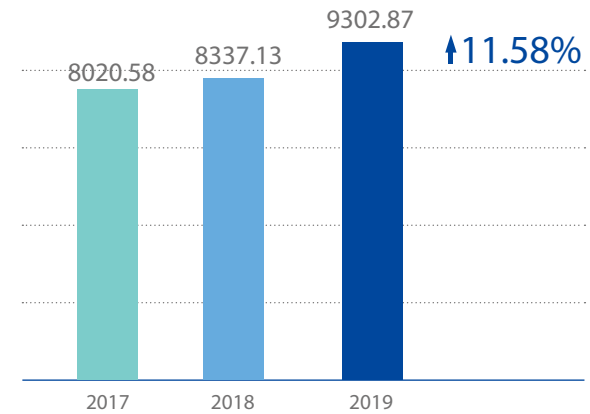
Net profit in the last three years

(Unit: RMB100 million)



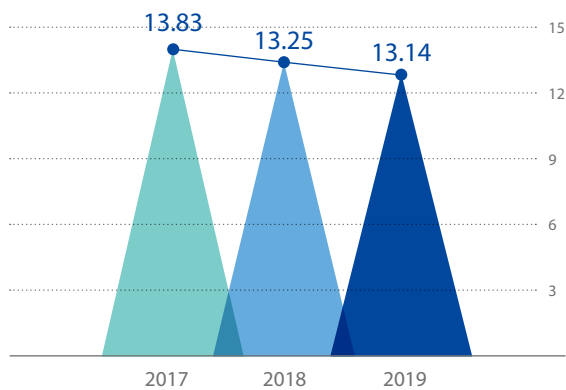
Total assets in the last three years

(Unit: RMB100 million)



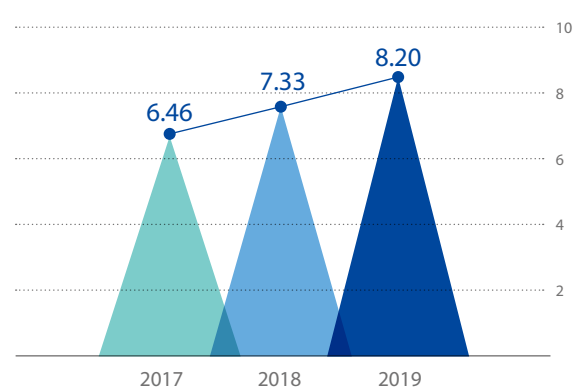
Weighted average ROE in the last three years

(Unit: %)



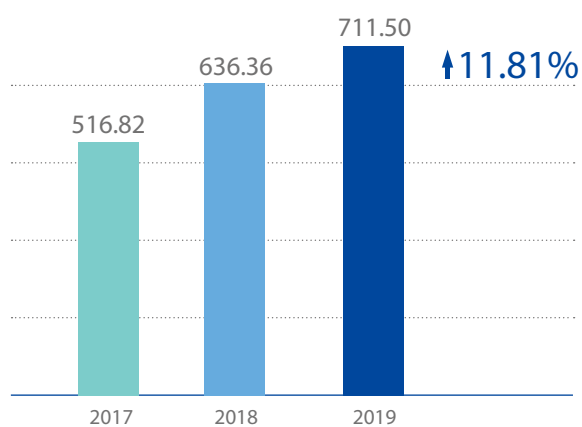
Net asset per share attributable to shareholders of the parent company in the last three years

(Unit: Yuan/Share)



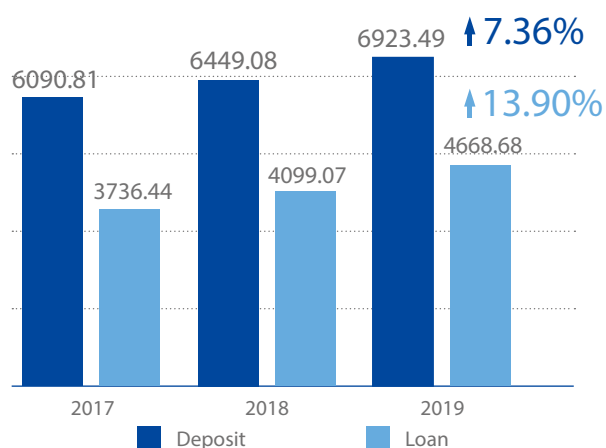
Owners' equity attributable to shareholders of the parent company over the past three years

(Unit: RMB100 million)



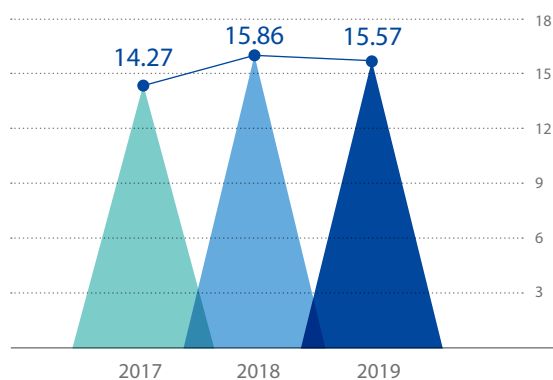
Deposit balance and loan balance in the last three years

(Unit: RMB100 million)



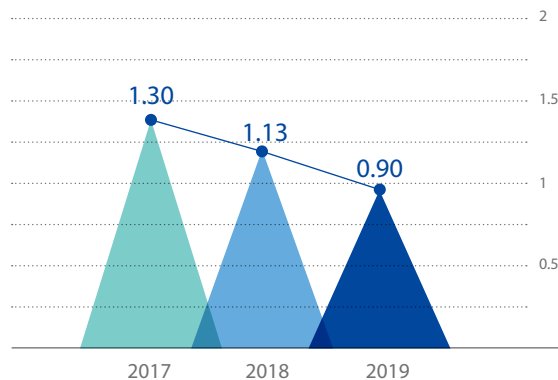
Capital adequacy ratio in the last three years

(Unit: %)



NPL ratio in the last three years

(Unit: %)





Party Secretary and Chairman: XU LI

Message from the Chairman

Time is both the witness and the writer. In 2019, with the spirit of "selfless devotion and hard work" in our DNA, SRCB people forged ahead and overcame difficulties to stably improve performance, fully completing the 2017-2019 development strategy with the joy of success.

As of the end of 2019, the Group had total assets of RMB 930.3 billion, RMB 692.3 billion deposits, RMB 466.9 billion loans, RMB 21.271 billion operating income, RMB 8.938 billion net profit of which net profit attributable to the Bank was RMB 8.846 billion, allowance for loan impairment losses to non-performing loans at 431.31 % and allowance for loan impairment losses to total loans at 3.90%, aligning speed and quality, and coordinating scale with performance with stable improvement of all operation and management indicators as well as a more balanced business structure.

In the past one year, we persisted in enhancing our strength and our social evaluation reached a new level. SRCB ranked 156th on the UK The Banker's list of "Top 1000 World Banks 2019", 22 places higher than that of 2018, the 24th among Chinese commercial banks. As the

first rural commercial bank to gain Standard & Poor's domestic rating, SRCB obtained a domestic corporate credit rating of AAspc- with a "stable" outlook.

We firmly believe that overcoming difficulties is our responsibility. In 2019, we formulated the 2020-2022 strategic development plan to define the direction and goal for the Bank's development in the next 3 years. With unremitting efforts, the Bank's IPO application was officially accepted by CSRC, which was a substantial progress for IPO. We became a member of PBOC's LPR panel banks. Lingang Sub-branch was established which provided RMB 100 billion credit support to Lingang Special Area. The 2nd Yangtze River Delta Rural Financial Symposium was successfully held, on which three committees on trade finance, financial market and corporate finance were established to facilitate the high-quality development of Yangtze River Delta region with financial synergy.

We have a clear insight that innovation must drive the way forward. In 2019, the Bank established the Online Loan Center and promoted agile development pilot, leading to a leap-frog development of

online retail loans by serving over 1.35 million accounts. Starting with inclusive finance, the Bank actively participated in social governance and explored ways of serving social governance via Internet finance by launching online revolving rural financing product and issuing physical cards for Charity and Voluntary Service Passports.

We deeply understand that serving the people is our original aspiration that must be held on to. We insisted on fully improving our service capability to create value for customers, spared no effort in building a service-oriented bank, and fully fulfilled our social responsibility to enhance the social reputation. We contributed RMB 5 billion tax in 2019 and significantly enhanced our social reputation. The 1st brand microfilm was launched to demonstrate the Bank's good image of "warmth and dedication".

Now, our country is faced with unprecedented challenge, and the fight for epidemic prevention and control from late 2019 to now is still ongoing. No country, city or business is an island in the community of shared future. We are deeply aware of the importance and urgency of winning this white war. Fire proves gold, and hardship reveals friendship. In this common battle against the epidemic, SRCB people have facilitated businesses against the epidemic with various financial support policies, higher political stance, stronger measures and active efforts, resolutely implemented major decisions and deployments of the Party Central Committee, the State Council and Shanghai Municipal Government, and fulfilled our due political and social responsibilities.

Take the initiative under Party leadership. We introduced "supporting measures in 4 dimensions" of full funding, preferential interest-rate, accessible financing and swift procedure to provide RMB 21 million special donation, RMB 30 billion special credit line, RMB 3 billion special credit line for agricultural entities, and RMB 3 billion financing to establish the joint working mechanism in order to support young entrepreneurs and start-ups in their efforts to resume work and production against the epidemic, providing preferential low-cost financing support at an interest rate no more than 3.15% and at least 25 bps lower than LPR in the same period of time.

Fast response with targeted support. We opened green channels, quickly launched online "loan for emergent orders", "loan to support technical transformation", and "revolving loan for emergency funding", and issued policies on loan repayment extension. We accelerated digital innovation, and fully supported businesses in resuming work and production and overcoming the difficulties against the epidemic by utilizing the 7*24 "remote + online" advantage of online channels for "small and micro enterprise loan", "business e-loan", "Xin e-loan", online fast discounting product and "white list service for commercial paper".

The year of 2020 is a very important period for China's economic and social development which marks the completion of the "13th Five-year Plan", the start of the "14th Five-year Plan", the junction of "The Two Centenary Goals", the deepening of modernizing national governance system and governance capability, the building of Shanghai's "Three Tasks", "Five Centers", and "Four Brands", the improving of governance capability of a modern international metropolis, the developing of super-large urban agriculture, and

the critical stage for building and improving a highly adaptive, competitive and inclusive modern financial system. We need to grasp the opportunity, strive forward and overcome difficulties with the courage to reform, the commitment to take responsibilities, and the vigor to innovate. We will practice the core values of "sincerity, responsibility, creation and benefit" with the mission to Inclusive finance delivers better life. and the vision to "Build a service-oriented, value-creating, full-edged regional banking group with optimal experience and reputation", fully implement three core strategies of "customer-centric, inclusive finance and digital transformation", devoting every effort in executing the new three-year development strategy.

In the new year, we will focus on customer development, and improve capabilities to create value for customers. We will start from creating value for customers in products and financial services design by integrating into customers' eco-systems centering on their operation characteristics and business models. For government clients (G), we focus on supporting them in solving issues such as improving social governance, optimizing business environment, facilitating people's livelihood and improving urban management efficiency etc. For business clients (B), we commit to help them meet demands on higher resource allocation efficiency, lower transaction cost and effective risk management etc. For retail clients (C), we integrate extensively into scenarios of people's livelihood such as clothing, food, housing, travelling, entertainment, education, medicine and elderly care etc. We provide financial service solutions in customers' whole life cycle by gaining insight of the pain points of various customers, satisfy, plan and even create customer needs, and create value for customers. We empower social governance with finance, and build more new value links with financial services in customers' lives and production eco-systems, trying to be an important accompany and participant in customers' journeys and eco-systems respectively.

The year of 2020 is the opening year of the Bank's new three-year strategy. We will develop customers with perseverance, answer, deal with and solve the strategic issues of "where customers are, how to acquire customers and how to serve customers" with the vision of "long-term success" and the historical commitment of "contributing to success". We explore new opportunities and new market in solving social difficulties and pain points, empower social governance with finance, benefit all social communities including the vulnerable areas with finance in an equal and inclusive way, promote social justice and fairness, contribute to the modernization of national governance system and capability, delivering a more satisfactory result to shareholders, customers, employees and stakeholders.

Chairman:





Deputy Party Secretary, Vice Chairman and President: Gu Jianzhong

Message from the President

Growing out of rural credit cooperative, SRCB is almost of the same age as the People's Republic of China. Looking back the past seven decades, thanks to the dedication and contribution of generations to forge ahead with determination, embrace responsibilities with passion and down-to-earth efforts, as well as the unwavering faith and companion of customers, an integrated regional financial service group is in the forming up to this day.

In 2019, faced with multiple challenges of downturn in macroeconomic growth and acceleration of interest rate marketization, we put customers at the center, adhered to "refined management, professional operation, and differentiated features", fully completing the 2017-2019 strategic plan with performance meeting the expectation.

In 2019, we stood firm with our political stance in serving national strategies. We further improved the Yangtze River Delta Rural Financial Symposium mechanism, jointly published the Yangtze

River Delta Cooperation Declaration of Rural Financial Institutions with 26 financial institutions in Jiangsu, Zhejiang and Anhui provinces to focus on serving the real economy in the Yangtze River Delta region, and planned to provide customers in the Yangtze River Delta region (excluding Shanghai) with no fewer than RMB 200 billion credit line in five years. We set up Lingang Sub-branch to actively innovate in cross-border financial services, support the liberalization and facilitation of investment and trade in the new Special Area, and provide no fewer than RMB 100 billion credit line support to Lingang Special Area. We launched special financing products for hot rural and agriculture-related issues, realized full financial coverage over 1,570 administrative villages and over 100 rural townships, fully serving the "last mile" of rural rejuvenation with financial services.

In 2019, we strengthened the service to people's livelihood based on inclusive finance. We formed long-term service mechanism by accessing private companies through various industrial

associations and chambers of commerce. At the end of 2019, loan balance in cooperation with Shanghai Policy Financing Guarantee Funds for SMEs exceeded RMB 3.2 billion, ranking at the top in Shanghai. At the end of 2019, 1,755,700 new social security cards had been issued accumulatively, ranking 2nd in Shanghai, and the number of Trade Union member card accounts was nearly 4.72 million. We introduced featured card products such as the physical card for "Charity and Voluntary Service Passport", co-branded credit card with Shanghai TOONMAX TV, and card featuring rural rejuvenation etc. to meet the financial demand of various segments.

In 2019, we accelerated business transformation driven by innovation. Online loan businesses such as "Online e-loan", "Xin e-loan" and "Xinmiaotie (swift discounting)" etc. were continuously introduced. Integrated payment business and product system was gradually improved. The scale of financial market trading asset increased by about 60% YoY, while the trading volume of interbank market "X" series increased by nearly three folds, and the first foreign exchange rate swap business was landed. Lead underwriting of bond exceeded RMB 12.3 billion, and the first rental housing ABN product in China was successfully issued.

In 2019, we optimized top design with better mechanisms and systems. We initiated digital transformation and defined the mid-and-long term strategic goal of improving our Fintech level in five years to meet the first-class standard of China's banking sector. We promoted project to optimize customer experience, evaluated customer experience and employee satisfaction from multiple dimensions, and made it clear to build the "best and ultimate customer experience" as the core competitiveness. We pushed forward the strategic HR management system featuring "one subject, two wings, three initiatives and four synergies". We explored the establishment of an agile organization, and piloted innovative management mechanisms such as sufficient delegation of authority, fast decision-making and OKR evaluation.

In 2019, we continued to make efforts for self-improvement. We further improved comprehensive risk management system, started the effort to be a "demonstration bank for compliant management", and strengthened the closed-loop management of audit rectification. We established the standardized system for branch and network development across the Bank to unify our external image. We strengthened publicity and promotion of the featured regional brand to effectively enhance public attention.

Phoenix is reborn from the fire. At the start of 2020, Covid-19 swept across China, which made the severe economic situation more complex. With the deep awareness that the industrial entities are the pillars of national economic growth and SMEs are the center of social harmony and stability, we proactively embraced our social responsibilities by actively participating in "counter-cyclical" regulation and control to nurture the real economy with finance. Under the support and leadership of the municipal Party Committee and government, we took measures in the first time focusing on supporting small and micro enterprises

by guaranteeing fund demand with special credit line, fully promoted PBOC's re-financing program, formed joint mechanism with the government authorities to resume work and production against the epidemic, and substantially cut businesses' financing cost with lower expenses and profit.

Remain true to our original aspiration and return to the essence of banking. As a commercial bank, we also see ourselves as a loyal partner accompanying small and micro enterprises, agricultural customers and the people. We hold on to sincerity, integrity and the belief in building a service-oriented bank, which is a demonstration of our courage, attitude and pursuit. It is these values and beliefs in our DNA that lead us to forge ahead against difficulties and stand still in the long river of history.

The past is the prologue for the future. The year of 2020 marks the 15th anniversary of SRCB's joint-stock reform. In changing times, history will not tell us how to lead the future journey, but it will remind us of the unceasing efforts for self-improvement. China's banking sector, after decades of development "won from scale expansion", is gradually transforming towards "optimizing structure and emphasizing quality". Faced with challenges of changing times, we have carried out investigation of the sector nationwide, learned from and drew on others' strength and successful experience, and formulated the new three-year strategic plan considering our own characteristics, which clearly defined our persistence in customer-centric, inclusive finance, and digital transformation.

The strong pass of the enemy is like a wall of iron, yet with firm strides, we are conquering its summit. In 2020, guided by the new three-year strategic plan, we will take the quality listed bank as benchmark and inclusive finance as mission, focus on customer experience, leverage digital transformation, continuously optimize top design, transform style of work, accelerate structural adjustment, promote innovative transformation, solidify management foundation, comprehensively improve refined management, fully enhance professional operation capability, build a service-oriented bank that creates value for customers, and usher in a new era of development for SRCB.

President:





Chairman, Board of Supervisors

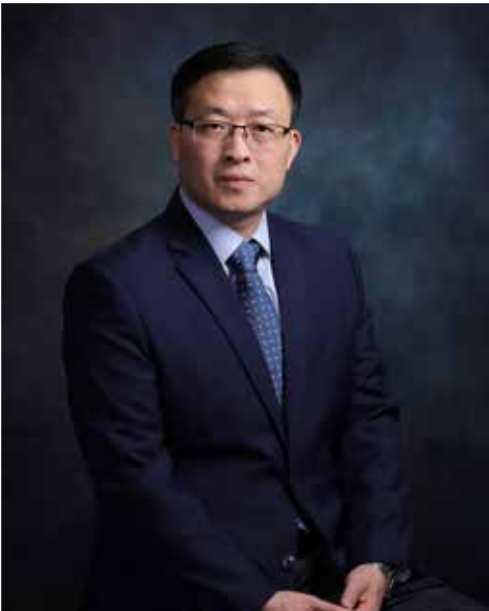
Li Jianguo



Deputy Party Secretary
Li Jin



Member of the Party Committee, Vice President
Jin Jianhua



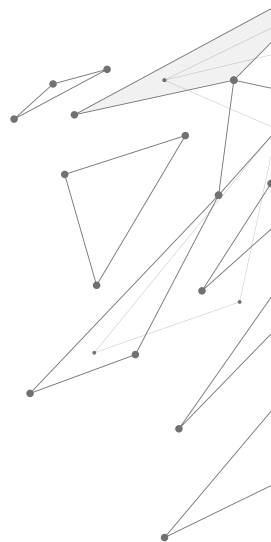
Member of the Party Committee, Head of the Discipline
Inspection Group at SRCB
under the Municipal Discipline Inspection Commission
and Municipal Supervision Commission
Duan Jikai



Vice President & Secretary to the Board of Directors
Yu Minhua

Adhere to Customer-centricity

Put customers at the center of all operation and management activities. Take "customer-centricity" as the Bank's core management concept, and reflect it in strategy formulation, evaluation and assessment, resource allocation, organizational structure, channels and processes, and sales and risk control. Answer, deal with and solve the three fundamental questions of "where are customers, how to acquire customers, and how to serve customers". Change the product-oriented sales and service mode dominated by deposits and loans, start from and focus on the needs, experience and development of customers in all the work.



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Accounting Data and Financial Indicators Highlights

Major Accounting Data

Major Financial Indicators

Major Financial Data by Quarter within the Reporting Period

Item and Amount of non-recurring Profit and Loss

Other Financial Information Disclosed According to Regulatory Requirements

I. Major Accounting Data

Unit: RMB 1000

Item	2019	2018	+/- YoY (%)	2017
Operating results				
Operating income	21,271,299	20,145,482	5.59	17,920,775
Operating profit	10,668,334	8,698,242	22.65	8,154,492
Profit before tax	10,692,517	8,725,850	22.54	8,380,598
Net profit	8,938,347	7,124,708	25.46	6,663,001
Net profit attributable to shareholders of the parent company	8,845,647	7,308,149	21.04	6,769,082
Net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses	8,206,314	7,212,931	13.77	6,480,455
Net cash flow from operating activities	7,137,869	-5,293,186	N/A	-2,323,390
Net increase of cash and cash equivalents	-2,197,331	3,694,440	N/A	-2,524,135
Net interest income	15,059,212	15,029,181	0.20	12,317,803
Net fee and commission income	2,762,114	3,240,950	-14.77	3,178,037
Other operating income	3,449,973	1,875,351	83.96	2,424,935
Operation and administrative expenses	6,437,415	6,436,540	0.01	6,047,252
Asset/credit impairment losses	3,932,210	4,806,479	-18.19	3,533,312
Scale indicators				
Total assets	930,287,306	833,712,752	11.58	802,057,599
Total loans	466,868,105	409,907,181	13.90	373,643,577
-Corporate loans and advances	263,130,048	238,379,671	10.38	222,592,829
-Personal loans and advances	131,160,210	107,064,106	22.51	98,513,473
-Bill discounting	72,577,847	64,463,404	12.59	52,537,275
Total liabilities	856,081,191	768,911,147	11.34	749,040,695
Total deposits	692,348,716	644,907,662	7.36	609,081,222
Total interbank borrowing	31,959,252	21,267,300	50.27	29,415,649
Shareholders' equity	74,206,115	64,801,605	14.51	53,016,904
Net assets attributable to shareholders of the parent company	71,149,880	63,635,638	11.81	51,682,125
Net capital	89,246,080	79,686,129	12.00	67,600,939
Core tier-I net capital	72,165,439	63,765,995	13.17	51,887,434
Risk-weighted assets	573,332,726	502,359,308	14.13	473,617,375
Loan loss reserve	-17,833,288	-15,872,769	N/A	-12,345,320
Share capital	8,680,000	8,680,000	0.00	8,000,000
Per share (RMB Yuan/share)				
Basic earnings per share	1.02	0.91	12.09	0.85
Diluted earnings per share	N/A	N/A	N/A	N/A
Net earnings per share after deducting non-recurring profits and losses	0.94	0.90	4.44	0.81
Net assets per share attributable to shareholders of the Parent company	8.20	7.33	11.87	6.46
Net cash flow from the operating activities per share	0.82	-0.61	N/A	-0.29

II. Major Financial Indicators

Unit: %

Profitability indicators	2019	2018	+/- YoY (percentage point)	2017
Average return on total assets	1.01	0.87	0.14	0.88
Weighted average return on equity	13.14	13.25	-0.11	13.83
Weighted average return on total assets after deducting non-recurring profits and losses	12.19	13.08	-0.89	13.24
Net interest spread	1.74	1.93	-0.19	1.70
Net interest margin	1.84	2.01	-0.17	1.71
Cost-to-income ratio	30.37	32.00	-1.63	33.80
Net fee and commission income to operating income	12.99	16.09	-3.10	17.73
Capital adequacy ratio indicators (standard value)	31 December 2019	31 December 2018	+/- YoY (percentage point)	31 December 2017
Capital adequacy ratio($\geq 10.5\%$)	15.57	15.86	-0.29	14.27
Tier 1 capital adequacy ratio($\geq 8.5\%$)	12.62	12.70	-0.08	10.97
Core Tier 1 capital adequacy ratio($\geq 7.5\%$)	12.59	12.69	-0.10	10.96
Assets quality indicators (standard value)	31 December 2019	31 December 2018	+/- YoY (percentage point)	31 December 2017
Non-performing loan ratio($\leq 5\%$)	0.90	1.13	-0.23	1.30
Provision-to-loan ratio	3.90	3.87	0.03	3.30
Provision coverage ratio	431.31	342.28	89.03	253.60

III. Major Financial Data by Quarter within the Reporting Period

Unit: RMB 1000

Item	Q1 (January -March)	Q2 (April-June)	Q3 (July-September)	Q4 (October-December)
Operating income	5,116,033	5,305,544	5,260,770	5,588,952
Profit before tax	2,733,436	2,462,373	3,204,870	2,291,838
Net profit attributable to shareholders of the parent company	2,281,428	1,992,377	2,508,884	2,062,958
Net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses	2,275,888.00	2,434,438.00	18,821.00	3,477,167.00
Net cash flow from operating activities	447,986.00	12,766,639.00	-182,130.00	-5,894,626.00

IV. Item and Amount of non-recurring Profit and Loss

Unit: RMB 1000

Item	2019	2018	2017
Net income from the disposal of non-current assets	811,923	85,767	93,647
Government subsidy included in the current profit and loss	24,853	27,650	118,165
Net income from the cleanup of dormant accounts	17,016	5,528	911
Net income from liquidated damages	8,250	851	149,551
Donation outlay	-17,728	-4,254	-8,491
Others	16,645	25,483	84,135
Total	860,959	141,025	437,918

IV. Other Financial Information Disclosed According to Regulatory Requirements

Unit: %

Item	Standard value	2019	2018	2017
Liquidity ratio	≥25	51.55	46.52	37.28
Liquidity coverage ratio	≥100	229.95	241.76	132.43
Net stable fund ratio	≥100	139.13	152.74	144.29
Loan-to-deposit ratio	-	70.99	62.80	59.35
Proportion of loans to the largest customer	≤10	3.52	4.34	4.33
Proportion of loans to the top ten customers	≤50	19.88	23.48	23.33

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Business Overview

Major Business and Model of Operation

Economic and Financial Situation, Industrial Development Trend

Company Development Strategy, Investment Value and Core Competitiveness

Discussion and Analysis of the Company's Future Development

Description of Material Changes in Major Assets

I. Major Business and Model of Operation

Established on 25 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. Based on its own strategic positioning, the Company provides businesses and individuals with comprehensive financial services, and focuses on cultivating and building operations featuring areas such as facilitating inclusive finance, rural rejuvenation and integrated development of the Yangtze River Delta region etc.

Within the reporting period, the Company took the opportunity of Shanghai's initiatives in building itself into an international financial center and accelerating urban-rural integration, centered on customers, themed on "refined management, professional operation, and differentiated features", coordinated and promoted "strengthen management, transform style, adjust structure, and promote transformation". Deeply pushed forward operation transformation, grew business with comprehensive marketing, served target customers with innovative financial products and services, improved customer experience with efficient process management to fully improve customer service capability, build a service-oriented bank and try to be a bellwether among rural commercial banks in China.

II. Economic and Financial Situation, Industrial Development Trend

During the reporting period, the domestic economy maintained medium and high-speed growth with overall stable operation. The central bank continued to implement prudent monetary policy, maintained rationally sufficient liquidity, reformed and improved the formation mechanism of the loan prime rate (LPR) in the loan market, reduced financing cost for businesses, and increased credit support to the real economy. Regulatory authorities continued to focus on preventing and resolving risks and rectifying chaos in the banking sector, and serving the implementation of national strategies and the development of real economy with banking. During the reporting period, the asset scale of the banking sector grew steadily with stable profit growth, and overall stable quality of credit assets. The banking sector actively responded to the guidance of national policies, increased financial support for rural areas and agriculture, private enterprises, small and micro enterprises with inclusive financing increased rapidly, actively served major national strategies and the development of emerging industries, further promoted its own transformation and development, accelerated digital construction and organizational reform, and improved development quality and efficiency.

III. Company Development Strategy, Investment Value and Core Competitiveness

Major Strategies:

Focus on the strategic vision of building a service-oriented bank

with the advanced as benchmark, based on greater Shanghai, cover the Yangtze River Delta region with domestic and overseas businesses, focus on refined management, professional operation and differentiated features, implement the three core strategies of "customer-centric, inclusive finance, and digital transformation".

Investment Value and Core Competitiveness:

1. Obvious location advantages and strategic opportunities. The Company is a corporate bank headquartered in Shanghai, with its business mainly concentrated in Shanghai. Meanwhile, the national strategies of "Belt and Road" initiative and the "Yangtze River Delta Regional Integration" also provide our Bank with broad room for future development.

2. Solid customer base and extensive sales channels. Since establishment, the Company has been rooted in Shanghai, especially in suburban areas with high network coverage, customer penetration rate and loyalty. The Company vigorously develops mobile finance, continues to build integrated systems including online channels and physical networks etc. to improve service experience.

3. Complete business qualifications and strong comprehensive service capability. The Company is one of the earliest institutions to carry out financial market, investment banking and cross-border business among rural credit cooperatives in China. It has relatively complete business qualifications, and leading trading activity on the market which have enabled the Company to provide customers with efficient and comprehensive financial services of investment and financing.

4. Characteristic "small and micro enterprises" and "rural and agriculture-related" service capabilities. The Company actively responds to the call of the government, takes "serving agriculture and rural areas, small and micro enterprises, and technological innovation" as the foundation of the Bank, keeps "deeper positioning and more detailed service", actively carries out activities and improves the system and mechanism of inclusive financial services, innovates featured services and products as well as service modes, and solidly promotes inclusive financial services.

5. Leading retail and wealth management business. The Company is one of the first banks among rural credit cooperatives to launch wealth management products. Led by technological innovation, retail business improves customer experience and operation efficiency with the drive to build a "trading bank" and a "consumer financial bank". Relying on the customer segment advantage in the main venue of business in Shanghai, retail businesses such as wealth management, retail loans and credit cards etc. are vigorously promoted to facilitate Bank-wide transformation.

6. Prudent risk management and good asset quality. The Company has always adhered to prudent risk management principle, sound business style and the ultimate goal of commercial banks in serving the real economy. The NPL% keeps maintaining at a low level with overall downward trend, and asset quality rises steadily.

7. Clear ownership structure and sound corporate governance. The equity structure of the Company is clear and balanced

featuring "multiple stakeholders, effective checks and balances, coordinated operation" with central enterprises, local state-owned enterprises, private enterprises, and natural persons, etc., establishing a relatively complete corporate governance structure, which has laid a solid foundation for the Bank's long-term development.

IV. Discussion and Analysis of the Company's Future Development

(I) 2020 Business Plan

In 2020, guided by the strategic plan, the Company will take quality listed banks as benchmark and inclusive finance as mission, focus on customer experience, leverage digital transformation. Based on good epidemic prevention and control, the Company will continuously optimize top design, transform style of work, accelerate structural adjustment, promote innovative transformation, solidify risk management foundation, comprehensively improve refined management, fully enhance professional operation capability, complete the first-year goals of the 2020-2023 strategic development plan, build a service-oriented bank that creates value for customers, and strive for IPO as soon as possible.

(II) Possible Risks

Based on a comprehensive analysis of the global situation, the environment in 2020 will be more complex and severe. Geopolitics, trade protectionism and the wave of anti-globalization will have an obvious impact on the macro-economy. The new pattern of trade balance has yet to form. World economy continues to slow down, and the industrial structure is extremely fragile. The global economy has entered the stage of low growth, low inflation, low interest rate and low investment.

—Higher operation pressure. Continuous loosening of monetary policy nationwide, over production and liquidity, and obvious downward trend of financing interest rate for all businesses, especially small, micro and medium-sized enterprises following the policy guidance during the epidemic further reduce the interest spread between deposits and loans of commercial banks, small and medium-sized banks in particular. The loan demand of corporate customers in some industries is weakening, limiting the growth of loan scale, and posing relatively high pressure on operating income growth.

—More severe risk situation. In this epidemic, a large number of small, micro and medium-sized enterprises are under increasing operating pressure with emergent fund turnover. Bank's credit asset quality will show a downward trend with more severe credit risk and potential NPL; higher cross-financial risk; high concentration of property financing, and the huge potential of systematic risk.

(III) 2020 Major Development Initiatives

—Correctly grasp the macro policy orientation. Focus on the spirit of the Central Economic Working Conference, the policy situation and changes in the market environment considering the

impact of the epidemic on social economy, timely and moderately adjust management strategies and interest rate pricing. Match policy requirements with business structure adjustment, focus on the development opportunities in advanced manufacturing, high-end services and people's livelihood, optimize credit approval, promote financial research of industries, create featured marketing scenario, deepen the application of Fintech, improve comprehensive marketing and sales system, strengthen integrated risk management, and improve the level of high-quality comprehensive financial services.

—Strengthen support in national strategies with finance. Deeply integrate with national strategies such as "inclusive finance, rural revitalization, Yangtze River Delta regional integration" etc., reflect value from positioning, and tap opportunities from this initiative. Combine with the Company's new three-year strategic development plan, improve political stance, seize historical opportunities, insist on service positioning, improve work dimensions, innovate business models, enhance technology empowerment, and facilitate work against the epidemic with finance to help small and micro enterprises and agricultural businesses overcome the epidemic.

—Ensure the implementation of the first year's strategic plan. Guided by the implementation of the first year's strategic plan, we will focus on the three core strategies of adhering to "customer center, inclusive finance, and digital transformation". Quantify and break down strategic indicators, formulate detailed work plans, clarify time and task requirements, strengthen interpretation and publicity of strategies, conduct regular evaluation and improvement, lead the Bank-wide work to ensure the successful completion of 2020 objectives in the new three-year strategic plan.

—Comprehensively optimize the operation and management system. With the strategy of "forward thinking, systematic planning and overall promotion", improve the organizational structure, optimize resource allocation, speed up digital transformation, implement line management, promote the construction of mid-office, transform the work style, strengthen talent drive, improve work efficiency, and strive to become a high-quality listed bank with "refined management, professional operation and differentiated features".

—Strive to build a customer service-oriented bank. Center on customers, deepen business transformation, promote customer development with comprehensive means of marketing and sales, facilitate customer transformation with innovative financial products and services, improve customer experience with efficient process management, comprehensively enhance the service capability to create value for customers, and strive to build a service-oriented bank.

V. Description of Material Changes in Major Assets

See "Management Discussion and Analysis-Balance Sheet Analysis" for change details in the Company's major assets.

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Management Discussion and Analysis

Group Overall Operation Overview

Major Business Results during the Reporting Period

Business Overview

Development and Profit/Loss of Financial Management, Asset Securitization, Trust, Wealth Management and Other Business during the Reporting Period

Introduction of Innovative Businesses in the Reporting Period

Development of Financial Business Related with Agriculture, Rural Areas and Farmers in the Reporting Period

Risks and Risk Management during the Reporting Period

Capital Management

I. Group Overall Operation Overview

In 2019, faced with complex and severe situation, the Bank forged ahead to overcome difficulties, centered on customers, themed on "refined management, professional operation, and differentiated features", coordinated and promoted "strengthen management, transform style, adjust structure, and promote transformation", and accelerated the building of a service-oriented bank. Business development tasks were completed successfully, concluding the 2017-2019 strategic plan with business results meeting expectations.

Rapid growth in profitability. During the reporting period, the Group's operating income was RMB 21.271 billion, up by 5.59% YoY; profit before tax, RMB 10.693 billion, up by 22.54% YoY; net profit attributable to shareholders of the parent company, RMB 8.846 billion, up by 21.04% YoY. Return on equity (ROE) was 13.14%; return on asset (ROA), 1.01%, 0.14 percentage points higher than that of 2018 end.

Steadily-growing scale and strength. As of the end of the reporting period, the total assets of the Group was RMB 930.287 billion, up by RMB 96.575 billion or 11.58% over the end of the prior year, of which total loans and advances amounted to RMB 466.868 billion, up by RMB 56.961 billion or 13.90% over the end of the prior year. Total liabilities of the Group was RMB 856.081 billion, up by RMB 87.170 billion or 11.34% over the end of the prior year, of which total deposits was RMB 692.349 billion, up by RMB 47.441 billion or 7.36% over the end of the prior year.

Characteristic operation. The Group adhered to the market and customer orientation of serving rural areas and agriculture, small and micro enterprises, technological innovation and community residents, improved the inclusive financial service system, and comprehensively completed the inclusive financial goal of "two increases and two controls". The scale of agriculture-related loans and science and technology business loans kept a leading position in the local market, and the inclusive financial brand and differentiated competitive advantage were taking shape. During the reporting period, the Bank facilitated the national strategies of "Yangtze River Delta regional integration, inclusive finance and rural revitalization" by granting RMB 35.6 billion interbank credit to rural financial institutions in the Yangtze River Delta region, up by about 70% over the end of prior year. Deepened business cooperation with Shanghai Policy Financing Guarantee Funds for SMEs with a loan balance of RMB 3.213 billion in 2019. Actively promoted digital transformation of rural and agriculture-related business to receive agricultural loan applications online with RMB 136 million disbursed annually. Science and technology business loans reached RMB 25.616 billion, up by 21.96%; the number of trade union member card customers reached 4.7188 million, up by 6.36%.

Continuously-improving asset quality. During the reporting period, the Group followed a prudent risk appetite, constantly improved risk management technology, and the asset quality rose steadily. As of the end of the reporting period, the Group's NPL balance was RMB 4.218 billion, down by RMB 419 million compared with the end of the prior year; NPL% was 0.90%, down by 0.23 percentage points compared with the end of the prior year. The loan provision coverage ratio was 431.31%, up by 89.03 percentage points over the end of last year; the loan provision ratio was 3.90%, up by 0.03 percentage points over the end of last year.

Good capital adequacy level. The Bank implemented group-level capital management to center on improving capital efficiency and return on capital return, continuously improved the capital management mechanism and the refined management of capital, playing the leading and binding role of capital in business development. During the reporting period, the Bank's capital adequacy ratio met regulatory requirements. As of the end of the reporting period, the Group's capital adequacy ratio was 15.57%, tier-I capital adequacy ratio was 12.62%, and core tier-I capital adequacy ratio is 12.59%.

Smooth Group-level operation. The directional capital injection to the Yangtze Financial Leasing Company realized an absolute control of the Financial Leasing Company, which further strengthened the strategic synergy and business coordination between the Bank and Yangtze Financial Leasing Company. Injected capital to ten rural banks in Shandong, Yunnan and Hunan provinces to further improve their overall risk resistance.

II. Major Business Results during the Reporting Period

(I) Income Statement Analysis

Unit: RMB 1000

Item	2019	2018	Change	+/- YoY(%)
Operating income	21,271,299	20,145,482	1,125,817	5.59
Net interest income	15,059,212	15,029,181	30,031	0.20
Net non-interest income	6,212,087	5,116,301	1,095,786	21.42
- : operating expenses	10,602,965	11,447,240	-844,275	-7.38
including: tax and surcharges	211,492	194,969	16,523	8.47
Operation and administrative expenses	6,437,415	6,436,540	875	0.01
Impairment losses on credit	3,932,210	N/A	N/A	N/A
Impairment losses on assets	N/A	4,806,479	N/A	N/A
Other operating expenses	21,848	9,252	12,596	136.14
Operating profit	10,668,334	8,698,242	1,970,092	22.65
+: net non-operating income and expenses	24,183	27,608	-3,425	-12.41
Profit before tax	10,692,517	8,725,850	1,966,667	22.54
- : income tax expenses	1,754,170	1,601,142	153,028	9.56
Net profit	8,938,347	7,124,708	1,813,639	25.46
including: net profit attributable to shareholders of the parent company	8,845,647	7,308,149	1,537,498	21.04
Non-controlling interest income	92,700	-183,441	276,141	N/A

1. Net Interest Income

During the reporting period, net interest income of the Group amounted to RMB 15.059 billion, an increase of 0.20% YoY, including interest income of RMB 31.633 billion, up by 5.83% YoY, and interest expense was RMB 16.574 billion, up by 11.52% YoY.

Unit: RMB 1000

Item	2019	Proportion(%)	Increase(%)
Loans and advances	19,856,390	62.77	9.67
Financial investment	7,493,326	23.69	6.28
Due from and placements with banks and other financial institutions	3,198,016	10.11	-6.39
Balances with Central Bank	1,070,826	3.39	-18.78
Interest income from financial lease	14,482	0.05	N/A
Total interest income	31,633,040	100.00	5.83

(1) Average Yield of Interest-earning Assets and Average Cost Rate of Interest-bearing Liabilities

During the reporting period, the Group's average yield of interest-earning assets was 3.86%, down by 14 bps YoY, and the average cost rate of interest-bearing liabilities was 2.12%, up by 5 bps YoY; the net interest spread was 1.74%, and the net interest margin was 1.84%, down by 19 bps and 17 bps YoY respectively.

Unit: RMB 1000

Item	2019			2018		
	Average balance ¹	Interest income/expenses	Average yield/cost(%)	Average balance ¹	Interest income/expenses	Average yield/cost(%)
Assets						
Loans and advances	439,538,566	19,856,390	4.52	393,458,149	18,105,167	4.60
Financial investment ²	195,768,331	7,493,326	3.83	179,663,317	7,050,729	3.92
Due from and placements with banks and other financial institutions ³	114,153,783	3,198,016	2.80	89,912,126	3,416,456	3.80
Balances with Central Bank	69,807,150	1,070,826	1.53	84,886,465	1,318,391	1.55
Financial lease receivables	328,118	14,482	4.41	N/A	N/A	N/A
Total interest-earning assets	819,595,948	31,633,040	3.86	747,920,057	29,890,743	4.00
Liabilities						
Deposits from customers	644,081,389	12,798,205	1.99	590,046,238	10,452,423	1.77
Debt securities issued	34,061,598	1,152,697	3.38	34,564,891	1,456,322	4.21
Borrowings from Central Bank	12,184,969	374,898	3.08	7,729,022	249,376	3.23
Due to and placements from banks and other financial institutions ⁴	90,298,848	2,248,028	2.49	86,293,358	2,703,441	3.13
Total interest-bearing liabilities	780,626,804	16,573,828	2.12	718,633,508	14,861,562	2.07
Net interest income			15,059,212			15,029,181
Net interest spread⁵			1.74			1.93
Net interest margin⁶			1.84			2.01

Note:

- The average balance of interest-earning assets and interest-bearing liabilities is daily average balance, which has not been audited;
- Financial investment in 2019 includes debt investment and other debt investment. Financial investment in 2018 includes financial assets at fair value through profit or loss, financial assets available for sale, held-to-maturity investment and receivables investment;
- Including deposits and placements with banks, and financial assets held under resale agreements;
- Including deposits from banks and other financial institutions, borrowings, financial assets sold for repurchase and others;
- Calculated according to the difference between the average yield of total interest-earning assets and the average cost rate of total interest-bearing liabilities;
- Calculated by annualizing the result of dividing net interest income by average balance of total interest-earning assets.

(2) Interest Income from Loans and Advances

During the reporting period, the Group's interest income from loans and advances amounted to RMB 19.856 billion, up by 9.67% YoY, with an average yield of 4.52%, down by 8 bps YoY.

Unit: RMB 1000

Item	2019			2018		
	Average balance	Interest income	Average yield(%)	Average balance	Interest income	Average yield(%)
Corporate loans	249,559,887	12,019,374	4.82	231,918,921	10,866,306	4.69
Retail loans	117,542,911	5,568,177	4.74	101,651,859	4,336,716	4.27
Discounted bills	72,435,767	2,268,838	3.13	59,887,369	2,902,145	4.85
Total loans and advances	439,538,566	19,856,390	4.52	393,458,149	18,105,167	4.60

Note: as of the end of the reporting period, the Bank's general short-term loan yield was 5.07%, and the medium and long-term loan yield was 5.02%.

(3) Interest Expenses on Deposits

During the reporting period, the Group's interest expenses on deposits were RMB 12.798 billion, up by 22.44% YoY, with an average interest payment rate of 1.99%, up by 22 bps YoY. The following table lists the average balance, interest expenses and average cost rate of each component of the Group's deposits during the period shown.

Unit: RMB 1000

Item	2019			2018		
	Average balance	Interest expenses	Average cost rate (%)	Average balance	Interest expenses	Average cost rate (%)
Corporate demand deposit	222,342,580	1,463,569	0.66	229,463,391	1,478,133	0.64
Corporate time deposit	123,309,926	3,561,556	2.89	96,347,063	2,724,852	2.83
Personal demand deposit	49,943,920	204,177	0.41	47,069,508	195,677	0.42
Personal time deposit	248,284,911	7,568,195	3.05	216,715,743	6,053,120	2.79
Others	200,050	708	0.35	450,534	640	0.14
Total	644,081,389	12,798,205	1.99	590,046,238	10,452,423	1.77

2. Net Non-interest Income

(1) Net Fee and Commission Income

During the reporting period, the Group's net fee and commission income amounted to RMB 2.762 billion, down by 14.77% YoY. The overall income level declined mainly due to the relatively significant decline in e-banking business this year, while there were relatively small changes in the situation of other charging items compared with that of the prior year.

Unit: RMB 1000

Item	2019	2018	Change rate(%)
Agency business	1,523,154	1,527,039	-0.25
Consultancy and advisory business	498,850	481,278	3.65
Bank card	662,877	664,213	-0.20
Settlement and clearing business	305,414	258,679	18.07
E-banking business	148,904	437,929	-66.00
Guarantee and commitment business	19,174	20,027	-4.26
Asset custodian business	359	1,124	-68.06
Other business	69,411	85,863	-19.16
Fee and commission income	3,228,143	3,476,152	-7.13
Fee and commission expenses	-466,029	-235,202	98.14
Net fee and commission income	2,762,114	3,240,950	-14.77

(2) Other Net Non-interest Income

During the reporting period, the Group achieved an investment income of RMB 2.821 billion, an increase of RMB 1.271 billion YoY, mainly due to the Group's promotion of asset restructuring, an appropriate increase in the proportion of financial asset investment, and an increase in the scale of fund and bond investment. Exchange rate fluctuations and changes in the classification and valuation of financial assets under the new financial instrument standards had an impact on the profit and losses from fair value changes.

Unit: RMB 1000

Item	2019	2018	Change rate(%)
Investment return	2,820,801	1,549,429	82.05
Other return	24,853	27,650	-10.12
Profit/(losses) from fair value changes	-423,314	443,207	N/A
Profit/(loss) on exchange	177,805	-257,780	N/A
Other business income	37,905	27,078	39.98
Profit/(losses) from asset disposal	811,923	85,767	846.66

3. Operation and Administrative Expenses

During the reporting period, the Group's operation and administrative expenses amounted to RMB 6.437 billion, basically flat with last year; the cost-to-income ratio was 30.37%, down by 1.63 bps YoY, mainly due to the rapid growth of operating income, which increased faster than the growth of operation and administrative expenses.

Unit: RMB 1000

Item	2019	2018	Change rate (%)
Employee compensation	4,032,359	3,964,138	1.72
Office and administrative expenses	1,041,021	1,116,985	-6.80
Depreciation of fixed assets	531,913	544,626	-2.33
Lease expenses	237,243	229,841	3.22
Deposit insurance premium	149,901	115,444	29.85
Operating expenses of electronic equipment	308,887	335,192	-7.85
Amortisation of intangible assets	82,349	78,328	5.13
Amortization of long-term deferred expenses	53,742	51,986	3.38
Operation and administrative expenses	6,437,415	6,436,540	0.01
Cost-to-income ratio	30.37%	32.00%	Down by 1.63 percentage point

4. Impairment Losses on Credit / Impairment Losses on Assets

During the reporting period, the Group accrued RMB 3.932 billion of impairment loss on assets, a YoY decrease of RMB 874 million. This was mainly due to the relatively huge change in calculating impairment loss under the new financial instrument standards, where expected credit loss model was adopted for the calculation of impairment on major financial assets such as loans etc. The provision of impairment loss on assets as follows:

Unit: RMB 1000

Item	2019	2018	2017
Loans and advances measured at amortized cost	2,961,043	N/A	N/A
Loans and advances at fair value through other comprehensive income	315,836	N/A	N/A
Debt investment	335,079	N/A	N/A
Other debt investment	-10,284	N/A	N/A
Financial lease receivables	-2,960	N/A	N/A
Expected off-balance-sheet impairment loss on credit	273,879	N/A	N/A
Loans and advances	N/A	4,795,753	3,382,968
Financial assets available for sale	N/A	-	68,000
Receivables investment	N/A	-	27,528
Held-to-maturity investment	N/A	-9	20,637
Other	59,617	10,735	34,179
Total	3,932,210	4,806,479	3,533,312

5. Income Tax Expenses

During the reporting period, the Group's income tax expenses were RMB 1.754 billion, an increase of RMB 153 million or 9.56% YoY, mainly due to the increase in profit before tax and the decrease in the proportion of non-taxable income.

Unit: RMB 1000

Item	2019	2018	Change rate(%)
Current income tax	2,699,242	2,350,609	14.83
Deferred income tax	(972,133)	(703,759)	38.13
Adjustment for annual settlement and payment	27,061	(45,708)	-159.20
Total	1,754,170	1,601,142	9.56

6. Business Segment Information

During the reporting period, the operating income of the Company's banking business was RMB 10.325 billion, accounting for 48.54% of the Group's operating income, with a profit before tax of RMB 4.256 billion, accounting for 39.81%. The operating income of personal banking business was RMB 5.524 billion, accounting for 25.97%, with a profit before tax of RMB 2.831 billion, accounting for 26.47%. The operating income of financial market business was RMB 3.809 billion, accounting for 17.91%, with a profit before tax of RMB 2.785 billion, accounting for 26.05%. The operating income of other business segments was RMB 1.612 billion, accounting for 7.58%, with a profit before tax of RMB 820 million, accounting for 7.67%.

(II) Balance sheet analysis

1. Assets

As of the end of the reporting period, the total assets of the Group amounted to RMB 930.287 billion, an increase of RMB 96.575 billion or 11.58% over the end of the prior year, mainly due to the increase in loans, advances and financial investment of the Group.

Unit: RMB 1000

Item	31 December 2019		31 December 2018	
	Amount	Percentage of total(%)	Amount	Percentage of total(%)
Total loans and advances	466,868,105	50.19	409,907,181	49.17
Accrued loan interest	747,417	0.08	N/A	N/A
Loan loss reserve	-17,833,288	-1.92	-15,872,769	-1.90
Net loans and advances	449,782,234	48.35	394,034,412	47.26
Financial investment ¹	277,706,008	29.85	243,241,706	29.18
Cash, precious metal and balances with Central Bank	76,178,727	8.19	86,651,414	10.39
Due from and placements with banks and other financial institutions ²	91,393,314	9.82	92,397,365	11.08
Financial lease receivables	22,837,258	2.45	N/A	N/A
Other ³	12,389,765	1.33	17,387,855	2.09
Total assets	930,287,306	100.00	833,712,752	100.00

Note:

1. Financial investment in 2019 includes trading financial assets, debt investment, other debt investment and other equity instrument investment. Financial investment in 2018 includes financial assets at fair value through profit or loss, financial assets available for sale, held-to-maturity investment and receivables investment;

2. Including deposits and placements with banks, and financial assets held under resale agreements;

3. Including derivative financial assets, long-term equity investment, fixed assets, construction in progress, deferred income tax assets, held-for-sale assets and other assets.

(1) Composition of Loans and Advances to Customers

As of the end of the reporting period, the Group's total loans and advances amounted to RMB 466.868 billion, an increase of RMB 56.961 billion or 13.90% over the end of the prior year, accounting for 50.19% of the total assets, up by 1.02 percentage points over the end of the prior year. For details of the Group's loans and advances, please refer to the "loan quality analysis" section.

(2) Financial Investment

As of the end of the reporting period, the Group's financial investment totaled RMB 277.706 billion, an increase of RMB 34.464 billion over the end of the prior year.

Unit: RMB 1000

Item	31 December 2019		31 December 2018	
	Amount	Percentage of total(%)	Amount	Percentage of total(%)
Trading financial assets	51,472,458	18.53	N/A	N/A
Debt investment	148,218,827	53.37	N/A	N/A
Other debt investment	78,003,223	28.09	N/A	N/A
Other equity instrument investment	11,500	0.00	N/A	N/A
Financial assets at fair value through profit or loss	N/A	N/A	7,264,796	2.99
Available-for-sale financial assets	N/A	N/A	104,886,280	43.12
Held-to-maturity instrument	N/A	N/A	120,547,430	49.56
Receivables investment	N/A	N/A	10,543,200	4.33
Total financial investment	277,706,008	100.00	243,241,706	100.00

Among them, financial investment can be classified by the nature of financial assets as follows:

Unit: RMB 1000

Item	31 December 2019		31 December 2018	
	Amount	Percentage of total(%)	Amount	Percentage of total(%)
Debt investment	277,334,598	99.87	242,556,598	99.72
Equity instrument	371,410	0.13	685,108	0.28
Total financial investment	277,706,008	100.00	243,241,706	100.00

Held-for-trading Financial Assets

Held-for-trading financial assets are financial assets at fair value through profit or loss. As of the end of the reporting period, the balance was RMB 51.472 billion, mainly including bond investment, securities fund investment, wealth management investment in other banks and equity investment. Please refer to note 7 to the financial statements for details.

Debt Investment

Debt investment is a debt instrument investment measured at amortized cost. As of the end of the reporting period, the balance was RMB 148.219 billion, mainly including bond investment and asset management plan etc. Please refer to note 8 to the financial statements for details.

Other Debt Investment

Other debt investment is a debt instrument investment measured at fair value through other comprehensive income. As of the end of the reporting period, the balance was RMB 78.003 billion, mainly bond investment. Please refer to note 9 to the financial statements for details.

Other Equity Instrument Investment

Other equity instrument investment is the equity instrument investment measured at fair value through other comprehensive income. As of the end of the reporting period, the balance was RMB 12 million, mainly non-tradable equity investment held by the Group that has no control, joint control or material impact on the investee. Please refer to note 10 to the financial statements for details.

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

Unit: RMB 1000

Bond Name	Par value	Annual rate(%)	Maturity date	Impairment reserve
Bond issued by policy banks in 2018	4,510,000	4.00	2025/11/12	-
Bond issued by policy banks in 2016	4,400,000	3.05	2026/08/25	-
Bond issued by policy banks in 2016	4,270,000	3.18	2026/04/05	-
Bond issued by policy banks in 2017	3,620,000	4.04	2027/04/10	-
Bond issued by policy banks in 2015	3,360,000	3.74	2025/09/10	-
Bond issued by policy banks in 2017	3,190,000	3.85	2027/01/06	-
Bond issued by policy banks in 2016	3,160,000	3.33	2026/02/22	-
Bond issued by policy banks in 2019	2,920,000	3.28	2024/02/11	-
Bond issued by policy banks in 2018	2,210,000	4.15	2025/10/26	-
Bond issued by policy banks in 2015	2,140,000	3.87	2025/09/14	-

(3) Interest Receivables

From January 1, 2019, according to the new format requirements for financial statements of financial enterprises, the Group included the interest on the financial instruments accrued based on the effective interest method in the book balance of the corresponding financial instruments, instead of listing the "interest receivable" item separately. The interest of matured financial instruments that can be collected but not yet received was listed in "other assets". Please refer to note 20.5 to the financial statements for details.

2. Liabilities

As of the end of the reporting period, the total liabilities of the Group amounted to RMB 856.081 billion, an increase of RMB 87.170 billion or 11.34% over the end of the prior year.

Unit: RMB 1000

Item	31 December 2019		31 December 2018	
	Amount	Percentage of total(%)	Amount	Percentage of total(%)
Deposits	692,348,716	80.87	644,907,662	83.87
Due to and placements from banks and other financial institutions ¹	90,346,453	10.55	72,667,697	9.45
Borrowings from Central Bank	14,006,071	1.64	11,971,000	1.56
Debt securities issued	47,946,796	5.60	23,375,798	3.04
Other ²	11,433,155	1.34	15,988,990	2.08
Total liabilities	856,081,191	100.00	768,911,147	100.00

Note:

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, estimated liabilities and other liabilities measured at fair value through profit and loss.

Deposits from Customers

As of the end of the reporting period, the Group's total deposits from customers was RMB 692.349 billion, an increase of RMB 47.441 billion over the end of the prior year, an increase of 7.36%, accounting for 80.87% of the total liabilities of the Group, which is the main source of funds for the group.

Unit: RMB 1000

Item	31 December 2019		31 December 2018	
	Amount	Percentage of total(%)	Amount	Percentage of total(%)
Corporate deposits	316,200,086	45.67	316,524,775	49.08
Demand deposit	207,597,310	29.98	215,778,734	33.46
Time deposit	108,602,776	15.69	100,746,041	15.62
Personal deposits	324,567,603	46.88	288,466,558	44.73
Demand deposit	54,140,313	7.82	50,259,781	7.79
Time deposit	270,427,290	39.06	238,206,777	36.94
Pledged deposits	6,532,211	0.94	5,494,054	0.85
Other	31,726,012	4.58	34,422,275	5.34
Total deposits	679,025,912	98.08	644,907,662	100.00
Accrued interest	13,322,804	1.92	N/A	N/A
Total	692,348,716	100.00	644,907,662	100.00

3. Shareholders' Equity

As of the end of the reporting period, the Group's shareholders' equity was RMB 74.206 billion, an increase of RMB 9.405 billion or 14.51% over the end of the prior year.

Unit: RMB 1000

Item	31 December 2019	31 December 2018	+/- over the end of prior year(%)
Share capital	8,680,000	8,680,000	-
Capital reserve	8,947,939	9,173,692	-2.46
Other comprehensive income	1,226,676	1,220,431	0.51
Surplus reserve	17,715,475	14,950,965	18.49
General risk reserve	9,641,076	9,079,315	6.19
Undistributed profits	24,938,714	20,531,235	21.47
Total equity attributable to shareholders of the parent company	71,149,880	63,635,638	11.81
Non-controlling interest	3,056,235	1,165,967	162.12
Total shareholders' equity	74,206,115	64,801,605	14.51

(III) Cash Flow Statement Analysis

During the reporting period, the Group's net cash flow from operating activities was RMB 7.138 billion, mainly due to the increase in deposits from customers and other banks.

The net cash flow from investment activities was RMB -31.232 billion, a year-on-year decrease of RMB 37.889 billion, mainly due to the decrease in cash received from recovery of investment.

The net cash flow from financing activities was RMB 21.884 billion, a year-on-year increase of RMB19.586 billion, mainly due to the increase in cash received from issuing negotiable certificate of deposits.

(IV) Items and Reasons for Changes over 30% in Accounting Statements

Unit: RMB 1000

Item	2019 end/2019	2018 end/2018	+/- over the end of prior year/prior year(%)	Main reasons for change
Precious metal	25,553	161,067	-84.14	Reduction of investment in precious metal
Derivative financial assets	415,722	272,139	52.76	Change in asset valuation of monetary derivatives
Construction in progress	1,245,806	290,012	329.57	New office building
Deferred income tax assets	4,488,506	3,406,866	31.75	Increase of loss/impairment reserve non-deductible before tax
Held-for-sale assets	16	47	-65.96	Reduction of the sale of non-monetary assets
Other assets	1,246,122	6,641,990	-81.24	Inclusion of interest receivables in assets following the change in new standards
Fee and commission expenses	466,029	235,202	98.14	Strengthening of product development
Investment return	2,820,801	1,549,429	82.05	Increase of financial assets and derivative financial instrument assets measured at fair value through profit or loss
Profit/(loss) from fair value changes	-423,314	443,207	N/A	Mainly changes in valuation of financial instruments
Profit/(loss) on exchange	177,805	-257,780	N/A	Mainly changes in valuation of financial instruments
Other business income	37,905	27,078	39.98	
Income from asset disposal	811,923	85,767	846.66	Sale of old headquarters building
Other business expenses	21,848	9,252	136.14	
Non-operating income	77,710	46,055	68.73	Increase of income from liquidated damage
Non-operating expenses	53,527	18,447	190.17	Increase of charity donations
Non-controlling interest	92,700	-183,441	N/A	Increase of non-controlling interest due to higher profit from subsidiaries
Other net after-tax comprehensive profit/(loss)	502,294	1,181,475	-57.49	Valuation reduction of other debt investment

(V) Loan Quality Analysis

1. Five-Category Classification

Unit: RMB 100 million

	31 December 2019		31 December 2018	
	Amount	Percentage of total(%)	Amount	Percentage of total(%)
Normal	4,591.03	98.34	4,018.05	98.02
Special mention	35.46	0.76	34.64	0.85
Substandard	25.07	0.54	29.70	0.72
Doubtful	11.20	0.24	10.96	0.27
Loss	5.91	0.13	5.72	0.14
Total loans and advances to customers	4,668.68	100.00	4,099.07	100.00
Carrying balance of non-performing loans	42.18	0.90	46.37	1.13

Unit: RMB 100 million

Classification	31 December 2019	Percentage of total(%)	+/- YoY(%)
Restructured loans	1.01	0.02	107.52
Overdue loans	53.49	1.15	-1.48

2. Structure and Quality of Loans by Product Type

Unit: RMB 100 million

Item	31 December 2019			31 December 2018		
	Loan balance	NPL balance	NPL% (%)	Loan balance	NPL balance	NPL% (%)
Corporate loans and advances	2,631.30	35.53	1.35	2,383.80	40.48	1.70
Personal loans and advances	1,311.60	6.65	0.51	1,070.64	5.89	0.55
Personal consumption loans	168.59	0.91	0.54	39.98	0.19	0.47
Housing mortgages	985.09	2.74	0.28	907.92	2.03	0.22
Personal business loans	62.70	1.74	2.77	55.98	2.85	5.10
Credit card	93.36	1.24	1.33	64.78	0.79	1.23
Discounted bills	725.78	-	-	644.63	-	-
Total loans and advances to customers	4,668.68	42.18	0.90	4,099.07	46.37	1.13

3. Structure and Quality of Loans by Industry

Unit: RMB 100 million

行业类别	31 December 2019			31 December 2018		
	Loan balance	NPL balance	NPL% (%)	Loan balance	NPL balance	NPL% (%)
Real estate	971.18	8.21	0.85	827.25	8.00	0.97
Leasing and commercial services	589.69	1.43	0.24	515.49	1.00	0.19
Manufacturing	442.34	10.07	2.28	393.93	7.46	1.89
Wholesale and retail	151.07	11.07	7.33	162.74	18.10	11.12
Transportation, warehousing and postal services	97.18	0.42	0.43	108.73	0.98	0.90
Construction	99.70	1.02	1.03	94.07	0.80	0.85
Hotels and catering services	30.48	0.99	3.25	25.22	0.87	3.46
Agriculture, forestry, animal husbandry and fishery	20.20	0.67	3.33	25.10	1.32	5.25
Residential and other services	8.14	0.50	6.14	6.43	0.47	7.24
Water, environment and public utility management	10.14	0.28	2.72	9.46	0.31	3.25
Other	211.17	0.87	0.41	215.37	1.17	0.55
Discounted bills	725.78	-	-	644.63	-	-
Retail loans	1,311.60	6.65	0.51	1,070.64	5.89	0.55
Total loans and advances to customers	4,668.68	42.18	0.90	4,099.07	46.37	1.13

4. Structure and Quality of Loans by Region

Unit: RMB 100 million

Item	31 December 2019			31 December 2018		
	Loan balance	NPL balance	NPL% (%)	Loan balance	NPL balance	NPL% (%)
Shanghai region	4,394.63	33.36	0.76	3,866.94	33.63	0.87
Regions outside Shanghai	274.06	8.82	3.23	232.13	12.75	5.49
Total loans and advances to customers	4,668.68	42.18	0.90	4,099.07	46.37	1.13

5. Structure and Quality of Loans by Type of Collateral

Unit: RMB 100 million

Type of collateral	31 December 2019			31 December 2018		
	Loan balance	NPL balance	NPL% (%)	Loan balance	NPL balance	NPL% (%)
Credit loans	529.85	3.66	0.69	381.42	2.25	0.59
Guaranteed loans	484.88	8.28	1.71	482.82	14.54	3.01
Pledged loans	880.34	0.07	0.01	828.66	0.18	0.02
Secured loans	2,773.62	30.18	1.09	2,406.17	29.41	1.22
Total loans and advances to customers	4,668.68	42.18	0.90	4,099.07	46.37	1.13

6. Loan Migration Ratios

Item	31 December 2019	31 December 2018	31 December 2017
Migration ratio of normal loans(%)	0.82	0.71	1.40
Migration ratio of special mention loans(%)	21.91	63.49	60.40
Migration ratio of substandard loans(%)	28.93	30.49	6.27
Migration ratio of doubtful loans(%)	11.78	30.12	16.44

Note: the migration ratio is calculated according to the relevant provisions of the CBIRC, which is the parent company's data.

7. Loans to Top Ten Largest Borrowers

As of the end of the reporting period, the total amount and percentage of loans provided by the Group to the top ten single borrowers were as follows:

Unit: RMB 1000

Borrower	Amount	Percentage of the total loan amount(%)
Borrower A	3,140,500	0.67
Borrower B	2,253,000	0.48
Borrower C	1,760,500	0.38
Borrower D	1,680,000	0.36
Borrower E	1,584,762	0.34
Borrower F	1,500,000	0.32
Borrower G	1,500,000	0.32
Borrower H	1,483,750	0.32
Borrower I	1,435,000	0.31
Borrower J	1,403,880	0.30
Total	17,741,392	3.80

8. Changes in Loan Loss Reserves

Unit: RMB 1000

Item	Changes in loan and advance loss/impairment provision on credit measured at amortized cost				Changes in expected loan and advance loss/impairment provision on credit measured at fair value through other comprehensive income			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	9,563,245	3,131,980	3,162,655	15,857,880	44,803	-	-	44,803
Transfer:								
- Transfer to stage 1	1,079,547	-1,008,872	-70,675	-	-	-	-	-
- Transfer to stage 2	-227,393	252,587	-25,194	-	-	-	-	-
- Transfer to stage 3	-47,850	-143,136	190,986	-	-	-	-	-
Accrual of the current period/(transfer back)	1,703,711	53,791	1,096,531	2,854,033	315,836	-	-	315,836
Recovery after write-off (note)	-	-	276,804	276,804	-	-	-	-
Write-offs of the current period	-	-	-1,155,429	-1,155,429	-	-	-	-
Closing balance	12,071,260	2,286,350	3,475,678	17,833,288	360,639	-	-	360,639

As of the end of the reporting period, loan impairment provisions amounted to RMB 18.194 billion, including RMB 17.833 billion measured at amortized cost and RMB 361 million measured at fair value through other comprehensive income.

9. Debt Assets

Unit: RMB 1000

Item	31 December 2019		31 December 2018	
	Amount	Accrual of impairment provision	Amount	Accrual of impairment provision
Houses and buildings	53,357	-6,632	34,740	-
Total	53,357	-6,632	34,740	-

(VI) Capital Adequacy Ratio, Leverage Ratio

1. Capital Adequacy Ratio

Unit: RMB 1000

Item	31 December 2019		31 December 2018	
	The Group	The Bank	The Group	The Bank
Core tier-I capital	72,558,229	70,480,729	64,156,151	63,277,608
Including: Eligible portion of paid-in capital	8,680,000	8,680,000	8,680,000	8,680,000
Eligible portion of capital reserve	9,210,500	9,210,500	9,219,974	9,219,974
Surplus reserve	17,460,427	17,460,427	14,787,870	14,787,870
General reserve	9,215,955	9,215,955	8,849,095	8,849,095
Undistributed profits	25,358,906	24,566,673	21,003,865	20,510,763
Eligible portion of minority interests	1,285,267	-	385,440	-
Other	1,347,174	1,347,174	1,229,905	1,229,905
Other tier-I capital	171,369	-	51,225	-
Including: Other tier-I capital instruments and premium	-	-	-	-
Eligible portion of minority interests	171,369	-	51,225	-
Tier-II capital	16,909,272	16,181,783	15,868,909	15,648,084
Including: Tier-II capital instruments and related premium	10,000,000	10,000,000	10,000,000	10,000,000
Excess loan loss provisions	6,566,976	6,181,783	5,765,387	5,648,084
Eligible portion of minority interests	342,297	-	103,522	-
Total capital	89,638,870	86,662,512	80,076,285	78,925,692
Core tier-I capital deduction	392,790	2,877,201	390,156	1,574,093
Net core tier-I capital	72,165,439	67,603,528	63,765,995	61,703,515
Other tier-I capital deduction	-	-	-	-
Net tier-I capital	72,336,808	67,603,528	63,817,220	61,703,515
Tier-II capital regulatory deduction	-	-	-	-
Net capital	89,246,080	83,785,311	79,686,129	77,351,599
Risk-weighted assets	573,332,726	540,476,377	502,359,308	491,064,518
Including: Credit risk-weighted assets	531,925,020	500,724,402	466,996,310	457,494,801
Market risk-weighted assets	5,306,614	5,306,614	3,051,110	3,051,110
Operational risk-weighted assets	36,101,092	34,445,360	32,311,888	30,518,607
Core tier-I capital adequacy ratio (%)	12.59	12.51	12.69	12.57
Tier-I capital adequacy ratio (%)	12.62	12.51	12.70	12.57
Capital adequacy ratio (%)	15.57	15.50	15.86	15.75

Note:

1. 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 CBRC. Net core tier-I capital = core tier-I capital - core tier-I capital deduction; net tier-I capital = net core tier-I capital + other tier-I capital - other tier-I capital deduction; net total capital = net tier-I capital + tier-II capital - tier-II capital deduction.

2. According to the Regulatory Requirements on the Disclosure of Capital Composition Information of Commercial Banks issued by CBRC, the Company disclosed the attached information such as the capital composition table, further explanation of relevant items, and the main characteristics of capital instruments during the reporting period in capital regulation section of investor relations on the official website (www.srb.com).

3. See "capital management" in "business discussion and analysis" for the qualitative and quantitative information of main risk exposure and assessment.

2. Leverage Ratio

Unit: RMB 1000

Item	31 December 2019		31 December 2018	
	The Group	The Bank	The Group	The Bank
Net tier-I capital	72,336,808	67,603,528	63,817,220	61,703,515
Adjusted on-and-off-balance sheet asset balance o	980,866,070	936,630,231	870,091,107	848,173,051
Leverage ratio(%)	7.37	7.22	7.33	7.27

(VII) Liquidity Coverage Ratio and Net Stable Capital Ratio

1. Liquidity Coverage Ratio

Unit: RMB 1000

The Group	31 December 2019
Liquidity coverage ratio(%)	229.95
High-quality liquid assets	128,829,068
Net cash outflow in the next 30 days	56,024,333

2. Net Stable Fund Ratio

Unit: RMB 1000

The Group	31 December 2019	2019年9月30日
Net stable fund ratio(%)	139.13	143.60
Stable fund available	634,689,841	613,027,296
Stable fund needed	456,177,185	426,889,859

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

Unit: RMB 1000

Item	2019	2018
Credit commitment	49,195,443	33,341,517
Irrevocable loan commitment	16,518,295	22,588,605
Bank bill acceptance issued	8,679,841	7,833,607
Letters of guarantee issued	3,319,767	3,594,610
Letters of credit issued	2,015,941	1,980,154
Operating lease commitment	900,788	922,377
Capital expenditure commitment	107,233	220,452

III. Business Overview

(I) Corporate Finance

During the reporting period, the Bank's corporate finance business focused on the theme of building a "service-oriented bank", centered on "improving capability, evolving product and reshaping drive", leveraged on "branded operation, refined management, professional service and integrated marketing", focusing on serving the real economy and achieving sustainable development.

1. Corporate Clients

During the reporting period, the Bank comprehensively implemented customer management and marketing by level and classification, improved the level of refined management, and provided affordable, convenient, safe and satisfactory financial services for nearly 300,000 customers with the mission of Inclusive finance delivers better life. In terms of serving small and micro enterprise customers, the Bank set up 36 SME outlets with teams specializing in small and micro enterprises, supported by "one window" service and joint construction of specialized parks in all regions. In terms of serving "rural and agricultural" customers, the Bank built a four-level agricultural support system to promote agricultural financial services by developing and enriching customized rural and agricultural financial products while lowering financing cost for agricultural customers. In terms of serving scientific and technological customers, the Bank adhered to the "2+N" system led by Zhangjiang Scientific Sub-branch and Shuangchuang Sub-branch, continued to implement the cultivation of "Xindongneng" customers by level, realized the expansion of the breadth and depth of scientific and technological customers. In terms of serving strategic customers, the Bank coordinated the head office and branches to form an "individualized policy and archive for each customer", integrated Bank-wide resources for brand service, realized deep development of customers and common development of the Bank and strategic customers.

2. Corporate Deposits and Loans

During the reporting period, the Bank adhered to the base in Shanghai while covered the Yangtze River Delta, constantly improving customer service ability, consolidating the base and optimizing the structure of the Bank's financial business customers. As of the end of the reporting period, the Bank's corporate deposit balance (including margin deposits and other corporate deposits) was RMB 340.770 billion, ranking sixth among Chinese commercial banks in Shanghai.

During the reporting period, the Bank further optimized the structure of credit customers, actively responded to national strategies, facilitated the development of "the Belt and Road", free trade zone and the Yangtze River Delta regional integration, provided diversified loan products and services to meet various needs of our clients. As of the end of the reporting period, the

Bank's corporate loan balance (including bill discounting) was RMB 331.679 billion, an increase of RMB 33.899 billion or 11.38% over the end of the prior year.

3. Inclusive Finance

During the reporting period, the Bank adhered to the business orientation of serving "rural areas and agriculture", small and micro enterprises, science and technology innovation and community residents, practically served the real economy, implemented the strategic mission of inclusive finance, and built a characteristic service system of inclusive finance. In terms of small and micro enterprise finance, the Bank met the "second level" standard of PBOC's targeted cuts to required reserve ratios and the regulatory requirements of CBIRC on "two increases and two controls" for small and micro enterprises. Increased cooperation with the Shanghai Administration Center of Policy Financing Guarantee Funds for SMEs, innovated and introduced "batch guarantee", "start-up guarantee", "large private enterprises" and other businesses, with business scale in the forefront of the industry in Shanghai. In terms of finance for science and technology innovation, the Bank actively and deeply integrated financial innovation with factors of science and technology innovation, constantly improved the ability to serve science and technology innovation. Successively became the "high-tech business loan" service bank of the Municipal Science and Technology Commission, the partner bank designated by Shanghai Intellectual Property Administration, the signed bank of the "IPO cultivation base" of the Shanghai Economic and Information Commission, and the "Rongzhi G60" Yangtze River Delta science and technology financial service bank etc. Strengthened the service to enterprises in the initial stage and promoted the innovative products of "Xincai Loan" and "Qihang Loan" which were to provide businesses with "low-cost, easily accessible and sustainable" entrepreneurial support funds.

During the reporting period, the Bank won many honors and awards such as "2019 Shanghai Banking Sector Inclusive Financial Service Innovation Award" and "2019 Shanghai Banking Sector Science and Technology Financial Service Award". At the end of the reporting period, the Bank's balance of inclusive financial loans was RMB 28.157 billion, an increase of 26.92% over the end of the prior year, and the balance of science and technology loans was RMB 25.616 billion, an increase of 21.96% over the end of the prior year.



RMB 28.157 billion

Balance of inclusive financial loans

↑ 26.92%

YoY growth



RMB 25.616 billion

Balance of science and technology loans

↑ 21.96%

YoY growth

4. Industrial Finance

During the reporting period, the Bank carried out in-depth industrial research, maintained sensitivity to industrial policies, focused on the real economy, industries related with people's livelihood, and emerging industries in social and economic development. Further improved its research capacity, introduced industrial financial service solutions, created popular products and services that deeply meet the needs of the industry guided by user demand and market, and improved the professional ability to serve customers.

Responding to Shanghai's economic transformation and upgrading, the Bank directed credit to key areas, supported local economic and social development with the root in Shanghai, matched with Shanghai's "13th Five-year Plan", fully supported infrastructure and key project construction in districts, and facilitated industrial transformation and upgrading. Adhered to financial services for social development, focused on improving people's livelihood, actively participated in related projects such as Shanghai's urban village reconstruction, affordable housing project, rental housing construction and other renovation projects that help improve the city's image and quality of life, and conscientiously fulfilled the responsibility of providing key financial services to areas related with national economy and people's livelihood. Continued to support industrial parks, manufacturing transformation and upgrading, industrial financial M&A and other urban improvement projects. Promoted the Rural Revitalization Strategy, and helped strengthening and optimizing Shanghai's agricultural economy. Supported the construction of Shanghai Science and Technology Innovation Center from multiple perspectives and injected new momentum into the development of science and technology innovation enterprises.

5. Trade Finance

As the first rural commercial bank approved for FTZ business and derivatives trading license, the Bank insisted on innovative development and deepened inter-bank cooperation during the reporting period, providing customers with trade financial services covering domestic and foreign currency, domestic and overseas services, and integrated settlement and financing. As a member of the Integrated Service Providers Federation for China International Import Expo, the Bank gave full play to its home advantages, actively served domestic and foreign exhibitors and continuously promoted cross-border settlement and trade financing business leveraging the support policies of Shanghai Pilot FTZ and Lingang Special Area. Meanwhile, the Bank focused on the business needs of small, micro and medium-sized enterprises to customize solutions. While compliant with laws and regulations, the Bank flexibly combined settlement, financing, derivative transactions and other products to help customers hedge and avoid risks. The Bank actively followed up the policies of Lingang Special Area, sorted out key policies in time, launched the SRCB Comprehensive Financial Service Plan for Pilot FTZ and Lingang Special Area in the first time, and provided financial support in various aspects such as the exclusive channel, trade-balancing facilitation, service upgrading of key industries, and policy-customized products.

6. Investment Banking

During the reporting period, the Bank participated in the issuance of 20 bonds as the lead underwriter with the amount of RMB 12.325 billion, realizing double growth YoY, effectively expanded the number of customers and leveraged the comprehensive income of customers driven by bond underwriting business.

In July 2019, the Bank obtained the qualification for setting up credit risk mitigation tools, and successfully created the first credit risk mitigation warrant (CRMW) among rural commercial banks in China. Meanwhile, the Bank actively innovated in investing wealth management fund to non-standard businesses, adding RMB 516 million to this business.

7. Bill Business

During the reporting period, the Bank always centered on customers and leveraged products to realize the "one body, two wings" development of discounting business. On the one hand, made rational use of science and technology to make the Bank's discounting business more convenient and efficient gradually, continued to vigorously serve small and micro enterprises etc., effectively addressed customers' bill financing needs, and enhanced customer experience. On the other hand, actively developed the supply chain business of commercial bill discounting, used commercial bill discounting solutions centering on core enterprises and their upstream/downstream to provide financing services needed by enterprises on the chain for operation and settlement. During the reporting period, the Bank's discounting business balance was RMB 5.614 billion, a decrease of RMB 2.896 billion compared with the beginning of the year. There were 548 discounting customers, of which 87% are small and micro enterprises.

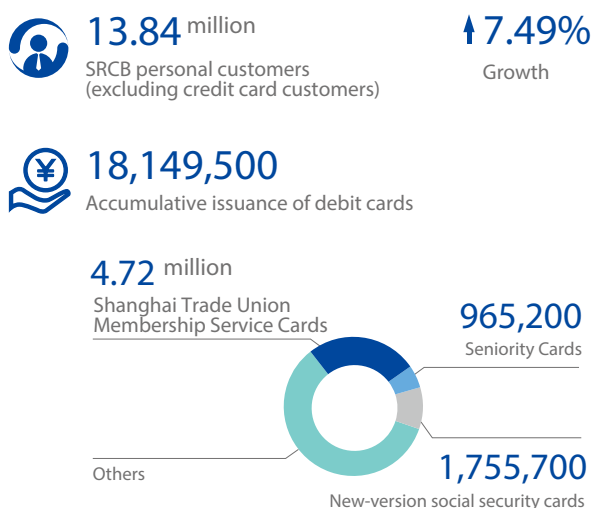
(II) Retail Finance

During the reporting period, the Bank deepened and promoted the "secondary transformation" of retail financial business, built digital models such as "selected product recommendation" around six aspects of data transformation, network capacity improvement, building online financing platform, trading bank, private banking and retail team, optimized counter and process management of the network. Promoted online financing via multi-channel cooperation, increased the transaction volume of individual accounts, expanded the scale of private banking customers and AUM (asset under management), improved the allocation of financial managers and personnel training, strived to achieve three breakthroughs in retail business structure, operation mode and contribution to further build a service-oriented bank. As of the end of the reporting period, the balance of the Bank's personal deposits (including personal principal-guaranteed wealth management) was RMB 313.479 billion, and the market share of RMB personal deposits was 9.60% among Chinese banks in Shanghai, ranking fourth continuously, with the retail loan scale reaching RMB 121.736 billion.

1. Personal Customers

By the end of the reporting period, the Bank had 13.84 million personal customers (excluding credit card customers), an increase of 1 million¹ or 7.49% over the beginning of the year. RMB 459.295 billion of financial assets of personal customers were under the Bank's management, an increase of RMB 63.417 billion or 16.02% over the end of the prior year. Among them, there were 1,818 private banking customers (AUM of RMB 6 million and above), an increase of 365 accounts or 25.1% over the end of last year; 55,570 wealth customers (AUM of RMB1-6 million), an increase of 13,232 accounts or 31.3% over the end of last year. The Bank's main customer segment was customers aged 18-45, accounting for 51%, and customers aged 46-60 accounted for 25%. By the end of the reporting period, the Bank had issued a total of 18,149,500 debit cards, including 4.72 million Shanghai Trade Union Membership Service Cards, 965,200 Seniority Cards and 1,755,700 new Social Security Cards.

During the reporting period, the Bank implemented a multi-channel and all-round customer acquisition strategy and achieved good results. Improved the frequency of use by Trade Union Card customers, maintained the existing volume while expanded new accounts. Batch application of Social Security Card reflected service advantages and favorable rights and interests, realizing 14% market share and ranking second in Shanghai. "Xin e-loan" was accessible across the Bank's network with promotion and publicity across channels such as "three enter" (enter enterprises, parks and communities) and "three cards" (Trade Union Card, Social Security Card, and Debit Card), with the total number of online retail loan service customers reached 1.73 million accounts. Initially established private banking customer segmented management and maintenance system, and developed private banking customers with value-added services.



2. Retail Loans and Consumer Finance

As of the end of the reporting period, the Bank's total retail loans (excluding credit cards) amounted to RMB 112.4 billion, an increase of RMB 18.793 billion or 20.08% over the end of the prior year.

During the reporting period, the Bank steadily developed its personal housing loan business to support residents' rational demand for housing purchase. As of the end of the reporting period, the balance of personal mortgage loan was RMB 83.201 billion, an increase of 6.92% over the end of the prior year. The balance of housing provident fund loan was RMB 109.283 billion, an increase of 2.1% over the end of the prior year. The pure provident fund loan was RMB 13.626 billion, ranking the first in Shanghai for ten consecutive years in terms of market share. Promoted loans for business and agricultural production/operation, and increased credit support for farmers, small and micro entrepreneurs and individual businesses. By the end of the reporting period, the net increase in domestic RMB loans of retail finance under the inclusive financial standard was RMB 1.217 billion. Launched the loan for homestead housing renewal and reconstruction, effectively solved the fund gap of farmers for new construction, renovation, reconstruction, decoration of homestead and resettlement houses. An online loan center was set up to explore the innovation of cooperative loan business, launched "Xin e-loan", an online personal credit loan product, and promoted the online development of the whole process of retail loan business. As of the end of the reporting period, the annual online retail loan accumulated to RMB 34.25 billion.

The quality of the Bank's retail loan asset was stable through continuous optimization of retail loan policies and improvement of risk management ability. As of the end of the reporting period, the balance of the Bank's retail loans falling under the last three categories of NPL was RMB 333 million, with a NPL% of 0.34%, up by 0.05% from the end of the prior year.

3. Wealth Management

As of the end of the reporting period, the balance of the Bank's personal savings deposits in domestic and foreign currency (excluding personal principal-guaranteed wealth management) was RMB 298.705 billion, an increase of RMB 34.801 billion over the end of the prior year. The sales of wealth products reached RMB 41.340 billion (excluding personal wealth management), and the fee income from wealth business was RMB 425 million (excluding personal wealth management). Among them, agency sales of insurance was RMB 8.916 billion, up by 90% YoY; agency sales of fund is RMB 1.590 billion, down by 11% YoY; agency sales of trust and asset management of securities companies was RMB 28.127 billion, up by 50% YoY.

During the reporting period, the Bank's wealth management promoted "marketing online", "employee online" and "management online" based on the overall idea of "capacity improvement, business transformation". Improved the wealth product system, expanded the proportion of cash management

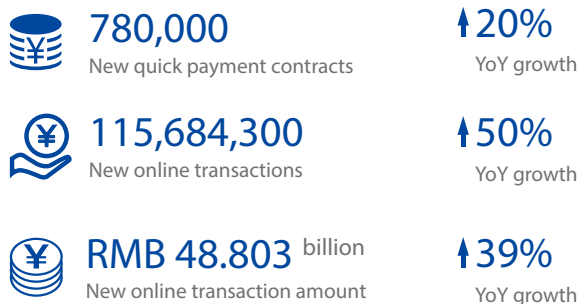
¹ At the end of 2018, the Bank's parent company had 13.35 million personal customers. In mid-2019, the Bank closed 0.51 million accounts by batch.

products and equity products, and increased the introduction of non-standard products. Enriched the function of online channels, added the function of purchasing large-amount certificate of deposit in mobile banking, optimized multiple wealth sectors such as wealth management, fund, insurance and Jicunjin (gold investment) etc., improved customer experience and enhanced the online penetration of wealth business. Set up the retail customer labeling system, promoted the basic work of data governance, and realized the customer identification and targeted marketing across network. Implemented the network transformation project, strengthened the marketing management skills of retail banking presidents, transformed the customer maintenance mode of financial managers from focusing on product sales to advisory service, and refined customer segmentation and management. Established standard and professional process to extended and explore sales from outlets to enterprises through the collaborative grid mode.

During the reporting period, the Bank transformed its private business management mode. The Bank built a systematic product introduction and sales process for private banking business, strictly controlling product and sales risk. Built a segmented management and maintenance system for private banking customers, allocated teams to match different customer segments, and cultivated a team of elite financial managers specializing in serving high-end customers.

4. Debit Card, Payment and Settlement

By the end of the reporting period, 780,000 new quick payment contracts had been signed, an increase of 130,000 or 20% over the end of the prior year. There were 115,684,300 new online transactions, an increase of 38.52 million transactions or 50% over the end of the prior year. New online transactions reached RMB 48.803 billion, an increase of RMB 13.8 billion or 39% over the end of the prior year.



During the reporting period, the Bank improved the activation and utilization rates of debit cards, focused on quick payment marketing activities, effectively increased the number of active customers, and actively promoted customers to use the Bank's debit cards as the main trading account. Optimized the application process of the new Social Security Card, became the

first bank to realize social security card application using artificial intelligence, and opened the function of card application through WeChat. Optimized the application process of Trade Union Card, added immediate opening of social security functions at card-application, allowing personal customers of enterprises to apply for Trade Union Card through Shanghai Federation of Trade Unions' "Shengongshe" platform. Optimized card-making process and information of Trade Union Card based on switching government Internet platform to the new Shengongtong platform.

5. Credit Card

By the end of the reporting period, the Bank had issued a total of 1.29 million credit cards. Through the introduction of physical cards for charity and voluntary service passports, Xinhenong Card, Rural Revitalization Card and other featured card products, the product system improved gradually, and the customer acquisition capacity steadily enhanced. In 2019, the Bank issued 220,000 new credit cards, an increase of 231% YoY. Thanks to the growth of credit card customer scale and the intensive development of consumption by installation, as of the end of the reporting period, the Bank's credit card fee income was RMB 593 million, an increase of 53% YoY. The balance of credit card loans was RMB 9.348 billion, a year-on-year increase of 44%. The NPL% of credit card was 1.34% with the overall risk stable and controllable.

During the reporting period, the Bank vigorously promoted the development of credit card business. In terms of product innovation, the Bank focused on developing characteristic products by working with local governments and high-quality enterprises to launch credit card products with regional characteristics successively such as Tonnmax TV co-branded credit card, ETC specialized credit card, physical card for charity and voluntary service passport etc. In terms of science and technology empowerment, focused on improving operation efficiency. The Bank successively realized the smooth online application channel of personal card and high-profit product, and the implementation of automatic approval and decision engine, greatly reducing the time for business processing. In terms of promoting services, focused on customers' perspectives, optimized the function of the subscription account for credit card on WeChat, and the interface of reserving credit card rights and interests, so as to effectively enhance the customer service experience.

(III) Financial Market and Financial Institutional Business

During the reporting period, the Bank's financial market business adhered to the original aspiration of "based on the market and return to the origin", followed closely the policy guidance and market development trend, strengthened risk control and strategy research, optimized the asset and liability allocation structure, further consolidated the profit foundation, continuously optimized the development mode, and realized the continuous improvement of business efficiency.

1. Investment Trading

During the reporting period, based on the factor market of financial trading, the Bank adhered to the direction of "standardization and online operation", deeply analyzed the macro situation and market trend, grasped the opportunity of different sectors, flexibly switched transaction strategies, effectively promoted the coordination of investment trading resources, accurately grasped the market pace, and maintained the stable growth of operation income.

During the reporting period, the Bank's financial market trading activity remained at the forefront of the market. Delivery volume of Chinese bonds continued to rank first among rural financial institutions, and was awarded several honors in the inter-bank market. The Bank continued to increase its participation in innovative businesses, carried out the credit risk mitigation warrant (CRMW) investment, interest rate swap transaction based on the new LPR mechanism, Central Bank bill swap (CBS) and gold transaction in foreign currency. Actively participated in bond connection, standard bond forward, real-time undertaking of interest rate swap and financial bond replacement bidding of the China Development Bank. Continued to widen the participation into the financial market.

With the rapid development of investment trading business, the Bank adhered to a prudent risk appetite, made full use of Fintech to continuously improve the multi-dimensional risk prevention and control network, realized the whole-process monitoring and dynamic management of liquidity risk, market risk, credit risk, operational risk and compliance risk, and ensured that all kinds of risks are maintained at a low and controllable level.

In terms of foreign exchange trading, on the one hand, the Bank paid close attention to the fluctuation of RMB and foreign exchange market, and continuously developed and promoted foreign exchange forward, foreign exchange options and other products used for market risk management according to the needs of customers. On the other hand, the Bank actively participated in the inter-bank RMB and foreign exchange market trading actively. In terms of bond investment in foreign currency, the Bank moderately increased the scale of foreign-currency bond investment trading, further enriched the means for using foreign exchange fund to enhance operation income.

2. Agency Business

During the reporting period, the Bank conscientiously fulfilled the responsibility of "serving the real economy and inclusive finance", implemented the "customer-centric" development concept, and constantly enriched the customer / agency product line in the financial market. The Bank introduced inter-bank bond market counter business for retail and institutional customers, launched the first counter transaction of Shanghai local government bonds and green financial bonds of China Development Bank, and realized the full-channel coverage of counter, online banking and mobile banking. The Jicunjin (gold investment) and agency personal precious metal transaction business went smoothly. The

ability of financial market business to serve retail and corporate customers continued to improve.

3. Financial Institutional (FI) Cooperation

During the reporting period, the Bank made every effort to promote the integration of Yangtze River Delta region. The Second Yangtze River Delta Rural Financial Symposium was successfully held and three professional committees of corporate finance, financial market and trade finance were established. The Shanghai Rural Commercial Bank's Comprehensive Financial Service Program to Support the Integrated Development of the Yangtze River Delta Region was published, exchanged with more than 20 rural commercial banks in the region, and further expanded room for cooperation. As of the end of the reporting period, the Bank newly established business cooperation relations with 21 financial institutions in the Yangtze River Delta region, and granted RMB 35.6 billion of credit line to rural financial institutions in the Yangtze River Delta region, an increase of about 70% over the end of the prior year.

The Bank further improved the marketing management mechanism of financial institutional customers, continued to expand the breadth of FI customers, increased the frequency of FI exchanges and explored the depth of FI cooperation. Strengthened the segmented management of FI customers and two-way communication, and formed a diversified customer system with wide coverage. Refined customer segmented management, took scenario-based marketing as a breakthrough, promoted all-round cooperation with financial institutions, and constantly expanded the scope of cooperation.

According to the requirements of risk management and practical business needs, the Bank expanded its correspondent bank network. As of the end of the reporting period, there were 547 correspondent bank institutions, which continued to maintain a leading position in the domestic rural financial system.

4. Asset Management

The Bank implemented the requirements of the new regulations on asset management and continued to promote the optimization and transformation of product structure. By the end of the reporting period, the total scale of wealth management products was RMB 130.2 billion, an increase of RMB 20.7 billion or 19% over the beginning of the year. The customer structure continued to optimize, and the scale of personal wealth management services continued to reach a new record, with an increase of RMB 21.1 billion or 23% over the beginning of the year. In line with the guidance of regulatory policies, the Bank actively adjusted the product structure. As of the end of the reporting period, the total scale of net worth products reached RMB 53 billion, an increase of RMB 28.1 billion or 113% over the beginning of the year. Meanwhile, the Bank had been taking risk control as the primary principle, actively looked for suitable high-quality assets, invested mainly in standardized assets such as bonds, improved the assessment mechanism of entrusted assets, built a scientific and rational large-category asset allocation portfolio, and improved the overall portfolio return under the premise of controllable risk.

(IV) Information Technology

During the reporting period, the Bank actively implemented new concepts of science and technology, continuously strengthened the development of scientific and technological talent teams and the application of innovative Fintech, initially formed a Fintech innovation mechanism to strongly support the Bank-wide management improvement and business development.

Customer-centric in enabling business development. During the reporting period, the Bank worked with Shanghai Seniority Card project and served nearly one third of the elderly community. The Bank completed the research and development of new Social Security Card products with financial functions, social security rights and interests and public service functions. Systematically used WeChat program to complete real person authentication for business, which was the first in domestic banking industry. Developed and promoted intelligent teller machine, integrated 80 categories of functions such as opening, closing and transferring certificates of deposit, coin deposit/withdraw etc. to meet the needs of specific customer segments, effectively support business diversion and reduce the operating costs of outlets. Continued to optimize and innovate green financial service channels such as mobile banking and WeChat banking. Increased iterative development, introduced weekly updates and monthly versions to constantly optimize and enrich functions of electronic channels, improve customer experience and financial transaction security. The Bank developed the supply chain financing business management system. Closely focused on the business development philosophy of small and micro enterprises for "small, large-quantity, excellent and strong" operation, and provided effective inclusive financial services. Systematically improved customer experience and risk control level through OCR identification technology, digital certificate, electronic signature and other technologies. Based on the funding need of agricultural production and operation featuring periodicity, seasonality and timeliness, we cooperated with the New Direct Information Report System of Agricultural Business Entities to launch the "new online revolving loan" product so that agriculture, rural areas and farmers can share the fruits of inclusive finance and financial support.

Strengthened infrastructure and laid a solid foundation for development. During the reporting period, the Bank completed the phased construction of remote disaster relief center and application-level disaster relief system, and continuously improved the business continuity management of information system. Promoted the research of technologies such as big data and intelligent operation, and improved the intelligence of operation and maintenance. Completed the construction of high-availability project of core systems, realized service by multiple servers at the same time, improved the fault tolerance, load balancing and horizontal expansion capacities of the core system, and met the needs of rapid growth in business volume. During the reporting period, the availability rate of the Bank's core accounting system in business hours reached 100%, with 6.74 million average daily transactions, an increase of 16% over 2018.

Strengthened network security and technology risk management, and promoted the sound and compliant development of science and technology work. During the reporting period, the Bank implemented the Network Security Law and other relevant laws and regulations, and effectively carried out the assessment of network security level, e-banking evaluation, security test of payment technology products and rectification of related issues. Completed the launch and deployment of WAF application-grade firewall, researched and built the active defense platform for network security, and improved the security and protection capacity of network architecture. Vigorously implemented the relevant requirements of China's Guidance on the Management of Legitimate Software, realized the technical management of software by list, and completed the Bank-wide promotion of domestic office software.

As of the end of the reporting period, the IT Department of the Bank's head office had 260 employees, an increase of 15.56% over the end of the prior year. The Bank has established a diversified vocational training system combining online and offline, and meanwhile, improved staff's on-post skills in various forms such as technical exchange and assigned learning. Established a career path for technical personnel with both administrative and professional tracks, effectively improved the stability of core technical personnel. The Bank continued to carry out forward-looking research to improve the capability of independent control and innovation of core technologies. By the end of the reporting period, the Bank had 2 national patents. The Bank firmly promoted the digital transformation, started to study the building of digital middle office, smart middle office and business middle office, made efforts to create the image of "smart finance, digital banking, and quality service", and improved the Bank-wide Fintech level.

(V) Internet Finance

With the mission of Inclusive finance delivers better life. the Bank continuously strengthened the supporting role of online financial business channels, promoted online products and services, and continued to expand the customer scale and transaction substitution rate. Meanwhile, actively explored digital transformation, and continuously launched the innovative "Internet+scenario" product mix through artificial intelligence, big data, biometrics and IoT, continuously enhancing customer experience.

1. Electronic Channel Development

The Bank established a complete online service channel, including online banking, mobile banking, WeChat banking, remote banking, SMS service, direct banking, bank-enterprise direct link, cash management and other platforms, providing customers with "3A" all-day service. Now, the electronic channel has become the main way for customers to handle business, supporting Bank-wide transformation and development through online and offline synergy.

2. Expansion of Scenario-based Finance

Focusing on developing scenarios, the Bank made breakthroughs in online and offline payment scenarios and created multiple scenario-based financial practice cases. Through the exploration of direct banking, open banking and external cooperation, the Bank improved online B2B / B2C scenario application. Vigorously expanded offline aggregated payment merchants, constantly improved the depth of scenario-based financial services, and successively launched a series of "Xin"-series smart industry applications featuring light application, cloud service and quick deployment in the catering, education, property, parking lot, and membership card industries, helping customers quickly build digital management capability.

3. Application of Fintech

Actively explored digital transformation, improved the application of Fintech, and applied artificial intelligence and biometric technology to products across all channels. Launched the "biometric FIDO technology, remote public security system facial comparison, fingerprint login" and other functions on mobile banking, further improved the security level, and expanded the business scope and fund limit of mobile channels. Made statistical and model analysis on customer behaviors and transactions through data mining to understand customer needs, and carried out targeted marketing. Conducted exploration and practice of open bank, promoted the breadth and depth of bank-bank cooperation and bank-enterprise cooperation of open banks in combination with direct banking mode, and co-built a financial service ecosystem.

4. Transformation of Remote Banking

Promoted the construction of remote banking and enhanced its value contribution and service capacity. Centering on the intelligent development oriented by digital transformation, the remote banking center strengthened data connection between systems, created customer service assistant labels, established customized intelligent quality inspection model, covering 100% of inbound loss reporting and outbound call marketing, and carried out multiple outbound call projects with branches on marketing, promotion and operational support. As of the end of the reporting period, the satisfaction rate of remote banking's manual service reached 99.58%.

(VI) Network Operation and Service

1. Network Construction

As of the end of the reporting period, the Bank had 368 outlets, including 361 in Shanghai and 7 outside Shanghai. During the reporting period, 22 outlets were adjusted, including: merged 9, relocated and renamed 4, relocated 4, renamed 1 and downgraded 4.

In 2019, the Bank established a network planning and development standardization working group to establish a

standardized system for network construction, set standards for network planning and site selection, functional layout, decoration etc., and coordinated across the Bank for rational planning. Meanwhile, strengthened the refined management of network construction and efficiency evaluation, improved the network capacity and customer experience.

2. Operational Support

Enriched the functions and forms of intelligent teller machines, started the migration of corporate business to intelligent counters, and optimized the operation experience. Optimized the Bank-wide cash escort mode, adjusted from the original escort mode at fixed time and location to application by outlets on demand, reduced the escort cost and improved staff experience. Actively organized and conscientiously implemented the key tasks of PBOC's cancellation of account-opening licensing, the issuance of the new version of RMB, and the Shanghai Cash Service Demonstration Zone. Promoted electronic centralized fiscal payment, and self-service counter business for budget units. Started the projects of operation management platform, accounting seal electronization, enterprise account-opening process optimization etc., and actively used innovative technologies to promote intelligent operation. Strengthened the management of operational personnel, improved the assessment methods, studied the cost valuation mode, and improved the level of operation management.

3. Consumer Rights and Interests Protection

The Bank adhered to the "customer-centric" service concept, practically protected the legitimate rights and interests of financial consumers, and constantly improved the customer experience of the Bank.

Established and improved the organizational structure of the Bank, set up Consumer Rights and Interests Protection Committee under the Board to report to the Board on consumer rights protection work regularly. Set up a Consumer Rights and Interests Protection Working Committee under the Senior Management to implement relevant resolutions of the Board. Upgraded the Consumer Rights and Interests Protection Department to level-1 department of the head office in 2019, which continued to manage the Bank's consumer rights protection and consumer complaint in a centralized way, and to ensure professional performance in tracking policies and regulations, consumer protection process management, complaint management, whole-process management of consumer protection, complaint management, and financial knowledge publicity for consumer protection. Continued to improve the relevant systems and privacy policies such as the SRCB Administrative Measures for Consumer Rights and Interests Protection, SRCB Administrative Measures for the Handling of Consumer Complaints, SRCB Provisions for the Review of Consumer Rights and Interests Protection, and SRCB Administrative Measures for Personal Customer Information Management (Trial).

During the reporting period, the Bank organized and held

publicity and education on protecting financial consumers' rights and interests, focusing on the prevention of illegal fundraising, illegal lending, and financial fraud etc. It included the "popularizing financial knowledge and guard your pocket", "popularizing financial knowledge in 10,000 miles", and "month of financial knowledge popularization" on the Lantern Festival and "15 March" International Day for Protecting Consumers' Rights.

During the reporting period, in order to better understand, serve customers closer, and effectively safeguard the rights and interests of financial consumers, the Bank combined with the actual situation of the Bank, further standardized the acceptance, handling and response of customer needs following PBOC's Statistical Classification and Coding of Financial Consumer Complaints-Banking institutions from July 1, 2019. In 2019, 1,226 cases on customer needs, demands and complaints were accepted, including 1,221 cases in Shanghai and 5 in other regions (Kunshan, Jiashan and Xiangtan). Customers' needs, demands and complaints were mainly about credit card related business, debit card account management and use, personal loan business and RMB savings, etc.

(VII) Major Holding and Participating Companies

1. Subsidiaries

(1) Rural Banks

In response to the Party Central Committee and the regulatory authorities' call to solve the financial supply shortage for small and micro enterprises, agriculture, rural areas and farmers, and to effectively implement the strategies of inclusive finance, rural revitalization and targeted poverty alleviation, the Bank opened its first rural bank in Chongming, Shanghai in 2009. And then 34 rural banks were established in Shandong Province, Hunan Province, Yunnan Province, Beijing and Shenzhen from 2011 to 2012, 12 of which are located in poverty-stricken areas, forming a regional layout of "organic integration of the East, Middle and West, one in the South and one in the North". SRCB rural banks insisted on taking root in rural areas, took the initiative to fulfill economic, social and environmental responsibilities, and actively served small and micro businesses and "agriculture, rural areas and farmers".

During the reporting period, faced with the complex domestic economic and financial environment, SRCB rural banks closely focused on the strategic deployment and development plan of the main initiating Bank, themed on "adhering to positioning, prudent operation and refined management", strictly controlled all kinds of risks, optimized business structure, accelerated innovation and development, and gradually achieved sound and virtuous development. As of the end of the reporting period, the registered

capital of 35 SRCB rural banks totaled RMB 2.778 billion, including RMB 1.685 billion invested by the Bank. Total assets amounted to RMB 28.783 billion; total net assets, RMB 2.978 billion; deposit balance, RMB 24.777 billion; loan balance, RMB 13.453 billion. 88.63% of the total loans were loans to farmers and small and micro businesses. During the reporting period, 35 rural banks achieved a net profit of RMB 204 million².

(2) Yangtze United Financial Leasing Co., Ltd

Founded in June 2015, Yangtze United Financial Leasing Co., Ltd. is a financial leasing company jointly initiated by the Bank as the main sponsor together with other industrial shareholders and approved by CBRC. It 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 is headquartered 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 Bank controlled 51.02% of its shares.

During the reporting period, adhering to the strategic mission of "focusing on industrial finance, committed to platform ecology, and contributing to industrial transformation and upgrading, and economic and social development", the Yangtze Financial Leasing Company took root in the Yangtze River Delta city group. It focused on professional and featured operation, actively developed three major sectors of industrial leasing, financial market and small and medium-sized leasing. It deeply deployed in special fields such as people's livelihood, culture and tourism, health, transportation, environmental protection, new technology, providing convenient, efficient and professional services for small and medium-sized enterprise customers.

As of the end of the reporting period, the total assets of the Yangtze Financial Leasing Company was RMB 23.747 billion; the net assets, RMB 3.343 billion. During the reporting period, Yangtze Financial Leasing Company realized an operating income of RMB 866 million and a net profit of RMB 156 million.

2. Major Participating Companies

As of the end of the reporting period, the main participating companies of the Bank were Shanghai Jingyi Industrial Development Co., Ltd., Rural Credit Banks Funds Clearing Center Co., Ltd. and China UnionPay Co., Ltd., with shareholding ratios of 18.874%, 5.76% and 0.14% respectively.

² The new financial instrument standard is not applicable to the holding rural banks.

IV. Development and Profit/Loss of Financial Management, Asset Securitization, Trust, Wealth Management and Other Business during the Reporting Period

1. Financial Management Business

The Company strived to improve the level of refined management, constantly optimized the product structure, vigorously promoted the R&D and innovation of financial products, and promoted the sustained, steady and healthy development of financial business by accelerating the transformation of net-worth products, classifying exclusive products for customer segments, optimizing the investment portfolio, improving the risk management and control ability, and expanding the talent team. As of the end of the reporting period, the scale of financial products was RMB 130.2 billion, an increase of RMB 20.7 billion over the end of the prior year. During the reporting period, the fee income of financial management business was RMB 765 million.

In terms of financial transformation, on the one hand, the Company quickly launched new products, reduced the proportion of old products, guided fund from the old products to new products, and realized the smooth transition. By the end of the reporting period, the Bank had realized the net-worth operation of three types of products, namely, cash management, closed-end net-worth and regular open-end net-worth. On the other hand, continued to optimize portfolio management, adjusted the structure of asset allocation in an orderly manner, strengthened the allocation of large categories of assets, effectively balanced the risk of asset returns, and promoted the transformation of new and old products.

In terms of risk management, the Bank incorporated financial management business into the comprehensive risk management system, continued to optimize risk preference, strengthened risk management before, during and after investment, focused on qualification review of financing subjects, and effectively controlled credit risk.

2. Wealth Management Business

The Company's insurance agency business expanded the scale of agency sales in the peak season, adjusted the business structure in the off-season, supported various marketing and promotion activities, and realized the insurance agency income of RMB 302 million. Cultivated qualified investors, promoted the development of trust and securities companies' asset management business, and realized the agency sales income of RMB 85.0698 million from trust and securities companies' asset management. The fund agency business focused on the promotion of open-end

public fund products, supported phased "main fund promotion activities", realized the fund sales income of RMB 3.2878 million. Precious metal business combined precious metal exhibition activities and online sales to further expand the sales channels, improved the product chain, and realized the sales income of RMB 22.8408 million.

3. Asset Securitization Business

During the reporting period, the Bank did not carry out asset securitization business.

4. Other Businesses Included in the Consolidated Financial Statements

In line with the regulatory trend, the Company has suspended its proprietary non-standard business since 2017, and reduced the existing proprietary non-standard business. In 2019, proprietary non-standard business was reduced by RMB 3.895 billion with a balance of RMB 4.769 billion and the interest income in the reporting period at RMB 349 million.

V. Introduction of Innovative Businesses in the Reporting Period

1. Corporate Finance

"Small and micro enterprise business loan": innovated the medium and long-term loan products for small and micro enterprises. According to the production scale and turnover characteristics of small and micro enterprises, a loan term of up to 5 years and a more flexible way of repayment was set up with a credit line of RMB 10 million to solve the medium and long-term fund demand of small and micro enterprises in actual production and operation. By the end of 2019, the "business loan" of small and micro enterprises had 120 newly increased customers and the accumulated loan amount was over RMB 400 million.

"Online revolving loan for New Direct Information Report System of Agricultural Business Entities (Xinnongledai)": actively explored the intelligent and online financial services for "agriculture, rural areas and farmers". This was the first online financing product developed by Shanghai banking industry for agricultural business entities. The Bank was also the first financial institution in the national banking industry to realize online pre-approval and direct big data link with the New Direct Information Report System of Agricultural Business Entities under the Ministry of Agriculture and Rural Affairs.

"Bank + guarantee + insurance" new mode of supporting agricultural finance: strengthened the cooperation with Shanghai Policy Financing Guarantee Funds for SMEs and AAIC, launched the new mode of "bank + guarantee + insurance" mode to support agricultural finance, served farmers' professional cooperatives,

³ Proprietary non-standard business refers to the non-standard assets invested by proprietary funds through special purpose vehicles incorporated into the consolidated financial statements.

family farms, large farmers and agricultural enterprises, and landed the first business in Shanghai's banking industry.

"Xincai Loan" and "Qihang Loan": took advantage of the Bank's 361 outlets in Shanghai, the Bank continuously deepened its service focus, focused its innovation on start-ups, small and micro technology enterprises, and launched "Xincai Loan" and "Qihang Loan", aiming to provide enterprises with "low-cost, accessible and sustainable" entrepreneurial support funds.

"Xinmiaotie": the online automatic discount product to serve small and micro businesses and enterprises in the Yangtze River Delta region. By using technology to enable discount business, enterprises can complete discount financing without leaving home, which greatly improved the efficiency of fund receipt.

In addition, during the reporting period, the Bank successfully created the first credit risk mitigation warrant (CRMV) among national rural commercial banks, issued China's first ABN of rental housing, registered the first PPN of public rental housing, landed the Bank's first PRE-ABS and the first directional share issuance of the listed company.

2. Retail Finance

"Xin e-loan" (online) business: online credit approval, online withdrawal, in line with the characteristics of inclusive finance and the future trend of China's consumer finance development.

Homestead housing renewal and reconstruction loan: the loan product can effectively address the fund gap of farmers' new construction, renovation, reconstruction, decoration of homestead housing and decoration of resettlement housing with a maximum term of 10 years. It supported unsecured pure credit and refers to the benchmark interest rate of the Central Bank at the same level, effectively supporting the construction of beautiful countryside with low-cost, medium and long-term credit.

Counter bond business: provided investors with comprehensive services such as account-opening, trading, interest payment and cashing of various bonds including local government bonds, which can be bought and sold every trading day to provide better liquidity and trading opportunities.

Exclusive private banking premium products: exclusive products for private banking and potential private banking customers, further refined the segmented maintenance of customers, improved the asset scale of high-end customers in the Bank, and optimized the customer experience.

3. Credit Card

Physical Card for Charity and Voluntary Service Passport: the credit card product with identity identification attribute of "Shanghai Public Welfare" volunteers. It can not only serve as an important voucher for cardholders to carry out public welfare services, donations and related public welfare activities, but also provided convenient financial services for cardholders.

Xinhenong Card: a UnionPay standard credit card designed and developed for specific personnel of the agriculture-related leading enterprises at or above the district level, as well as all kinds of farmers' professional cooperatives and other agriculture-related business institutions. It had the characteristic of supporting and benefiting agriculture, and making every effort to support the development of local "agriculture, rural areas and farmers".

Rural Revitalization Theme Card: a credit card product specially designed for rural inclusive finance with the function of credit and debit. With the characteristics of "benefiting agriculture, rural areas and farmers", it provided exclusive financial services such as deposit interest, overdraft benefit and fee reduction for rural individuals, and effectively improved the level of inclusive financial services in rural areas.

4. Financial Market

During the reporting period, the bank actively participated in various business innovations in the inter-bank market. successfully carried out credit risk mitigation warrant (CRMW) investment, interest rate swap based on the new LPR mechanism, standard bond forward trade, real-time undertaking of interest rate swap, financial bond replacement bidding of China Development Bank, Central Bank bill swap (CBS) business, counter bond business, bond connect and gold transaction in foreign currency, etc.

VI. Development of Financial Business Related with Agriculture, Rural Areas and Farmers in the Reporting Period

During the reporting period, according to the decision and deployment of the Party Central Committee and the State Council on "agriculture, rural areas and farmers", to implement the spirit of the 19th CPC Congress and the 2nd/3rd/4th plenary sessions of the 19th CPC Central Committee, the Bank deeply explored areas related with "agriculture, rural areas and farmers". Vigorously promoted the strategy of rural revitalization, continued to innovate financial products and services system for "agriculture, rural areas and farmers", increased the supply of credit, and made full use of the geographical and resource advantages of Shanghai. Took the opportunity of deepening the structural reform on the financial supply side and the mission of Inclusive finance delivers better life. the Bank refined, solidified, and deepened the financial work of "agriculture, rural areas and farmers". The Bank won the "Inclusive Financial Agricultural Innovation Service Award" of the 2019 Shanghai Inclusive Financial Forum.

As of the end of the reporting period, the Bank's balance of agriculture-related loans under regulatory definition was RMB 50.996 billion, a net increase of RMB 3.381 billion compared with the beginning of the year. Agriculture-related loans had grown by over RMB 3 billion in recent three years, continuing to rank first in Shanghai in terms of the scale of agriculture-related loans.

(I) Refined Management, Implemented the Top Design of Financial Services for Rural Revitalization

The Bank always invested more resources to financial services related to "agriculture, rural areas and farmers". In terms of credit policy, gave preferential support to "agriculture, rural areas and farmers", only set "the lower limit instead of the upper limit" on the scale of agricultural loans, and ensured the input of credit resources. In terms of loan pricing, always adhered to the pricing principle of guaranteeing principal with low profit for "agriculture, rural areas and farmers" financial services, implemented preferential interest rates for loans to farmers' professional cooperatives, and an interest rate more favorable than general enterprises for other agricultural credit businesses. Adhered to the resource investment in suburban areas, so that more mid-and-low-income people in rural areas can experience modern financial services and benefit from inclusive finance.

During the reporting period, the Bank issued the SRCB Implementation Program of Rural Revitalization Strategy, focusing on five aspects including poverty alleviation by finance, innovation in agricultural financial products, expansion of funding channels, improvement of service means and widening of service coverage. With the goal of achieving full network coverage of rural suburbs, the Bank focused on strengthening the financial coverage and service capacity of rural revitalization demonstration villages. Meanwhile, made it clear to further implement measures to reduce fees of agricultural loans and the financing cost of agricultural entities, and built a "agriculture, rural areas and farmers" service network by establishing and improving the grid marketing system, optimizing the function and layout of outlets, and improving the service efficiency. Improved and clarified organizational and institutional guarantees, and spared no effort to steadily promote financial services in serving the rural revitalization strategy.

(II) Actively Served Major Projects of Shanghai's Rural Revitalization and Solidly Promoted the Innovation of Agricultural Financial Products

In the context of implementing the rural revitalization strategy, the Bank gave priority to supporting various new agricultural business entities, especially key leading enterprises and brand products at national and municipal levels for agricultural industrialization. During the reporting period, the Bank, in connection with the Ministry of Agriculture and Rural Affairs, completed the development and launch of "online revolving loan for New Direct Information Report System of Agricultural Business Entities (Xinnongledai)", and made positive explorations in the intelligent online development of serving "agriculture, rural areas and farmers" with finance. This was the first online financing product developed by Shanghai's banking sector for agricultural business entities. The Bank was also the first financial

institution in the national banking industry to realize online pre-approval and direct big data link with the New Direct Information Report System of Agricultural Business Entities under the Ministry of Agriculture and Rural Affairs. It won the "2019 Shanghai Banking Industry Inclusive Financial Service Innovation Award" and was included as the first batch of government procurement projects on agricultural financial innovation under the Ministry of Agriculture and Rural Affairs.

Gave priority to supporting the construction of Chongming world-class ecological island, and issued special financing plan in response to the spirit of relevant documents of Shanghai Municipal People's Government on "land supply by dot". Gave priority to constructing the key standardization system of modern agriculture for the "13th Five-Year" in Shanghai. Actively promoted the integration of the primary, secondary and tertiary industries of agriculture, promoted the "Internet + modern agriculture" to accelerate the construction of modern agricultural industrial system, production system and management system. Implemented the strategy of rural revitalization, gave priority to the building of beautiful countryside. Continued to support the reform of rural property right system with financial services. Focused on the innovation and upgrading of industries and various parks in suburbs and towns, the construction of infrastructure and public facilities of new urban towns and market towns, and infrastructure of rural water supply, power supply, gas, information etc. Served Shanghai's effort in building a national modern agricultural demonstration area, supported the construction of urban modern agricultural system, including the agricultural infrastructure, farmland and water conservancy, and agricultural machinery and tools. Leveraged the reconstruction of old villages, renovation of urban villages, and the replacement of homesteads, supported the demolition, reclamation, resettlement housing construction of rural homesteads and surrounding non-cultivated land, and the disposal and distribution of collective assets in the withdrawing villages and teams. During the reporting period, in order to meet the financial needs of farmers for relatively concentrated residency, the Bank guided the participation of multiple capital sources, and formulated a special financing product - "Jiayuan Loan", providing farmers with financial support for the renovation, reconstruction, new construction, decoration and of homestead houses and decoration of resettlement houses. Sponsored Shanghai's "Beautiful Countryside" Youth Creative Design Contest, and built a platform for young designers to participate in rural revitalization. Made breakthrough in the traditional way of mortgage guarantee to solve financing problems, and gave full support to the construction of the rural revitalization demonstration village-Wufang Village, Qingcun Town, Fengxian District. Signed a strategic cooperation agreement with Shanghai Land Group on rural revitalization strategy, where the Bank and enterprise worked together to serve Jiading "Xiangyuehuating" project.

Strengthened cooperation with the Municipal Committee of Agriculture and Rural Affairs, AAIC, and Shanghai Policy Financing Guarantee Funds for SMEs to support the industrialization and intensive development of agriculture. Aligned with the reform of rural property right system, increased the promotion

of rural land management right mortgage business, followed up the pilot project of mortgage of farmers' housing property rights. Successively cooperated with Shanghai Policy Financing Guarantee Funds for SMEs and AAIC to launch a new model of "Bank + guarantee + insurance" agricultural finance, patent right pledge financing guarantee insurance loan and special product of "Nongxinbao", which better met the financing needs of agriculture-related business entities. During the reporting period, the Bank disbursed 291 agricultural credit guarantee businesses under Shanghai Policy Financing Guarantee Funds for SMEs with an amount of RMB 460 million. The Bank's disbursement amount accounted for over 60% of this business in Shanghai.

(III) Promoted the Development of Green Countryside and Brand of Urban Green Agriculture

During the reporting period, the Bank cooperated with AAIC to launch the loan for patent right pledge financing guarantee insurance. Enterprise's authorized patent was insured by the insurance company after the patent right was assessed and valued by professional institutions, and then the insurance company and commercial bank decided the insured amount and pledge rate based on the enterprise's business situation and their own risk control and underwriting requirements before the bank disbursed the loan to customers. The products was promoted by "Bank + insurance company" jointly so as to share risks, fully utilize the knowledge of the bank and insurance company on customers and their own risk management and control capabilities, reduce information asymmetry, form complementary advantages, and further deepen bank-insurance cooperation.

During the reporting period, following the policy spirit of Chongming District in promoting constructing closed control system of green pesticide, the Bank explored and launched the "green agricultural materials project" in response to the fund demand for producing and purchasing agricultural materials.

Actively supported the Shanghai quality agricultural products evaluation and promotion activities under Shanghai Committee of Agriculture and Rural Affairs, aiming to serve Shanghai's deepening of agricultural supply side structural reform, enhancing and strengthening the agricultural quality, green agriculture and brand agriculture. Supported the improvement of agricultural product quality and safety, the building of a platform for promoting high quality agricultural products, in order to meet the growing needs of Shanghai citizens for a better life, and ensure the "safety on the bite" of public.

(IV) Expanded the Form of Financial Services to Improve the Happiness of Farmers

First, in order to enable more middle-and-low-income population in rural areas to access modern financial services and enjoy the convenience of inclusive finance, and overcome the problem

of high maintenance costs of outlets in suburbs, especially in remote suburbs, the Bank set up over 240 outlets in 9 suburbs of Shanghai, basically realizing the full coverage of villages and towns. Nearly 1000 ATMs and CRSs were installed, basically no fewer than 2 machines at each township outlet. Over 100 passbook ATMs were put into use to meet the demand of township passbook customers. In addition, nearly 300 multimedia self-service terminals were put into the suburbs, which not only accepted the payment of the Bank's cards, but also the payment of other banks' cards, alleviating the problem of difficult public utilities payment in rural areas. Second, actively explored the theme credit card products to support agriculture and benefiting farmers. On the basis of the existing "Xinfunong Card", accelerated the development of "Xinhenong Card" for high-end agricultural customers, and featured products such as "Rural Revitalization Theme Card" integrate credit and debit functions. Third, carried out the "financial knowledge publicity in countryside". Over 1500 volunteer activities such as publicizing financial knowledge to rural areas, communities, parks and campuses were carried out on average each year with over 4000 volunteer service hours. The publicity was mainly about providing financial consumers including farmers with financial knowledge handbooks, anti-counterfeit currency, financial management knowledge, anti-telecommunication fraud etc. Fourth, in order to solve the pain points of mobile payment for small and medium-sized merchants in rural areas and towns, the Bank developed an integrated payment product integrating POS acquiring, payment code and Shouqianbao, so as to help rural customers purchase agricultural materials and sell agricultural products. Fifth, the Bank actively promoted Shanghai's deployment of financial and insurance service stations for agriculture, rural areas and farmers, addressing the "last mile" of financial services to the countryside.

VII. Risks and Risk Management during the Reporting Period

(I) Comprehensive Risk Management System

The Bank's Board of Directors is the Bank's highest decision-making body of risk management. It bears the ultimate responsibility of risk management, controls the strategic positioning, risk appetite, business development speed and scale, reviews the risk management strategy, risk management and internal control policy, risk appetite strategy, basic risk management system, management and control of various risks and other proposals, and plays a core role. The Board of Directors, through its Audit Committee, Risk and Compliance Management Committee and Related-party Transaction Control Committee, supervises the Bank's risk management and internal control system and evaluates the overall risk.

The Board of Supervisors is the supervising organization of risk management, which plays a role of supervision and evaluation. The Board of Supervisors evaluates the Bank's risk management governance structure and system construction, and guides the Bank's internal audit work. The Board of Supervisors has an Audit

Committee, which is responsible for the audit evaluation of the Bank's operational decision-making, risk management and internal control, guiding the work of the Bank's Internal Audit Department and preparing the audit plan for the matters specified in the Articles of Association.

The Senior Management is the highest executive level of risk management, responsible for the implementation of the overall risk management policy, the development of risk management procedures and operating procedures. The Senior Management consists of Asset and Liability Management Committee, Credit Business Approval Committee, Risk Asset Resolution Committee, Information Technology Management Committee, Internal Control and Risk Management Committee, Consumer Rights and Interests Protection Committee, Product and Service Review Committee, Business Continuity Management Committee, etc., which is responsible for the organization, coordination, review, and decision-making of various risk management work.

The Bank has established a "three lines of defense" risk management system, including frontline business management department as the "first line of defense", risk management and internal control department as the "second line of defense" and audit supervision department as the "third line of defense". The Bank continues to improve the risk identification and management ability of the first line of defense; strengthened the refined and differentiated risk management capability of the second line of defense. Once problems were identified, the second line of defense promptly proposes improvement measures to the first line of defense; manages the audit of the three lines of defense vertically, strengthens supervision and inspection, takes the initiative in accountability, and rectifies in time. While moves risk management forward, the Bank strengthens the independence and effectiveness of the second and third lines of defense.

During the reporting period, the Bank adhered to a prudent risk appetite strategy with the goal of maximizing the risk-adjusted return on capital (RAROC), adhered to the bottom line of no systemic risk, and controlled the risk within the level that the Bank was able and willing to bear. According to the requirements of comprehensive risk management, and following the principles of matching, comprehensiveness, independence, effectiveness and professionalism, the Bank continued to promote the development of a comprehensive risk management system. Improved the risk governance framework, formulated clear risk strategies, risk preferences and risk limits, optimized and improved risk policies and procedures, improved the quality of risk management information systems and data, strengthened internal control and audit, and strived to make risk management more comprehensive, independent, forward-looking, professional and refined.

(II) Credit Risk Management

Credit risk refers to the risk of loss to the Bank due to the debtor or counterparty's failure to perform the obligations stipulated in the contract or the change of credit quality. Credit risk is mainly in the Bank's loans, investments, guarantees, acceptances and other off-balance-sheet businesses involving credit risk. Credit risk is one of the main risks faced by commercial banks.

In strict compliance with regulatory requirements, the Bank has established various risk control processes and mechanisms including risk identification, assessment, measurement, monitoring, control, mitigation and reporting. The Bank's credit risk management follows the following principles: adhere to the principles of compliant operation in accordance with laws and regulations, capital restriction, balance between risk and return, risk dispersion, whole-process management and independent division of function, unified credit underwriting and approval, differentiated authorization, and accountability system.

During the reporting period, the Bank actively responded to the complex and fluctuating external situation, continuously strengthened the research on macro-economic and financial situation, and improved the foresight of credit risk management. First, formulated annual credit disbursement policies, guided the rational allocation of credit portfolio among different industries, customers, products and regions, improved the quality of credit disbursement, and actively promoted the optimization and adjustment of credit structure. Second, optimized the review and approval authority system, and dynamically adjusted the authority according to the credit qualification of each branch and operation organizations within its management. Third, continued to improve the credit underwriting and approval system, formulated or revised the risk management system and product management measures according to the changes in the external environment and regulatory requirements. Fourth, strengthened pre-loan intervention of credit business, strengthened compliance review with underwriting and approval personnel follow the principle of active risk management, actively promoted pre-loan collaborative intervention and field visits to investigate major, complex and difficult projects, and moved risk control forward. Fifth, strengthened post-loan monitoring and early warning, carried out all kinds of credit risk screening work, and regularly held large-amount credit review meetings, and put forward relevant management requirements. Sixth, continued to track and analyze the operation of the real estate market, regularly carried out special stress tests on real estate, improved collateral risk management, and ensured that the collateral valuation was reasonable. Seventh, actively increased investment in science and technology and personnel allocation, optimized early warning functions such as anti-fraud and anti-money laundering, launched a new generation of management and information system consulting project for corporate credit business, gradually built proprietary big data application system, and realized digital, automatic and intelligent customer mining and risk control etc. Eighth, established the impairment measurement system under the new accounting standards (IFRS9), developed and completed the expected loss model, established the impairment measurement system, improved the supporting system, accurately measured the amount of asset impairment under the new standards, and promoted the Bank's transformation from controlling risk to operating risk. Ninth, optimized risk measurement tools and internal evaluation model, and deepened the application in performance appraisal, loan risk pricing, and economic capital management etc. Tenth, promoted internal rating and early warning projects of credit bonds, and further improved the Bank's risk management level of credit

bonds. Eleventh, continued to promote the development of credit business team, organized and carried out the qualification examination of credit practitioners in the Bank, and further improved the professional quality and business capability of credit practitioners. Twelfth, considering the regulatory requirements, the operation and management of the Bank and its risk appetite, the Bank formulated the stress test plan, carried out quarterly credit risk stress test, assessed the impact of macroeconomic changes and market fluctuations on the Bank's credit risk, identified potential risks and strengthened credit risk management. Thirteenth, actively established and improved the organizational structure and management system of large-scale risk exposure, formulated the management system of large-scale risk exposure, and clarified the management structure of large-scale risk exposure, related customer management, internal limit management, calculation method of large-scale risk exposure, statistical report and other relevant requirements.

(III) 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, stock price and commodity price), which is divided into interest rate risk, exchange rate risk, stock price risk and commodity price risk.

The Bank strictly follows regulatory requirements, adheres to the basic principles of "independence, matching between risk and return, combination of quantitative and qualitative, gradual and dynamic adjustment". The Bank keeps the risk management function and business operation function relatively independent and effectively separated, matches the market risk level with the Bank's business objectives, development planning and financial budget, and combines quantitative and qualitative analysis of external environment and the business development trend, and adjusts market risk management policies, systems, technologies and methods timely.

During the reporting period, according to external environment and business development trend, the Bank continued to improve market risk management technology and market risk management capacity, adjusted market risk management policies, systems, technologies and methods timely, improved market risk management system, and ensured that the Bank's market risk management was consistent with business development. Formulated annual market risk limit indicators including limits on position, stop loss, sensitivity, and value at risk etc. according to domestic and international economic and financial development trend, business development plan and the Bank's own risk tolerance. Monitored, measured and reported daily to ensure that the risk level of the Bank's financial market business was within the range set by the Board of Directors. According to external supervision and internal management requirements, revised market risk management rules and regulations continuously, and improved gradually the market risk management system. Continued to deepen the construction of market risk management system and asset-liability management system, promoted the development and maintenance of market risk measurement

model, gradually improved market risk management technology, market risk management methods and systems. Actively cooperated with new product and new business research and development, identified and evaluated risks of new product and new business, established new product risk management system and process, and conducted risk control, monitoring and reporting on new products. Paid close attention to the interest rate trend of domestic and foreign currencies, strengthened regular monitoring and market research, reasonably arranged the term structure of assets and liabilities, timely adjusted the interest rates of deposits and loans in domestic and foreign currencies, and effectively managed the interest rate risk level of the Bank during market interest rate downturn.

1. Market Risk Management of Trading Book

The goal of market risk management of trading book is to control the market risk within the tolerable range according to the risk appetite of the Bank and maximize risk-adjusted return. The Bank mainly uses value at risk (VaR), stress test, sensitivity analysis, exposure analysis, profit and loss analysis, price monitoring and other methods to measure and manage trading book products. Continues to optimize the market risk limit management system based on trading portfolio, improves the limit index system and dynamic management mechanism, meets the timeliness requirements of new products and new businesses, and relies on the market risk management system to achieve rapid and flexible limit monitoring and dynamic adjustment.

2. Exchange Rate Risk Management

Exchange rate risk refers to the risk arising from exchange rate fluctuation of the Bank's position in each foreign currency (including gold) and foreign exchange derivative financial instruments. The objective of the Bank's exchange rate risk management is to ensure that the exchange rate risk is controlled within the reasonable and tolerable range for the Bank by formulating the exchange rate risk appetite, improving the exchange rate risk management policies and procedures, and improving the ability of exchange rate risk measurement and analysis.

The main principle for the Bank to control exchange rate risk is to match assets and liabilities in different currencies as much as possible, and to control exchange rate risk within the limits set by the Bank. In accordance with the guiding principles of the Internal Control and Risk Management Committee, relevant regulatory requirements and the management's assessment of the current environment, the Bank sets the risk tolerance limit, and tries 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 is managed under authorization according to business types and traders' authorities.

3. Interest Rate Risk Management of Banking Book

The interest rate risk of the banking book refers to the loss risk of the economic value and the overall return of the banking book

due to adverse changes in interest rate, and term structure etc. The Bank's objective of interest rate risk management of the banking book is to control the interest rate risk of the banking book within a reasonable and tolerable range for the Bank so as to avoid material losses on the economic value and overall return of its banking book.

The Bank mainly measures the interest rate risk of the banking book by repricing gap analysis, scenario analysis and stress test etc., and regularly evaluates the impact of interest rate changes on net interest income and economic value under different interest rates. In combination with the market interest rate trend and the actual operation, the Bank formulates an interest rate risk stress test plan for the banking book annually and conducts stress tests on a regular basis. The Bank mainly tries to minimize the interest rate sensitivity gap between assets and liabilities by controlling the repricing term of loans and the duration of investment business, and strives to prevent interest rate risk.

(IV) 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 the 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 realization, operational loss, derivatives transaction risk and related risks of affiliated institutions, etc.

The Bank aims to establish a liquidity risk management system aligned with the Bank'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 considers the overall liquidity of the Group to prevent the internal risk transmission within the Group.

During the reporting period, the Central Bank implemented a prudent monetary policy with a moderate degree of tightness, actively managed the market liquidity to maintain a reasonable and sufficient liquidity. The Bank strengthened the prediction of market liquidity trend, actively expanded diversified financing channels, and dynamically adjusted the pace of investment. All liquidity risk management and supervision indicators met regulatory requirements, and liquidity risk was generally moderate.

According to the external business situation and business development requirements of the Bank, the Bank formulated annual value of liquidity risk appetite and hierarchical early warning value. made full use of internal fund transfer pricing and other tools to flexibly adjust the term structure of assets and liabilities and optimize the term allocation of assets and liabilities. Strengthened the liquidity risk management of business

segments, and set up separate liquidity risk limit for interbank and financial management businesses etc. in domestic and foreign currencies. Continuously improved the daily liquidity management of the treasury, actively expanded financing sources, and flexibly arranged active liability strategies according to the Bank's liquidity needs and market conditions. Strengthened the management of liquidity risk indicators, dynamically monitored and tracked all kinds of regulatory liquidity risk monitoring indicators on a monthly basis, and timely coordinated to ensure all kinds of indicators were compliant with regulatory standards. Strengthened the liquidity risk evaluation and control of new business and products. Regularly carried out liquidity risk stress test and emergency drill, and improved liquidity risk early warning mechanism and contingency plan. Strengthened the construction of liquidity risk system, and continuously improved the ability of liquidity risk monitoring, measurement and control. Improved the Bank's risk management capability through a series of measures and maintained the liquidity at a generally stable and moderate level.

By the end of the reporting period, the Group's liquidity ratio was 51.55%, liquidity coverage ratio was 229.95%, and net stable fund ratio was 139.13%, which were all higher than regulatory requirements, meeting the Group's annual liquidity risk appetite.

(V) Operational Risk Management

Operational risk refers to the risk of loss caused by imperfect or problematic internal procedures, employees and IT systems, as well as external events. Operational risk includes legal risk, but not strategic risk and reputation risk. The Bank strictly abides by the regulatory provisions and establishes a complete system of operational risk management policies, measures, and implementation rules, etc. Promotes the use of three major tools of operational risk management. Sorts out and optimizes the work process of each business line to improve the pertinence and effectiveness of operational risk management. Regularly collects and summarizes operational risk events, analyzes vulnerable links for operational risk, and actively takes preventive measures. Regularly monitors key risk indicators and continuously improves indicators. Constantly improves the functions of relevant operational risk management systems to optimize the programs and the data quality. Carries out gap analysis following the regulatory requirements, continues to rectify for improvement, and to move closer to good practices in the industry.

During the reporting period, the Bank continued to improve its operational risk management with the goal of preventing major operational risk losses and major criminal liability events. First, continued to carry out rectification and improvement of 255 risk points following the Version 3.0 of Important Risk Point and Preventive Measures for Operational Risk of Financial Institutions. By the end of the reporting period, 84.7% of the risk points achieved good practices in the industry. Second, completed the development of the new operational risk management system and made the Bank's operational risk management work more efficient. Third, actively promoted the use of operational risk and control self-assessment (RCSA), operational key risk indicators

(KRI), operational risk loss data collection (LDC) and other management tools to improve the operational risk management capabilities of identification, assessment, measurement, monitoring, control / mitigation and reporting. Fourth, revised the operational risk management evaluation method by carrying out the operational risk management evaluation of branches every six months. Fifth, promoted business continuity, carried out important business impact analysis, and revised business impact analysis reports and special business continuity plans. Sixth, with the increase of regulatory penalties and external fraud risks, the Bank formulated rectification measures and continued to promote the optimization and improvement of institutions, processes, systems and mechanisms. In 2019, the Bank had no major operational risk events, and the operational risk was generally controllable.

(VI) Compliance Risk Management (Including Anti-money Laundering Management)

Compliance risk refers to the risk that the Bank 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 Bank carried out special risk screening in key fields and cases such as "consolidating rectification achievements and promote compliance", illegal service charges for enterprises, and banking institutions. Held the 2019 inspection, coordination and fraud prevention meeting, emphasized the "top leader" accountability system. Improved the internal and external "inspection-reform-accountability-evaluation" mechanism, revised the Management Measures for Regulatory Inspection and Rectification, and included administrative penalties, rectification and assessment into the management system. Sorted out and summarized the regulatory penalties received by the Bank over the years considering the new normal of "strong supervision and strict accountability", timely discovered compliance loopholes. Optimized the early warning model and the inter-bank fraud joint prevention and screening mechanism, improved the system platform construction, and promoted the "seven in one" construction of the CIS system integrating functional modules such as "inspection and rectification, employee behavior management, violation points, legal risks, internal management, monitoring and reporting, risk internal control assessment" etc.

During the reporting period, the Bank optimized the anti-money laundering risk management framework, formulated the SRCB Money Laundering Risk Management Policy, improved the evaluation and assessment methods, and the anti-money laundering work procedures and mechanisms from the aspects of internal control system, resource allocation, money laundering risk management method, emergency plan, anti-money laundering measures, information confidentiality and information sharing etc. Carried out centralized analysis of suspicious cases. During the

reporting period, the Bank focused on the analysis of suspicious transaction from 17 branches, organized special training, clarified the division of responsibilities under the centralized mode, issued various risk prompts in time, and improved the quality of suspicious case reporting. Carried out the anti-money laundering and compliance culture construction activities with the theme of "anti-money laundering, SRCB in action", and strengthened business training and guidance, covering the 23 branches across the Bank, 35 rural banks and Yangtze United Financial Leasing Co., Ltd.. Promoted classified rating and rectification, and customer information clearing, and solidly carried out the special fight against crime. Optimized the rules of monitoring model, improved the efficiency of manual analysis, and built and improved the information system.

(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 liability or criminal liabilities for its business activities in violation of laws or administrative regulations etc.

Under the comprehensive risk management system, the Bank establishes and improves the legal risk management framework, system and process. Follows the principles of legality, matching, full coverage and independence to manage legal risks, and takes various legal risk management measures. Breaks down the legal risk prevention and control responsibilities to the head office and branches, and effectively monitors, identifies and evaluates the whole process of assessment, control (including mitigation, resolution) and reporting of legal risks, as well as the operation mechanism of decision-making, implementation, supervision and restriction around the above activities.

During the reporting period, the Bank attached great importance to legal risk management, continued to improve the construction of management mechanisms on contract, lawyer, litigation case and legal risk of new products, carried out various activities themed on the "year of deepening compliance and internal control". Continued to promote works of legal risk management as planned, and further strengthened systematic control of legal risks from structural improvement, business support, education and training.

(VIII) Reputation Risk Management

Reputation risk refers to the risk of negative evaluation on the commercial bank by stakeholders due to operation, management and other behaviors or external events.

During the reporting period, the Bank continued to improve the reputation risk management mechanism, improved

the standardization of reputation risk management and maintained the brand image. Improved the ability of public opinion monitoring, strengthened internal communication and coordination so as to timely detect and respond to reputation events as soon as possible. Actively carried out positive communications, and grasped the current hot issues. Made positive publicity on the themes of serving "agriculture, rural areas and farmers", small and micro businesses, scientific and technological innovation, supporting the integration of the Yangtze River Delta region, and social responsibility fulfillment to reflect the business characteristics and advantages of the Bank and improve the brand's resistance against reputation risk. Actively carried out the Bank-wide reputation risk training and drill, and improved the reputation risk awareness of all staff.

(IX) Strategic Risk Management

Strategic risk mainly refers to the uncertainty for commercial banks to suffer losses in the process of operation and development.

During the reporting period, the Bank's Board of Directors strengthened strategic risk management, paid close attention to the external macro-economic development situation, conscientiously implemented regulatory requirements, regularly evaluated the implementation of the strategy, analyzed the shortcomings in the promotion of the strategy, and defined the direction of improvement in the next stage. The Management implemented the strategic requirements, operated prudently in promoting various strategic measures economically. The Bank's judgment on the situation and environment in the strategy was consistent with the reality of the macro-economic and financial situation. The strategy maintained strong adaptability and guidance with clear strategic objectives. The strategic positioning was aligned with the reality and differentiated. The strategic system was complete, and the setting of strategic indicators was scientific and reasonable.

(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.

The Bank strictly abides by the regulatory requirements on IT risk management, formulates a comprehensive and effective IT risk management system and strategy, establishes a continuous risk identification, measurement, disposal, monitoring and reporting mechanism, and strictly controls and prevents IT risks. The Bank has established a "three lines of defense" mechanism for IT risk, each of which performs its own duties, works closely together, checks and balances each other. Continuously promotes the practice of IT risk management, and improves the level of IT risk management.

During the reporting period, the Bank orderly promoted various works of IT risk management. The information system operated normally with no major downtime and information

security events, and the IT risk was generally controllable, providing solid technical support and guarantee for the Bank's business development. Through the IT risk assessment and consultation project, the Bank improved the IT risk management system, implemented the comprehensive IT risk assessment, strengthened the IT risk monitoring, identified the risk exposure, improved the risk prevention ability, and promoted the internal control management process. Established and implemented a risk management and control mechanism for major IT projects to ensure the smooth progress and delivery of the Bank's IT projects. Optimized Bank-wide information security organization, strengthened security management of the network and terminals, and improved security defense capability. Strengthened the construction of important information systems, deepened business and technological innovation, and continued to enhance the support of science and technology for business development and refined management. Strengthened operation management, completed the life cycle replacement of production equipment and key business system, accelerated the research of new technology, and improved the automation and intelligence of operation and maintenance. Optimized the emergency management and disaster relief system for information system, and regularly carried out emergency drills for disaster relief switching of eight important business systems, such as online banking and customer service system etc. Completed the phased construction of remote disaster relief center, and continuously improved the business continuity of information system. Strengthened IT outsourcing management, continued to carry out on-site risk assessment on key outsourcers, and strengthened management and control of outsourcing risk. Improved the audit mechanism, increased IT audit efforts, and improved the professionalism of audit.

(XI) Country Risk Management

Country risk refers to the risk of the borrower or debtor's inability or refusal to pay the bank's debts, or losses on the commercial bank's business presence etc. in that country or region due to economic, political, social changes and events in that country or region. Country risk may be triggered by the deterioration of a country or region's economic situation, political and social turmoil, nationalization or expropriation of assets, government's refusal to pay foreign debts, foreign exchange control or currency devaluation etc.

In strict compliance with regulatory provisions, the Bank incorporated country risk management into the comprehensive risk management system, conducted country risk rating according to external rating, economic situation, foreign trade activity and other factors, formulated country risk limits, and accrued reserves according to regulatory requirements.

VIII. Capital Management

The Bank implements Group-level capital management, with improving capital efficiency and return on capital as the core, continuously improves the mechanism and the refined level of

capital management, plays the leading and binding role of capital in business development, improves the efficiency of capital allocation, and optimizes the structure of asset business. The Bank adheres to the capital replenishment strategy of focusing on endogenous capital accumulation and supplemented by exogenous capital replenishment, maintains a reasonable level of capital adequacy, and meets the Group's needs for strategy and sustainable business development while continuously meeting regulatory requirements, laws and policies on capital.

During the reporting period, focusing on the new round of strategic development planning, the Bank launched the preparation of capital planning for the new three years. Comprehensively analyzed the macro-economic situation, industrial development trend and current situation of capital market, and raised the Bank's capital adequacy ratio target, capital supplement planning and capital management strategy for the next three years according to the Group strategy and the sustainable development needs of the Bank's business. Carried out internal capital adequacy assessment to assess capital management and the execution of capital plan, carried out capital adequacy stress test, and formulated annual capital plan and management measures. Strengthened economic capital management, verified risk weighted asset limit for each business line, regularly monitored and analyzed the capital usage efficiency of business lines, dynamically adjusted capital allocation, and guided the Bank to strengthen the concept of rigid capital constraint.

(I) Regulatory Requirements for Capital Adequacy Ratio

The Group calculates the capital adequacy ratio in accordance with the Measures for Capital Management of Commercial Banks (Trial) issued by CBRC and other relevant regulations. For a non-systemically important bank, the minimum regulatory requirements for core tier-I capital adequacy ratio, tier-I capital adequacy ratio and capital adequacy ratio are 7.5%, 8.5% and 10.5% respectively. Meanwhile, according to the Notice on Improving the Supervision and Rating of Rural Commercial Banks and Rural Cooperative Banks issued by the Rural Finance Division of CBRC, the capital adequacy ratio of rural commercial banks rated at or above level II shall be higher than 11.5%, and it shall meet the standards for four consecutive quarters. During the reporting period, the Bank's capital adequacy ratio met regulatory requirements.

(II) Information on Various Risk Exposures

1. Credit Risk Exposure

(1) Credit Risk Accrual Method

The Bank uses the method of weighting to measure credit risk. As of the end of the reporting period, the Bank's credit risk capital and risk exposure requirements under the consolidated basis are detailed in the table below.

Unit RMB 10,000	
Item	Amount
On-balance sheet credit risk exposure	94,278,314.33
Cash mitigation	419,936.79
Non-cash mitigation	4,542,262.30
Non-mitigated risk exposure	89,174,963.80
Off-balance sheet converted credit risk exposure	3,038,754.29

(2) Overdue Non-performing Loans

The Bank's five-category classification of credit assets is mainly based on the relevant requirements of the Notice of CBRC on Issuing the Guidance on Loan Risk Categorization (CBRC [2007] No. 54), the Notice of CBRC on Issuing the Guidance on Credit Asset Risk Categorization of Rural Cooperative Financial Institutions (CBRC [2006] No. 23), and the Notice of CBRC on Issuing the Measures for Risk Categorization of Loans for Small Enterprises (Trial) (CBRC [2007] No. 63), and the SRCB Credit Asset Risk Categorization Management Measures, SRCB Implementation Rules of Risk Categorization of Corporate Credit Assets, SRCB Implementation Rules of Risk Categorization of Personal Credit Assets, and SRCB Implementation Rules of Risk Categorization of Overdraft Risk of Credit Card.

The Bank classifies the risk of credit assets in accordance with the core definition, categorization standards and audit authority of risk categorization of credit assets stipulated by the Bank. Centers on the evaluation of the borrowers' repayment capability as the core, takes the borrowers' normal operating income as the main repayment source of the loan, and the guarantee of the loan as the secondary repayment source. Through on-site and off-site reviewing and analysis, the customer manager obtains the borrowers' financial, cash flow, guarantee, non-financial and other information, and draws conclusions based on comprehensive assessment of various factors affecting the borrowers' repayment capability, which is the main basis for determining the risk category of credit assets. Substandard +, substandard, doubtful and loss are collectively referred to as non-performing credit assets.

(3) Credit Risk Mitigation Policy

The Bank usually transfers or reduces credit risk by means of collaterals and guarantees. These credit risk mitigation tools effectively cover the borrowers' credit risk exposure.

The Bank has actively built relevant policies and systems, and has formed a complete and unified system. The Bank has formulated documents such as the SRCB Measures for the Management of Collaterals, SRCB Implementation Rules of Security Guarantee Management, SRCB Implementation Rules of Pledge Guarantee Management, and SRCB Implementation Rules of Guarantee Management, which have clearly standardized the basic management requirements of collaterals including acceptance standard, classification, mortgage/pledge rate, acceptance and review, valuation, right establishment and change, warrant management, monitoring, return and disposal, information entry and data maintenance, etc.

The Bank regularly monitors the market value of collaterals and the solvency of guarantors to ensure adequate mitigation measures. In case of special circumstances, the Bank conducts irregular monitoring on collateral or guarantor. Collaterals mainly include financial collaterals, real estate, accounts receivable and other collaterals. In terms of collateral evaluation, the Bank combines external and internal evaluation, and reviews the compliance of the evaluation process and the conclusion of the evaluated value. The Bank's system defines the access criteria for cooperative evaluation institutions, establishes post-evaluation and exit mechanisms for evaluation institutions, and conducts regular inspection on the evaluation structure.

The Bank analyzes the concentration risk of risk mitigation regularly or based on the change of internal and external environment, and takes corresponding risk response measures. Through adjusting credit structure, the Bank constantly optimizes the structure of collaterals and reduces the concentration risk of collaterals.

2. Market Risk Exposure

The Bank uses the standardized approach to measure market risk capital. As of the end of the reporting period, the Bank's market risk capital using standardized approach under the consolidated criteria was RMB 424.5291 million. See the table below for the occupation of general risk capital and specific risk capital.

Unit: RMB 10,000

Time	General risk capital					Specific risk capital requirement	Total
	Interest rate risk	Foreign exchange risk	Option risk	Commodity risk	Stock risk		
2019-end	21,978.66	4,831.66	27.56	0	2,879.28	12,735.76	42,452.91

3. Operational Risk Exposure

The Bank uses the basic indicator approach to measure the operational risk capital. As of the end of the reporting period, the Bank's operational risk capital requirement under the consolidated basis was RMB 2,888,087,400.

4. Other Risk Exposure

(1) Counterparty Credit Risk Exposure

The risk-weighted assets of the Bank'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 Bank's counterparty credit risk exposure under the consolidated criteria was RMB 4,509,561,000.

(2) Bank Account Equity Risk Exposure

Unit: RMB 10,000

Name of invested companies (stocks)	Institutional Type	Methods of handling consolidated capital adequacy ratio	Asset balance	Risk exposure
China UnionPay Co., Ltd	Non-banking financial institution	Full deduction of the core tier-I capital in the small-amount minority capital investment of unconsolidated financial institutions	550.00	550.00
Rural Credit Banks Funds Clearing Center Co., Ltd	Non-banking financial institution	Full deduction of the core tier-I capital in the small-amount minority capital investment of unconsolidated financial institutions	600.00	600.00
Equity investment of Jingyi Co., Ltd (debt-to-equity swap of treasury bond investment of Aijian Securities)	Enterprise	-	517.23	-
Yangtze United Financial Leasing Co., Ltd	Non-banking financial institution	Capital deduction	168,216.41	168,216.41
35 subsidiary rural banks	Banking financial institution	Capital deduction	168,509.06	79,252.67

Adhere to Inclusive Finance

Take inclusive finance as the fundamental path towards practicing the mission of the Company, build the brand image of "Stay close to the people, facilitate the people and benefit the people", adhere to the business positioning of serving "Agriculture, rural areas and farmers, small and micro enterprises, scientific and technological innovation enterprises, and community residents", clearly define the business practice of "generating revenue from hard work and professionalism with integrity", and guide the business towards the fundamental purpose of financial services.



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2/1

Business Overview

Proposal of Profit Distribution or Capitalization of Capital Reserve to Share Capital

Commitments made by the Actual Controller, Shareholders, Related Parties, Acquirers and the Company etc. in/as of the Report Period

Fund Occupancy and Progress of Debt Clearing in the Reporting Period

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

Major Equity Investment

Appointment and Dismissal of Accounting Firms and Sponsors

Major Litigation and Arbitration

Related-party Transactions

Internal Transactions

Major Contracts and the Enforcement

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

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

The Situation and Influence of the Company's Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures

Active Performance of Social Responsibility

Other Major Events

I. Proposal of Profit Distribution or Capitalization of Capital Reserve to Share Capital

(I) Formulation and Execution of Cash Dividend Policy

The Bank's decision-making procedures for profit distribution comply with the Articles of Association and relevant requirements of the resolutions of the shareholders' meeting. The criteria and proportion of cash dividends are explicit and clear. Each independent director has made clear comments on the profit distribution plan. The Bank's profit distribution reflects industry characteristics, development stage, its own profit level, capital demand and other factors, as well as the requirements of investors to share the Company's growth, development achievements and obtaining reasonable investment returns.

(II) The Company's Proposal or Plan of Dividend Distribution and Capitalization of Capital Reserve to Share Capital in Recent Three Years

Unit: RMB 1000

Year of dividend distribution	Bonus shares per 10 shares (shares)	Dividend payout per 10 shares (RMB Yuan) (tax included)	Capitalization per 10 shares	Cash dividend amount (tax included)	Net profit attributable to shareholders of the parent company in the consolidated statement in the dividend distribution year	% of the net profit attributable to shareholders of the parent company in the consolidated statement (%)
2019	-	1.90	-	1,649,200	8,845,647	18.64
2018	-	1.85	-	1,480,000	7,308,149	20.25
2017	-	1.60	-	1,280,000	6,769,082	18.91

(III) 2019 Profit Distribution Proposal

In 2019, the Bank realized a net profit of RMB 8,311,889,564.72. According to the requirements of Financial Rules for Financial Enterprises (Ministry of Finance, No. 42 order) and Administrative Measures for the Reserve Provision of Financial Enterprises (Ministry of Finance, [2012] No. 20), profit distribution follows the following proposal.

1. Withdrawal of Legal Surplus Reserve

The legal surplus reserve of RMB 831,188,956.47 is withdrawn at 10% of the Bank's net profit. After withdrawal, the cumulative balance of the Bank's legal surplus reserve is RMB 6,042,923,772.83, accounting for 69.62% of the share capital.

2. Withdrawal of General Reserve

At the end of 2019, the Bank's balance of risk assets was RMB 651,475,159,666.35, an increase of RMB 37,078,166,415.77 over the previous year, and general reserve of RMB 556,172,496.24 was withdrawn at 1.5% of the risk asset balance at the end of the year. After withdrawal, the Bank's accumulated general reserve balance was RMB 9,772,127,395.00.

3. Withdrawal of Discretionary Surplus Reserve

The undistributed profit of the Bank from previous years was RMB 16,282,322,682.27, which was consolidated into the net realized profit of the current year and distributed to investors. After withdrawing the legal surplus reserve and general reserve, the distributable profit was RMB 23,206,850,794.28, and a discretionary surplus reserve of RMB 2,320,685,079.43 was withdrawn at 10% of this amount. The accumulated balance of the Bank's discretionary surplus reserve after withdrawal was RMB 14,569,377,257.93.

4. Distribution of Cash Dividends for Ordinary Shares

Based on a total of 8,680,000,000 shares of ordinary shares included in the dividend on December 31, 2019, the Bank distributed a cash dividend of RMB 1.90 (tax included) per 10 shares of ordinary shares, totaling RMB 1,649,200,000.00 (tax included). After the above distribution, the remaining undistributed profits of RMB 19,236,965,714.85 will be carried to the next year.

II. Commitments made by the Actual Controller, Shareholders, Related Parties, Acquirers and the Company etc. in/as of the Report Period

The commitments in/as of the reporting period are commitments of the Bank's major shareholders to implement regulatory requirements, mainly as follows:

No.	Commitment type	Commitment party	Main content of commitment	Commitment time and duration	Yes/No deadline for performance
1	Standardize shareholding behavior	Shanghai State-owned Assets Management Co., Ltd., China Cosco Shipping Corporation Ltd., BaoSteel Corporation Ltd., Shanghai International Group Co., Ltd., Shanghai International Group Asset Management Co., Ltd.	Gradually standardize the shareholding of SRCB in strict compliance with the principle that the shareholding ratio and the number of shares can only be reduced but not increased as stipulated in the Notice on the Implementation of the Interim Measures for the Equity Management of Commercial Banks.	Long-term	Yes
2	Avoid horizontal competition and standardize related-party transactions	Shanghai State-owned Assets Management Co., Ltd., China Cosco Shipping Corporation Ltd., BaoSteel Corporation Ltd., China Pacific Life Insurance Co., Ltd., Shanghai International Group Co., Ltd., Shanghai Guosheng Assets Co., Ltd., Zhejiang Expressway Co., Ltd., Shanghai International Group Asset Management Co., Ltd.	Avoid horizontal competition and standardize related-party transactions	Long-term	Yes
3	Commitment of major shareholders	The Bank's major shareholders	Do not seek related-party transactions superior to other shareholders, do not interfere in the Bank's daily business affairs, supplement capital to the Bank when necessary, do not impose improper indicator pressure on the Bank, support the Bank to strengthen services to "agriculture, rural areas and farmers" etc.	Long-term	Yes

III. Fund Occupancy and Progress of Debt Clearing in the Reporting Period

During the reporting period, related parties did not occupy the Bank's funds.

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 5 of the financial statement for details.

V. Major Equity Investment

In February 2019, the 21st Meeting of the 3rd Board of Directors of SRCB reviewed and approved the Proposal on Directional Capital Injection to 10 Rural Banks in Difficulty in Shandong, Hunan and Yunnan Provinces, agreeing to inject capital to 10 rural banks by RMB 513,690,600. With the approval of the authorities and regulators, the project was completed within this year.

In May 2019, the 24th Meeting of the 3rd Board of Directors of SRCB reviewed and approved the Proposal on SRCB's Investment to Establish a Wealth Management Subsidiary, proposing to invest RMB 1 billion to solely initiate the establishment of a wealth management subsidiary. As of the end of the reporting period, this project was not completed and was in the process of application.

In July 2019, the 26th Meeting of the 3rd Board of Directors of SRCB reviewed and approved the Proposal on Directional Capital Injection to Yangtze United Financial Leasing Co., Ltd., agreeing to inject RMB 611.1 million to Yangtze Financial Leasing Co., Ltd. With the approval of authorities and regulators, the project was completed within this year, and the Bank holds 51.02% of the equity of Yangtze Financial Leasing, realizing absolute controlling.

In December 2019, the 29th Meeting of 3rd Board of Directors of SRCB reviewed and approved the Proposal on SRCB's Investment in the Yangtze River Delta Rural Commercial Bank. As of the end of the reporting period, this project was not completed and was in the process of review.

VI. Appointment and Dismissal of Accounting Firms and Sponsors

The 31st Meeting of the 2nd Board of Directors of SRCB in 2017 approved the renewal of Deloitte & Touche CPAs Ltd. (LLP) as the Bank's auditor of 2017-2019 financial statements and IPO of the Bank.

During the reporting period, the Bank paid a total of RMB 3.25 million to Deloitte & Touche CPAs Ltd. (LLP) for audit services, including RMB 1.1 million for the Bank's annual financial statement audit, RMB 950,000 for the audit of the first application of A-share IPO, and RMB 1.2 million for the audit of another application based on June 30, 2019.

Deloitte & Touche CPAs Ltd. (LLP) has provided audit services for the Bank for six consecutive years.

Whether to change the auditor	No	Whether to appoint the sponsor	Yes
Name of the Auditor	Deloitte & Touche CPAs Ltd. (LLP)	Name of the sponsor	Haitong Securities Co., Ltd.(1st sponsor) ; Guotai Junan Securities Co., Ltd. (joint sponsor)
Remuneration for the auditor	RMB 3.25 million	Sponsor fee	RMB 105,000,
Terms of audit			6 years

VII. Major Litigation and Arbitration

There were a number of litigations involved in the daily operation, most of which were initiated by the Bank as the plaintiff to recover the non-performing loans, as well as those due to disputes with customers. During the reporting period, the Bank, as the plaintiff, failed to obtain the effective final judgment in three major litigation and arbitration cases, with the subject amount of RMB 348.8 million. The Bank, as the defendant, failed to obtain the effective final judgment in four litigation and arbitration cases, with the subject amount of RMB 2.14 million. The Bank expected that these pending litigations would not have any material adverse impact on the Bank's business, financial condition or business performance.

VIII. Related-party Transactions

(I) Overview of Related-party Transactions

According to the Measures for the Administration of Related-party Transactions between Commercial Banks, Insiders and Shareholders, the Interim Equity Management Measures of Commercial Banks, the Accounting Standards for Enterprises issued by the Ministry of Finance, the Bank has formulated the SRCB Measures for the Administration of Related-party Transactions and the Operating Procedures for the Administration of Related-party Transactions. According to relevant measures, there is no related party with control over the Bank.

During the reporting period, the Bank's related-party transactions were conducted in accordance with the general commercial terms, which were fair and reasonable, followed the principle of good faith and fairness, and in line with the overall interests of the Bank and shareholders.

(II) Major Related-party Transactions

Transaction counterparty	Transaction type	Transaction amount	Approver	Major content of the transaction
Shanghai International Group Co., Ltd. and its related parties	Credit	RMB 9.3 billion	The 22 nd meeting of SRCB 3 rd Board	The Bank granted RMB 9.3 billion to Shanghai International Group Co., Ltd. and its affiliated enterprises, including RMB 1.5 billion of working capital loan to Shanghai International Group with a term of one year, RMB 3 billion of bond investment in Shanghai International Group and its affiliated subsidiaries, RMB 4 billion of credit line to the affiliated subsidiaries of Shanghai International Group Co., Ltd., and RMB 800 million of private equity investment in phase I of Shanghai Guofang FOF, a parallel fund.
China Pacific Life Insurance (Group) Co., Ltd.	Other	RMB 223.2 billion/year		The Bank and China Pacific Insurance (Group) Co., Ltd. signed the Framework Agreement on Continuous Related-party Transactions, which stipulated that the annual transaction amount of the fund business carried out by both parties under this agreement from 2019 to 2021 was limited to RMB 213 billion / year; the annual asset management business is limited to RMB 10.2 billion / year; the annual total amount was limited to RMB 223.2 billion / year.
Bank of Hangzhou Co., Ltd.		RMB 11.5 billion		The Bank granted the inter-bank credit of RMB 11.5 billion to Bank of Hangzhou Co., Ltd. and the businesses included fund business, bond investment, bill rediscount and repurchase, direct bill discount, foreign exchange fund business, trade financing business, agency business, forfeiting secondary market business, etc.
Yangtze United Financial Leasing Co., Ltd.		RMB 4 billion		The Bank granted RMB 4 billion of inter-bank credit to Yangtze United Financial Leasing Co., Ltd. to carry out financial market business.
China Everbright Bank Co. Ltd.	Credit	RMB 12.2 billion	The 25 th meeting of SRCB 3 rd Board	The Bank granted RMB 12.2 billion of inter-bank credit to China Everbright Bank Co., Ltd. and the businesses included fund business, foreign exchange fund business, trade financing business, forfeiting secondary market business, agency business, bill rediscount and repurchase, direct bill discount and non-principal-guaranteed financial product etc.
Haitong Securities Co., Ltd.		RMB 5.2 billion		The Bank granted RMB 5.2 billion of credit to Haitong Securities Co., Ltd. and the businesses included capital business and bond investment.
Orient Securities Co., Ltd.		RMB 3.8 billion		The bank granted 3.8 billion of credit to Orient Securities Co., Ltd. and the businesses included fund business and bond investment.
Shanghai International Group Co., Ltd. and its related parties		RMB 9.3 billion		The Bank changed the interest rate of RMB 1.5 billion working capital loan (related-party credit of RMB 9.3 billion) to Shanghai International Group Co., Ltd., and extended the validity of the first withdrawal for three months.
5 financial institutions including China Pacific Life Insurance Co., Ltd., CPIC Asset Management Co., Ltd., Bank of Hangzhou Co., Ltd., Bank of Shanghai Co., Ltd.	Other	RMB 2 billion limit for single transaction	The 26 th meeting of SRCB 3 rd Board	The upper limit of single transaction between the Bank and five financial institutions (CPIC Asset Management, Everbright Bank, Bank of Hangzhou, Bank of Shanghai), and China Pacific Life Insurance Co., Ltd. is no more than RMB 2 billion. The transaction types include bond repurchase, inter-bank borrowing/lending, inter-bank deposit, bond investment, etc.
COSCO Shipping Development Co., Ltd.	Credit	RMB 1.2 billion	The 29 th meeting of SRCB 3 rd Board	The Bank granted COSCO Shipping Development Co., Ltd. a credit line of RMB 1.2 billion.

(III) Related-party Transactions with Major Shareholders and Their Controlling Shareholders, Actual Controllers, Related Parties, Parties Acting in Concert and Ultimate Beneficiaries during the Reporting Period

During the reporting period, the Bank had credit, service and other related-party transactions with major shareholders and their controlling shareholders, actual controllers, related parties, parties acting in concert and ultimate beneficiaries, and no related-party transactions of asset transfer.

1. Related-party Transactions of Credit

(1) Related-party transactions with Shanghai International Group Co., Ltd., Shanghai State-owned Assets Management Co., Ltd., Shanghai International Group Asset Management Co., Ltd. and its related parties

The Bank granted RMB 9.3 billion related-party credit to Shanghai International Group Co., Ltd. and its related enterprises, mainly for working capital loans, bond investment and other businesses. As of the end of the reporting period, the balance of credit to Shanghai International Group Co., Ltd. was RMB 139.9796 million, the balance of credit to Shanghai State-owned Assets Management Co., Ltd. was RMB 868.895 million, and the balance of credit to Shanghai International Group Asset Management Co., Ltd. was RMB 50 million.

(2) Related-party transactions with Cosco Shipping Corporation Ltd. and its related parties

The Bank granted RMB 1.2 billion related-party credit to COSCO Shipping Development Co., Ltd., with a balance of RMB 283,885,400 as of the end of the reporting period, which was used for bond investment and other businesses.

The Bank granted RMB 300 million related-party credit to COSCO Shipping Development (Tianjin) Leasing Co., Ltd., with a balance of RMB 270 million at the end of the reporting period, which was used for working capital loan business.

The Bank granted RMB 354 million related-party credit to COSCO Shipping Leasing Co., Ltd., with a balance of RMB 203,221,600 as of the end of the reporting period, which was mainly used for working capital loans, bond investment and other businesses.

The Bank granted RMB 224 million related-party credit to OFI Co., Ltd. (USD 32 million), with a balance of RMB 223,238,400 at the end of the reporting period, which was mainly used for other project loans.

The Bank granted RMB 500 million related-party credit to Haihui Commercial Factoring (Tianjin) Co., Ltd., with a balance of RMB 200 million at the end of the reporting period, which was mainly used for working capital loan business.

(3) Related-party transactions with BaoSteel Corporation Ltd. and its related parties

The Bank granted RMB 400 million related-party credit to BaoSteel Corporation Ltd., with a balance of RMB 200.7151 million at the end of the reporting period, mainly used for bond investment and other businesses.

The Bank granted RMB 436.5 million related-party credit to Huabao Duding (Shanghai) Financial Leasing Co., Ltd., with a balance of RMB 272.465 million as of the end of the reporting period, which was mainly used for working capital loan business.

(4) Related-party transactions with China Pacific Life Insurance Co., Ltd. and its related parties

The Bank granted RMB 700 million related-party credit to China Pacific Life Insurance Co., Ltd. and RMB 790 million to China Pacific Insurance (Group) Co., Ltd. and Pacific Asset Management Co., Ltd. As of the end of the reporting period, the balance of credit was RMB 0, which was used for credit business with financial institutions.

The Bank granted RMB 3.8 billion related-party credit to Orient Securities Co., Ltd., with a balance of RMB 2,979.8 million as of the end of the reporting period, which was used for credit business with financial institutions.

The Bank granted RMB 12.2 billion related-party credit to China Everbright Bank Co., Ltd., with a balance of RMB 2,492,952,400 at the end of the reporting period, which was used for inter-bank credit business.

The Bank granted RMB 500 million related-party credit to Shanghai Shenneng Financial Leasing Co., Ltd., with a balance of RMB 9.46 million at the end of the reporting period, which was used for financing lease loan business.

(5) Related-party transactions with Shanghai Guosheng Assets Co., Ltd. and its related parties

The Bank granted RMB 500 million related-party credit to Shanghai Guosheng (Group) Co., Ltd., with a balance of RMB 350.5769 million

at the end of the reporting period, which was mainly used for working capital loans, bond investment and other businesses.

The Bank granted RMB 800 million related-party credit to AXA SPDB Investment Managers Co., Ltd., with a balance of RMB 699.93 million at the end of the reporting period, which was mainly used for credit business with financial institutions.

(6) Related-party transactions with Zhejiang Expressway Co., Ltd. and its related parties

The Bank granted RMB 700 million related-party credit to Zhejiang Communications Investment Group Co., Ltd., with a balance of RMB 336.9955 million at the end of the reporting period, which was mainly used for bond investment business.

The Bank granted RMB 800 million related-party credit to Zheshang Fund Co., Ltd., with a balance of RMB 395.27 million at the end of the reporting period, which was mainly used for credit business with other financial institutions.

(7) Related-party transactions with China Taiping Life Insurance Co., Ltd. and its related parties

The Bank granted RMB 800 million related-party credit to Taiping Fund Management Co., Ltd., with a balance of RMB 342.3 million at the end of the reporting period, which was mainly used for credit business with other financial institutions.

(8) Related-party transactions with Shanghai Shendi (Group) Co., Ltd. and its related parties

The Bank granted RMB 987 million related-party credit to Shanghai Shendi (Group) Co., Ltd., with a balance of RMB 214.1045 million at the end of the reporting period, which was mainly used for credit bond, syndicated loan and other businesses.

(9) Related-party transactions with Lanhai Holding (Group) Co., Ltd. and its related parties

The Bank granted RMB 50 million related-party credit to Shanghai Life Insurance Co., Ltd., with a balance of RMB 0 at the end of the reporting period, which was mainly used for credit business with other financial institutions, bond repurchase and other businesses.

(10) Related-party transactions with Shanghai Shanxin Real Estate & Development Co., Ltd. and its related parties

The Bank granted RMB 98 million related-party credit to Shanghai Shanxin Real Estate & Development Co., Ltd., with a balance of RMB 87.5 million at the end of the reporting period, which was mainly used for construction loans, operating property loans and other businesses.

The Bank granted RMB 73 million related-party credit to Jiaxing Chengwang Real Estate & Development Co., Ltd., with a balance of RMB 67 million at the end of the reporting period, which was mainly used for operating property loan business.

The Bank granted RMB 8.5 million related-party credit to Wu Zhenlai, with a balance of RMB 1,458,300 at the end of the reporting period, which was mainly used for personal housing loan business.

(11) Related-party transactions of Orient International (Holding) Co., Ltd. and its related parties

The Bank granted RMB 180 million related-party credit to SIICGM and its related company Shanghai Gongcheng International Trade Co., Ltd. with a balance of RMB 0 at the end of the reporting period, which was mainly used for bank notes, letters of credit and other businesses.

The Bank granted RMB 425 million related-party credit to Shanghai Fangtou Trade Co., Ltd., with a balance of RMB 0 at the end of the reporting period, which was mainly used for bank notes, letters of credit and other businesses.

2. Related-party Transactions of Service

During the reporting period, there were service transactions with major shareholders and their related parties, mainly including lease fee, annuity and retirement subsidy fee management services, consulting service fee, etc., with a total amount of RMB 54.9738 million (see the table below for details).

List of Service Transaction with Major Shareholders and Their Related Parties during the Reporting Period

Unit: RMB 10,000

No.	Name of related party	Content of transaction	Transaction amount
1	Shanghai Shanxin Real Estate & Development Co., Ltd.	Lease fee	4,023.89
	Shanghai Tianyuan Advertising & Decoration Co. Ltd	Advertising fee	5
	Shanghai Juyi Yuanheng Property Management Co., Ltd.	Property management fee	0.36
2	CPIC Property Insurance Co., Ltd.	Provide high-end credit card insurance services	67.33
	Changjiang Pension Co., Ltd.	Provide annuity, retirement subsidy account operation management service	1,195
	AAIC	All-risks of property and damage of machinery	159.8
	Shanghai Insurance Exchange	Membership fee	2
3	Shanghai State-owned Capital Operation Research Institute	Consulting service fee	24
4	Orient International (Holding) Co., Ltd.	Design service charge for promotional activities	20
Total			5497.38

3. Other Related-party Transactions

During the reporting period, there were other related-party transactions with major shareholders and their related parties, and the main types of transaction were inter-bank fund business such as borrowing, buying and selling of cash bonds, with a cumulative amount of RMB 406,535,389,600.

List of Other Related-party Transactions with Major Shareholders and Their Related Parties during the Reporting Period

Unit: RMB 10,000

No.	Name of related party	Content of transaction	Transaction amount
1	COSCO Shipping Development Co., Ltd.	Bond underwriting fee	31.94
	China Everbright Bank Co. Ltd.	Cash bond transactions etc.	3,869,0781.51
	China Pacific Life Insurance Co., Ltd.	Pledge-style repo etc.	28,980
2	CPIC Property Insurance Co., Ltd.	Insurance agency	103.61
	China Pacific Life Insurance (Group) Co., Ltd.	Cash bond transactions etc.	504,550.11
	AAIC	Insurance agency	1,012.32
	Orient Securities Co., Ltd.	Cash bond transactions etc.	886,327.97
	Haitong Unitrust International Leasing Co., Ltd.	Bond underwriting fee	37.5
3	Haitong Securities Co., Ltd.	Cash bond transactions etc.	50,005.34
	Pacific Asset Management Co., Ltd.	Cash bond transactions etc.	80,964.67
	AXA SPDB Investment Managers Co., Ltd.	Cash bond transactions etc.	34,850.42
4	Zheshang Securities Co., Ltd.	Cash bond transactions etc.	136,097.84
	Taiping General Insurance Co., Ltd.	Insurance agency	110.35
5	Taiping Fund Management Co., Ltd.	Cash bond transactions etc.	10,985.28
	Taiping Pension Co., Ltd.	Cash bond transactions etc.	5,089.65
	Taiping Asset Management Co., Ltd	Pledge-style repo etc.	182,996
6	Shanghai Life Insurance Co., Ltd.	Insurance agency	40,614.45
Total			40,653,538.96

IX. Internal Transactions

During the reporting period, the Bank's internal transactions refer to credit and non-credit transactions between the Bank and consolidated subsidiaries (currently 35 SRCB rural banks and Yangtze United Financial Leasing Co., Ltd.), and among consolidated subsidiaries.

(I) Transactions between the Bank and SRCB Rural Banks

During the reporting period, the Bank granted RMB 2.259 billion interbank credit line to 35 holding rural banks, with a credit balance at RMB 0 at the end of the year. The Bank provided two short-term liquidity facilities to the holding rural banks, totaling RMB 50 million. The Bank did not provide temporary liquidity facilities to the holding rural banks, and the balance of short-term and temporary liquidity facilities at the end of the year was RMB 0. The holding rural banks purchased RMB 7.9 billion of the Bank's financial products in total, with a balance of undue financial products at the end of the year at RMB 500 million. The Bank sold counter bonds to the holding rural banks totaling RMB 150.47 million. The Bank provided system, network, personnel and other services to 35 rural banks, and actually charged RMB 45,559,299.38 for financial services.

As of the end of the reporting period, the Bank had RMB 6.247 billion deposit balance from SRCB rural banks. In 2017, the Bank acquired RMB 327 million of non-performing loans from rural banks, and in 2019, the accumulated principal and interest recovered were about RMB 21.74 million and RMB 6.03 million respectively. As of the end of the reporting period, the balance of acquired non-performing loans was RMB 274 million.

(II) Transactions between the Bank and Yangtze United Financial Leasing Co., Ltd

The Bank has incorporated Yangtze Financial Leasing into consolidated management since December 2019. During the reporting period, the Bank granted RMB 4 billion credit to Yangtze United Financial Leasing Co., Ltd., and provided 6 loans to Yangtze Financial Leasing Co., Ltd., totaling RMB 2.3 billion. By the end of the year, the Bank's credit balance to Yangtze Financial Leasing Co., Ltd. was RMB 2 billion. At the end of the year, the deposit balance of Yangtze Financial Leasing in the Bank was RMB 368,775,185.94.

(III) Transactions between Consolidated Subsidiaries

During the reporting period, Yangtze Financial Leasing Co., Ltd. paid RMB 150,000 (before tax) of financial consulting fee to SRCB Ningxiang Rural Bank.

X. Major Contracts and the Enforcement

(I) Custody, Contracts and Leases

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

(II) Guarantee

The guarantee business belongs to the daily business of the Bank. During the reporting period, except for the financial guarantee business within the scope approved by the People's Bank of China and CBIRC, the Bank had no other material guarantee business to be disclosed.

(III) Entrusted Cash Asset Management

During the reporting period, the Bank did not have any entrusted financial asset management business beyond the normal business scope.

(IV) Other Major Contracts

During the reporting period, the performance of all business contracts of the Bank was normal with no major contract disputes.

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

During the reporting period, neither the Bank nor its directors, supervisors, senior executives and the first largest shareholder were subject to any investigation by the relevant authorities, or any compulsory measures by judicial authorities or discipline inspection departments, or transferred to judicial authorities or investigated for criminal responsibility, or any case investigation or administrative punishment by the CSRC, or banned from the market, identified as inappropriate candidates, or subject to major administrative punishments by other administrative authorities, or were publicly reprimanded by any stock exchange.

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

During the reporting period, neither the Bank nor its first largest shareholder failed to perform effective judgment of the court or pay off any due debt in large amount.

XIII. The Situation and Influence of the Company's Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures

During the reporting period, the Bank did not implement equity incentive plan, employee stock ownership plan or other employee incentive measures.

XIV. Active Performance of Social Responsibility

(I) Targeted Poverty Alleviation

Targeted Poverty Alleviation Plan

The Bank resolutely implemented the relevant requirements of the Party Central Committee and the State Council on winning the battle of poverty alleviation, established a targeted poverty alleviation mechanism, formulated poverty alleviation work plan, implemented the project fund budget, and played the role of finance in promoting poverty alleviation and prosperity of the people in poverty-stricken counties where the rural banks are located. The Bank selected outstanding cadres to serve as village-based instructors, providing strong organizational and personnel support to the development of economically weak villages. Concentrate on supporting severe poverty-stricken areas, continued to increase the efforts of targeted poverty alleviation, and accurately met the needs of poverty-stricken areas with a total of RMB 18.53 million support funds in the whole year.

Overview of Annual Targeted Poverty Alleviation

In terms of industrial poverty alleviation, during the reporting period, the Bank donated RMB 10 million for the comprehensive rural assistance to Chongming District, Shanghai, to help promote the construction of "hematopoiesis" projects and enhance the capacity of independent development in weak areas. In terms of targeted poverty alleviation, the Bank continued to promote the implementation of paired targeted poverty alleviation project of "100 enterprises helping 100 villages", invested RMB 3.2 million support fund, and paired with Yangwenshan Village of Bazhai Town, Laozhai Village of Jiahuanqing Town, and Mula Village of Renhe Town, Maguan County, Yunnan Province, where the fund was mainly used to build industrial roads and waste incineration pools to change the appearance of villages. Meanwhile, the staff of the branches and sub-branches organized pairing assistance by purchasing uniforms, schoolbags and stationery for 181 students of Laozhai Primary School, and donated money to establish the "Laozhai Primary School Drum Team - SRCB Fengxian Sub-branch" to help poverty alleviation with education.

During the reporting period, the Company continued to donate RMB 2.5 million to "Jixiang Ankang", a charity accident insurance program for five Counties in Shigatse, Tibet, purchasing accident insurance for 233,688 farmers and herdsmen in the five counties of Shigatse (Yadong County, Jiangzi County, Dingri County, Lazi County, and Sakya County) (out of which 59,854 were poor people with archives) with an insured amount of RMB 10.9 billion.

During the reporting period, excellent cadres were sent to Dadong Village, Lixin Town, Chongming District to serve as village-based instructors to support the development of economically weak villages. RMB 100,000 of support funds was provided, and efforts were strengthened to match the production and sales of agricultural products centering on improving quality and efficiency, helped establish collective economic cooperatives, effectively promoted the increase of farmers' income, and boosted the rural economy of Dadong. Continued to work in pairs with economically weak villages in Chongming and Fengxian districts with a total of RMB 700,000 support fund.

During the reporting period, the Bank continued to play the role of SRCB Xin Charity Special Fund for children's care, poverty relief and other projects. 96 people from 16 teams of the Bank were organized to participate in the public welfare activity of "E.G.G.Walkathon". The 50-km walkathon raised a total of RMB 352,000 to support the nutrition, health, education and development of children in poor mountainous areas. RMB 158,000 was invested in the "Little Financier" charity class project. Through cooperation with the "Summer Care Class" in Shanghai, the Bank provided 556 "Summer Care Class" with over 750 hours of financial and business courses for children, involving over 11,000 person times. Meanwhile, actively participated in the fund-raising projects of "Xin Financial Community Support Program" and "Small Financier" open day on Tencent 99 Giving day.

During the reporting period, the Bank continued to support RMB 200,000 to the "Parent School" project of Shanghai Children's Hospital, benefiting children's health, fulfilling the corporate mission of Inclusive finance delivers better life. and serving economic and social development.

Unit: RMB 10,000

Indicator	Amount
1. Industrial development and poverty alleviation	1,000
2. Fixed-point poverty alleviation	328
2.1 Poverty alleviation by infrastructure	320
2.2 Poverty alleviation by education	8
3. Social poverty alleviation	382
3.1 Poverty alleviation project in Tibet	250
Including No. of archived poverty-stricken population benefiting from the project	59,854
3.2 Local poverty alleviation project	70
3.3 Other poverty alleviation project	62
4. Charity fund	93
5. Other projects	50
Total	1,853

Note: "Fixed-point poverty alleviation" in the table refers to the poverty alleviation work carried out by the Bank in Maguan County, Yunnan Province.

Follow-up Targeted Poverty Alleviation Plan

The year of 2020 is the year for realizing the goal of building a moderately prosperous society in an all-round way. It is the year of completing poverty alleviation. The Bank will fully implement the spirit of the 19th CPC National Congress, the 2nd, 3rd and 4th plenary sessions of the 19th CPC Central Committee, and the spirit of General Secretary Xi Jinping's speech on poverty alleviation, and strengthen responsibility for poverty alleviation. The Bank will strengthen the innovation of poverty alleviation mechanisms, broaden channels for poverty alleviation with finance, spare no effort on poverty alleviation projects in paired regions, and make positive contributions to winning the battle against poverty.

(II) Social Responsibility Work

The Bank has actively fulfilled its social responsibility, issued and disclosed its annual social responsibility report to the public, which has been published for 13 consecutive years. For details of the Bank's performance of social responsibility in 2019, please refer to the SRCB 2019 Social Responsibility Report.

During the reporting period, the Bank raised its social responsibility management to a strategic level. In the 2017-2019 Strategic Development Plan, the Bank clearly proposed taking public companies as the benchmark, earnestly performing social responsibilities, and striving to achieve the unity of social value, shareholder value, employee value and customer value. In 2019, while adhering to innovation drive, transformation and development, the Bank strengthened social responsibility management, actively assumed responsibilities in economic development, social progress, environmental protection, employee care and other fields, and made efforts to create value for shareholders, customers, employees and society.

XV. Other Major Events

None.

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Changes in Shares and Particulars of Shareholders

Changes in Share Capital

Share Issuance and IPO

Shareholders

Major Shareholders

Other Information Required by CBIRC

I. Changes in Share Capital

Table of Changes in Share Capital

Unit: share

Type of shareholder	31 December 2018		+/- during the reporting period	31 December 2019	
	No. of shares	Percentage to the total(%)		No. of shares	No. of shares Percentage to the total(%)
Institutional shares	7,406,928,318	85.3333	-5,760,000	7,401,168,318	85.2669
Individual shares	1,272,775,200	14.6633	+5,760,000	1,278,535,200	14.7297
Packaged shares *	296,482	0.0034		296,482	0.0034
Total shares	8,680,000,000	100.00		8,680,000,000	100.00

*Packaged shares: Under Document (2004) No. 61 of CBRC, any capital stock whose shareholders cannot be identified by the original rural credit cooperatives shall be converted into a 'packaged share' and subject to further processing after the actual shareholder is identified.

II. Share Issuance and IPO

(I) Share Issuance as of the Reporting Period

During the reporting period, there was no change in the total amount of ordinary share capital of the Company.

(II) Existing Internal Employee Shares

As of the end of the reporting period, there were 429,167,200 internal employee shares in the Company's ordinary shares.

Issuance date of internal employee shares	Issuance price of internal employee shares (RMB)	Issuance amount of internal employee shares (share)
-	-	429,167,200
Note on existing internal employee shares	Among the ordinary shares of the Company, there are 429,167,200 internal employee shares, which are mainly obtained through the following ways: first, the shares of the Bank subscribed by internal employees at the time of establishment; second, the capitalization of capital reserve to share capital after the establishment of the Bank; third, through inheritance, judicial judgment and other ways.	

III. Shareholders

(I) Number of Shareholders

At the end of the reporting period, the Company had a total of 24,625 shareholders, of which 212 were institutional shareholders, 24,412 were individual shareholders and 1 was a holder of packaged shares. The number of shareholders of ordinary shares at the end of the previous month before the disclosure of this annual report was 24,626.

(II) Top 10 Shareholders and Their Shares at the End of the Reporting Period:

Unit: share

No.	Shareholder's name	Nature of shareholder	Shareholding ratio	Total number of shares	Increase/decrease during the reporting period	No. of pledged/frozen shares
1	Shanghai State-owned Assets Management Co., Ltd.	State-owned institution	9.22%	800,000,000	-	-
2	China Cosco Shipping Corporation Ltd.	State-owned institution	9.22%	800,000,000	-	-
3	BaoSteel Corporation Ltd.	State-owned institution	9.22%	800,000,000	-	-
4	China Pacific Life Insurance Co., Ltd.	State-owned institution	6.45%	560,000,000	-	-
5	Shanghai International Group Co., Ltd.	State-owned institution	5.55%	481,474,285	-	-
6	Shanghai Guosheng Assets Co., Ltd.	State-owned institution	5.46%	474,047,514	-	-
7	Zhejiang Expressway Co., Ltd.	State-owned institution	5.36%	465,500,000	-	-
8	Taiping Life Insurance Co., Ltd.	State-owned institution	4.78%	414,904,000	+414,904,000	-
9	Shanghai Shendi (Group) Co., Ltd.	State-owned institution	4.12%	357,700,000	-	-
10	Lanhai Holding Group Co., Ltd.	General institution	3.87%	336,000,000	-	320,000,000
Total			63.24%	5,489,625,799		

IV. Major Shareholders**(I) Information of Controlling Shareholders and Actual Controllers**

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

(II) Major Shareholders under Regulatory Definition**1. Shanghai State-owned Assets Management Co., Ltd.**

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 ZHOU Lei. 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. (For projects subject to approval according to law, business activities can be carried out only after approval by relevant authorities.)

As of the end of the reporting period, Shanghai State-owned Assets Management Co., Ltd. held 800,000,000 shares of the Company, accounting for 9.22% 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, 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. As of the end of the reporting period, Shanghai State-owned Assets Management Co., Ltd., its related parties and concerted actors jointly held 18.46% of the Company's shares, and there was no pledge of the Company's shares.

2. 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 XU Lirong. The registered address is No. 628 Minsheng Road, China (Shanghai) Pilot Free Trade Zone. 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. (For projects subject to approval according to law, business activities can be carried out only after approval by relevant authorities.)

As of the end of the reporting period, China Cosco Shipping Corporation Ltd. holds 800,000,000 shares of the Company, accounting for 9.22% of the Company's total share capital. Mr. HUANG Jian was nominated by China Cosco Shipping Corporation Ltd. as 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, 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 9.22% of the Company's shares, and there was no pledge of the Company's shares.

3. BaoSteel Corporation Ltd.

BaoSteel Corporation Ltd. was established on February 3, 2000 with a registered capital of RMB 22,274,344,050. The legal representative is ZOU Jixin. Registered address is No. 885, Fujin Road, Baoshan District, Shanghai. Unified social credit code 91310000631696382C. Business scope includes: steel smelting and processing, power, coal, industrial gas production, terminal, warehousing, transportation and other steel-related businesses, development, transfer, services, management and consulting services of technology, automobile repair, import and export of goods and technology, [non-ferrous metal smelting and rolling processing, industrial furnace and kiln, production and sales of chemical raw materials and products, loading and unloading of metal ore, coal, steel, non-metallic ore, port services, waterway freight forwarding, waterway cargo loading, unloading and intermodal transport, ship agency, labor cooperation for foreign contract engineering, international bidding, engineering bidding agency, domestic trade, counter trade, transit trade, scrap steel, coal, fuel oil, hazardous chemicals (wholesale only)] (branch operation only), vehicle safety inspection, production and sales of chemical raw materials and products. (For projects subject to approval according to law, business activities can be carried out only after approval by relevant authorities.)

As of the end of the reporting period, BaoSteel Corporation Ltd. holds 800,000,000 shares of the Company, accounting for 9.22% of the Company's total share capital. Mr. WU Kunzong 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, 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 9.22% of the Company's shares, and there was no pledge of the Company's shares.

4. China Pacific Life Insurance Co., Ltd.

China Pacific Life Insurance Co., Ltd. was established on November 9, 2001 with a registered capital of RMB 8.42 billion. The legal representative is PAN Yanhong. The registered address is No.1, Zhongshan South 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 CIRC. (For projects subject to approval according to law, business activities can be carried out only after approval by relevant authorities.)

As of the end of the reporting period, China Pacific Life Insurance Co., Ltd. holds 560,000,000 shares of the Company, accounting for 6.45% of the Company's total share capital. Mr. ZHAO Ying 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, 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 6.45% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares.

5. Shanghai International Group Co., Ltd. (SIG)

Shanghai International Group Co., Ltd. was established on April 20, 2000, with a registered capital of RMB 10,558,840,000. 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. (For projects subject to approval according to law, business activities can be carried out only after approval by relevant authorities.)

As of the end of the reporting period, Shanghai International Group Co., Ltd. held 481,474,285 shares of the Company, accounting for 5.55% of the Company's total share capital. Upon nomination by Shanghai International Group Co., Ltd., Mr. WANG Tayu served as the director of the Company. 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, 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. As of the end of the reporting period, Shanghai International Group Co., Ltd. held 18.46% of the Company's shares together with its related parties and concerted actors, and there was no pledge of the Company's shares.

6. 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 No. 601/F, Building 2, No. 80, Moling Road. 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 financial consulting, consulting services related to business scope. (For projects subject to approval according to law, business activities can be carried out only after approval by relevant authorities.)

As of the end of the reporting period, Shanghai Guosheng Assets Co., Ltd. held 474,047,514 shares of the Company, accounting for 5.46% 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, 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 5.46% of the Company's shares together with its related parties and concerted actors, and there was no pledge of the Company's shares.

7. Zhejiang Expressway Co., Ltd.

Zhejiang Expressway Co., Ltd. was established on March 1, 1997 with a registered capital of RMB 4,343,114,500. Legal representative is YU Zhihong. Registered address is 12/F, Block A, Huanglong Century Plaza, No.1 Hangda Road, Hangzhou. Unified social credit Code is 91330000142942095H. Business scope includes: construction, design, charging, maintenance, management, technical consultation and supporting services of Shanghai-Hangzhou-Ningbo Expressway; gas stations, automobile rescue, cleaning, warehousing (excluding hazardous goods), catering (limited to branches) along the Expressway. (For projects subject to approval according to law, business activities can be carried out only after approval by relevant authorities.)

As of the end of the reporting period, Zhejiang Expressway Co., Ltd. holds 465,500,000 shares of the Company, accounting for 5.36% of the Company's total share capital. Mr. WANG Dehua 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, the related parties of Zhejiang Expressway Co., Ltd. include Zhejiang Shangsang Expressway Co., Ltd., Zhejiang Jiaying Expressway Co., Ltd., Zhejiang Jinhua Yongjin 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 5.36% of the Company's shares, and there was no pledge of the Company's shares.

8. Taiping Life Insurance Co., Ltd.

Taiping Life Insurance Co., Ltd. was established on November 17, 1984 with a registered capital of RMB 10.03 billion. 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 aforementioned insurance businesses, capital utilization business and other businesses approved by CIRC, such as concurrent property insurance agency business. (For projects subject to approval according to law, business activities can be carried out only after approval by relevant authorities.)

As of the end of the reporting period, Taiping Life Insurance Co., Ltd. held 414,904,000 shares of the Company, accounting for 4.78% of the Company's total share capital. Mr. ZHANG Ke was 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, the related parties of Taiping Life Insurance Co., Ltd. include Taiping Senior Living Investments Co., Ltd, PIBC, Taiping Property (Beijing) Co., Ltd., etc. As of the end of the reporting period, Taiping Life Insurance Co., Ltd. held 4.78% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares.

9. Shanghai Shendi (Group) Co., Ltd.

Shanghai Shendi (Group) Co., Ltd. was established on August 8, 2010 with a registered capital of RMB 20,450,650,000. Legal representative is YANG Jinsong. Registered address is No.8, Puming Road, China (Shanghai) Pilot Free Trade Zone. Unified social credit code is 913100005601172662. Business scope includes: tourism, culture, entertainment industry investment; real estate development and operation; advertising design, production, agency release; exhibition services; hotel management; municipal public infrastructure development and construction, engineering construction and management; equipment installation (except special equipment); investment consulting (except brokerage); import and export business of goods and technology. (For projects subject to approval according to law, business activities can be carried out only after approval by relevant authorities.)

As of the end of the reporting period, Shanghai Shendi (Group) Co., Ltd. holds 357,700,000 shares of the Company, accounting for 4.12% of the Company's total share capital. Ms. SHAO Xiaoyun was 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, 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 4.12% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares.

10. Lanhai Holding Group Co., Ltd.

Lanhai Holding Group Co., Ltd. was established on September 25, 2003 with a registered capital of RMB 6.5 billion. Legal representative is MI Chunlei. Registered address is Room 639, 6/F, No. 26, Jiafeng Road, China (Shanghai) Pilot Free Trade Zone. Unified social credit code 913100007547803730. Business scope includes: investment management, modern agriculture, ecological forestry, real estate development and operation, information technology consulting services, sales of non-ferrous metals, building materials, rubber, auto parts, goods and technology import and export. (For projects subject to approval according to law, business activities can be carried out only after approval by relevant authorities.)

As of the end of the reporting period, Lanhai Holding Group Co., Ltd. held 336,000,000 shares of the Company, accounting for 3.87% of the Company's total share capital. Mr. ZHANG Xilin was nominated by Lanhai Holding Group Co., Ltd. as the supervisor of the Company. MI Chunlei is the controlling shareholder and actual controller of Lanhai Holding Group Co., Ltd. and the ultimate beneficiary is Lanhai Holding Group Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Bank, the related parties of Lanhai Holding Group Co., Ltd. include Lanhai Automobile Industry Development Co., Ltd., Shanghai Lanhai Luoheng Investment Co., Ltd., Shanghai Life Insurance Co., Ltd., etc. By the end of the reporting period, Lanhai Holding Group Co., Ltd., its related parties and concerted actors jointly held 3.87% of the Company's shares, and 320,000,000 shares had been pledged, which accounted for 95.24% of its total shareholding.

11. Shanghai International Group Asset Management Co., Ltd.

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 DENG Weili. 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). (For projects subject to approval according to law, business activities can be carried out only after approval by relevant authorities.)

As of the end of the reporting period, Shanghai International Group Asset Management Co., Ltd. held 320,368,571 shares of the Company, accounting for 3.69% 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 Bank, 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. As of the end of the reporting period, Shanghai International Group Asset Management Co., Ltd. held 18.46% of the Company's shares together with its related parties and concerted actors, and there was no pledge of the Company's shares.

12. Shanghai Shanxin Real Estate & Development Co., Ltd.

Shanghai Shanxin Real Estate & Development Co., Ltd. was established on September 20, 1996, with a registered capital of RMB 20 million. Its legal representative is WU Zhenlai. Its registered address is 4/F, No. 1111, Mengshan Road, Jinshan District, Shanghai. Its unified social credit code is 91310116123279525F. Its business scope includes: real estate development and operation, proprietary house leasing, production, processing and sales of electronic products (excluding medical equipment). (For projects subject to approval according to law, business activities can be carried out only after approval by relevant authorities.)

As of the end of the reporting period, Shanghai Shanxin Real Estate & Development Co., Ltd. holds 125,400,000 shares of the Company, accounting for 1.44% of the Company's total share capital. Mr. WU Zhenlai was nominated by Shanghai Shanxin Real Estate & Development Co., Ltd. as the supervisor of the Company. WU Zhenlai is the controlling shareholder and actual controller of Shanghai Shanxin Real Estate & Development Co., Ltd. and the ultimate beneficiary is Shanghai Shanxin Real Estate & Development Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Bank, the related parties of Shanghai Shanxin Real Estate Co., Ltd. include Jiaying Chengwang Real Estate Co., Ltd., Jiangyin Dayuan Real Estate Co., Ltd., Shanghai Shanxin Housing Transaction Co., Ltd., etc. As of the end of the reporting period, Shanghai Shanxin Real Estate & Development Co., Ltd. and its related parties and concerted actors jointly held 1.45% of the Company's shares, and there was no pledge of the Company's shares.

13. 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 22-24/F, Block A, Orient International Building, No. 85, Loushanguan Road, Shanghai. 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. (For projects subject to approval according to law, business activities can be carried out only after approval by relevant authorities.)

As of the end of the reporting period, Orient International(Holding) Co., Ltd. holds 114,000,000 shares of the Company, accounting for 1.31% of the Company's total share capital. Ms. ZHU Peilan was 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, 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 1.31% of the Company's shares, and there was no pledge of the Company's shares.

V. Other Information Required by CBIRC

1. Major Changes in Shares of Major Shareholders during the Reporting Period

On March 28, 2019, the 22nd Meeting of the 3rd Board of Directors of the Bank reviewed and approved the Proposal on Shenzhen Lenovo Technology Park Co., Ltd. Transferring Part of Its SRCB Shares to Taiping Life Insurance Co., Ltd. The former major shareholder of the Bank, Shenzhen Lenovo Technology Park Co., Ltd., transferred 414,904,000 shares of the Bank to Taiping Life Insurance Co., Ltd. After the transfer, Shenzhen Lenovo Science Park Co., Ltd. held 43,582,254 shares of the Bank.

2. Share Pledge by Major Shareholders

As of the end of the reporting period, 11 shareholders pledged their shares of the Bank, totaling 443,263,638 shares, accounting for 5.11% of the total shares of the Bank.

Among them, the major shareholder, Lanhai Holding (Group) Co., Ltd., held 336,000,000 shares of the Bank, and pledged 320,000,000 shares (or 95.24% of the total) to Sichuan Trust Co., Ltd.

3. Pledged Shares Involving Freezing, Judicial Auction, Legal Restriction of Voting Rights or Other Rights

As of the end of the reporting period, the pledged SRCB shares involved 2 frozen shareholders totaling 16.8 million shares, including 16 million shares from Shanghai Jilian Investment Management Co., Ltd. and 0.8 million shares of Zhejiang Yanhuang Down Products Co., Ltd. During the reporting period, the Bank 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 Bank reached or exceeded 50% of its shareholding.

During the reporting period, 16 million shares of the Bank held by Shanghai Jilian Investment Management Co., Ltd. were in pledge status. In March 2019, Shenzhen Intermediate People's Court of Guangdong Province froze 16 million shares of the Bank held by Shanghai Jilian Investment Management Co., Ltd., who was subject to enforcement, for a period of three years. In September 2019, Shenzhen Intermediate People's Court of Guangdong Province issued the Announcement of Shenzhen Intermediate People's Court of Guangdong Province on Auction of 16 Million SRCB Shares on the judicial platform of taobao.com. The auction target is 16 million shares of the Bank held by Shanghai Jilian Investment Management Co., Ltd. After that, the auction was suspended due to the execution applicant's request for suspension of enforcement.

2/3

Directors, Supervisors, Senior Management, Employees and Organization

Current Directors, Supervisors, and Senior Management

Outgoing Directors, Supervisors, and Senior Management

Major Work Experience of Directors, Supervisors and Senior Management

Appointments of Directors, Supervisors and Senior Management

Remuneration of Directors, Supervisors and Senior Management

Changes of Directors, Supervisors and Senior Management

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

Employees of the Parent Company and Major Subsidiaries

Branches

Organization Chart

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)	Reason for change of shares	Remuneration before tax from the Company during the reporting period (RMB 10,000)	Remuneration from the Company's related parties (√)
XU Li	Chairman of the Board of Directors, Executive Director	Male	1967	2019.1-change of term of office	-	-	-	159.32	
GU Jianzhong	Vice Chairman of the Board of Directors, Executive Director, President	Male	1974	2019.1-change of term of office	-	-	-	76.96	
LI Jin	Executive Director, Employee Director	Male	1963	2019.3-change of term of office	480,000	480,000	-	143.37	
ZHOU Lei	Non-executive Director	Male	1978	2017.3-change of term of office	-	-	-	-	√
HUANG Jian	Non-executive Director	Male	1969	2018.4-change of term of office	-	-	-	-	√
WU Kunzhong	Non-executive Director	Male	1971	2018.2-change of term of office	-	-	-	-	√
ZHAO Ying	Non-executive Director	Male	1971	2017.12-change of term of office	-	-	-	-	√
WANG Tayu	Non-executive Director	Male	1970	2017.12-change of term of office	-	-	-	-	√
HA Erman	Non-executive Director	Female	1975	2017.3-change of term of office	-	-	-	-	√
WANG Dehua	Non-executive Director	Male	1974	2018.8-change of term of office	-	-	-	-	√
ZHANG Ke	Non-executive Director	Male	1964	2019.4-change of term of office	-	-	-	-	√
SHAO Xiaoyun	Non-executive Director	Female	1961	2019.4-change of term of office	-	-	-	-	√
WANG Kaiguo	Independent Director	Male	1958	2017.3-change of term of office	-	-	-	40.00	√
ZHU Yuchen	Independent Director	Male	1961	2017.3-change of term of office	-	-	-	37.60	√
CHEN Jiwu	Independent Director	Male	1966	2017.3-change of term of office	-	-	-	37.20	√
SUN Zheng	Independent Director	Male	1957	2017.3-change of term of office	-	-	-	40.00	√
CHEN Naiwei	Independent Director	Male	1957	2017.3-change of term of office	-	-	-	37.60	√
CHEN Kai	Independent Director	Male	1970	2017.3-change of term of office	-	-	-	38.00	√
MAO Huigang	Independent Director	Male	1972	2017.3-change of term of office	-	-	-	39.60	√
LI Jianguo	Chairman of the Board of Supervisors, External Supervisor	Male	1963	2018.4-change of term of office	-	-	-	-	√
ZHANG Xilin	Shareholder Supervisor	Male	1979	2017.12-change of term of office	-	-	-	1.60	√
WU Zhenlai	Shareholder Supervisor	Male	1950	2005.8-change of term of office	640,000	640,000	-	4.00	√
ZHU Peilan	Shareholder Supervisor	Female	1975	2015.4-change of term of office	-	-	-	-	√

Major Events

Changes in Shares and Particulars of Shareholders

Directors, Supervisors, the Senior Management, Employees and Organization

Corporate Governance

Financial Statements, Catalog of Documents Available for Reference

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)	Reason for change of shares	Remuneration before tax from the Company during the reporting period (RMB 10,000)	Remuneration from the Company's related parties (√)
WU Jian	External Supervisor	Male	1968	2017.3-change of term of office	-	-	-	36.40	√
LING Wei	External Supervisor	Female	1965	2017.3-change of term of office	-	-	-	40.00	
YANG Yuanjun	Employee Supervisor	Male	1966	2017.3-change of term of office	240,000	240,000	-	391.19	
XU Jingfen	Employee Supervisor	Female	1969	2017.3-change of term of office	-	-	-	234.92	
LU Wenjuan	Employee Supervisor	Female	1969	2019.9-change of term of office	400,000	400,000	-	180.96	
JIN Jianhua	Vice President	Male	1965	2010.9-change of term of office	480,000	480,000	-	143.37	
YU Minhua	Vice President	Male	1976	2018.6-change of term of office	96,000	96,000	-	63.49	
	Secretary to the Board of Directors			2019.2-change of term of office					

Note:

- According to the regulatory provisions, the term of office of directors, supervisors and the Senior Management in the table above starts from the date of first appointment if re-election is involved.
- On April 22, 2019, CBIRC Shanghai approved the qualification of Mr. GU Jianzhong as Vice Chairman and President of the Company; on June 14, 2019, CBIRC Shanghai approved the qualifications of Mr. LI Jin, Mr. ZHANG Ke and Ms. SHAO Xiaoyun as directors of the Company; on April 16, 2019, CBIRC Shanghai approved the qualification of Mr. YU Minhua as Secretary of the Board of Directors of the Company.

II. Outgoing Directors, Supervisors, and Senior Management

Name	Position before resignation	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)	Reason for change of shares	Remuneration before tax from the Company during the reporting period (RMB 10,000)	Remuneration from the Company's related parties (√)
Ji Guangheng	Chairman of the Board of Directors, Executive Director	Male	1968	2016.1-2019.1	-	-	-	101.61	
XU Li	Vice Chairman of the Board of Directors, Executive Director, President	Male	1967	2016.1-2019.1	-	-	-	159.32	
DENG Weili	Non-executive Director	Male	1964	2014.4-2019.2	-	-	-	-	√
CHEN Shuai	Non-executive Director	Male	1974	2014.4-2019.3	-	-	-	3.2	√
MA Yongjian	Vice Chairman of the Board of Supervisors, Employee Supervisor	Male	1971	2017.9-2019.7	-	-	-	90.36	
LI Jin	Vice President	Male	1963	2010.9-2019.7	480,000	480,000	-	143.37	
KANG Jie	Vice President	Male	1979	2018.6-2020.3	160,000	160,000	-	63.49	

Note:

- According to the regulatory provisions, the term of office of directors, supervisors and the Senior Management in the table above starts from the date of first appointment if re-election is involved.
- On March 4, 2020, the Company received the resignation of Vice President KANG Jie. Due to the job transfer, Mr. KANG Jie proposed to resign as Vice President of the Company. His resignation will take effect on March 4, 2020.

III. Major Work Experience of Directors, Supervisors and Senior Management

(I) Directors

XU Li, male, born in December 1967, graduate degree, master's degree in economics, senior economist, and deputy to the 15th Shanghai Municipal People's Congress.

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

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 SRCB, and Vice Chairman of the 3rd Shanghai Youth Federation of Finance, Vice Chairman of PE Association of Shanghai, Executive Chairman of the 8th Shanghai Youth Entrepreneurs Association and Vice Chairman of Shanghai Financial 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, Director and General Manager of Human Resources, Deputy Secretary of Discipline Inspection Commission of Bank of Shanghai, Deputy General Manager and Member of Party Committee of Shanghai International Group Co., Ltd.

LI Jin, male, born in June 1963, graduate degree, MBA, senior economist.

Now, he is the Deputy Secretary of the Party Committee, Employee Director and Chairman of the Trade Union of SRCB, and Vice Chairman of Shanghai Corporate Counsel Association, Director of Shanghai Real Estate Economic Society and member of the Standing Committee of Rural Bank Working Committee of China Banking Association. He was Director of the Cooperation Division, Director of the Rural Commercial Bank Supervision Division, Director of the State-owned Banks Supervision Division of CBRC Shanghai, Director of the Supervision Division and Chief Supervisor of Bank of Communications (Deputy Inspector), member of the Party Committee and Vice President of SRCB.

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

Now, he is Vice President and Investment Director of Shanghai International Group Co., Ltd., Party Secretary and Chairman of Shanghai State-owned Assets Management Co., Ltd., Vice Chairman and Director of Yangtze River Economy United Development (Group) Co., Ltd., Director of Guotai Junan Securities, Chairman, Director and member of Investment Decision Committee of Shanghai Guoxin Capital Management Co., Ltd., Director and member of Investment Decision Committee of China Satellite Fund, Director of Shanghai Huahong (Group) Co., Ltd., Chairman of Shanghai Equity Exchange Co., Ltd., Director of Shanghai Insurance Exchange Co., Ltd., and Non-executive Director of SRCB. He was General Manager of Financing Department and Deputy Director of Project Development of SIG Asset Management Co., Ltd., Deputy General Manager, Head of Compliance Risk, Deputy Party Secretary and Board Director of Shanghai Aijian Trust Co. Ltd., Party Committee Member, Deputy General Manager (managed as principal title of subsidiaries), Deputy Party Secretary, Vice Chairman and President of Shanghai State-owned Assets Management Co., Ltd.

HUANG Jian, male, born in August 1969, undergraduate degree, MBA, senior accountant.

He is currently General Manager of the Capital Operation Department of COSCO Shipping Group Co., Ltd., Director of COSCO Shipping Development Co., Ltd., Director of COSCO Shipping Financial Holdings Co., Ltd., Director of COSCO Shipping Captive Insurance Co., Ltd., Director of China Merchants Securities Co., Ltd., Director of Lanhai Medical Industry Investment Co., Ltd., and Non-executive Director of SRCB. He was Deputy Director and Deputy Director of Fund Division, Treasury Department of former COSCO Group, Vice-President and General Manager of Finance Department of COSCO Shipping Lines North America Inland Transport Company, Financial Director and Party Committee Member of COSCO Americas, Vice-President of COSCO (Group)/COSCO Finance Department, Deputy General Manager of the Capital Operation Department of COSCO Shipping Group Co., Ltd (presiding over the work).

WU Kunzong, male, born in February 1971, undergraduate degree, Master's degree in management, senior accountant.

He is currently General Manager and Deputy Party Secretary of Shanghai Meishan Iron and Steel Co., Ltd., Director of Baosteel Zhanjiang Iron and Steel Co., Ltd., Director of Shanghai BAOSIGHT Software Co., Ltd., Director of the Financial Director Committee of The Listed Companies Association of Shanghai, and Non-executive Director of SRCB. He was Deputy Director of Audit Division, Deputy Head and Head of Audit Department, Director of System Innovation and Finance, and Director of Finance Department of Baosteel Co., Ltd., Director of the Audit Department, General Manager of Operation and Finance Department, and Director of Assets Management of China Baowu Steel Group Co., Ltd., Financial Director, Secretary of Board of Directors, and CFO of Baosteel Co. Ltd.

ZHAO Ying, male, born in May 1971, doctoral degree, Ph.D. degree in economics and CFA.

He is currently Director of Asset Management Centre, CPLIC, Vice Chairman of the Investor Committee, and Vice Chairman of the Industrial Development Research Committee of Insurance Institutions of Insurance Asset Management Association of China, Director of Bank of Hangzhou Co., Ltd., Supervisor of China Railway Development Fund Co., Ltd., and Supervisor of China Insurance Investment Co., Ltd., Director of Shanghai Lingang Holding Co., Ltd., Director of National Manufacturing Transformation and Upgrading Fund Co., Ltd., and Non-executive Director of SRCB. He was Deputy Manager of the Transaction Department of Shanghai Xinyu Futures Brokerage Co., Ltd., investment analyst of Nikko Cordial Securities (Asia), Deputy Manager of Investment Department, GM Assistant, and Jiangsu Branch Manager of Pacific Antai Life Insurance Co., Ltd., Investment Director of Haier Life Insurance Co., Ltd., VP and Asset Management Director of Pramerica Fosun Life Insurance Co., Ltd.

WANG Tayu, male, born in October 1970, graduate degree, master's degree in economics, economist.

He is currently General Manager of SIG's 1st Investment Management Division, Director and General Manager of Shanghai Xieyi Asset Management Co., Ltd., Director of China Pacific Insurance (Group) Co., Ltd. and Non-executive Director of SRCB Board. He was Investment Director of Business Planning Department, Shekou Industrial Zone, General Manager Assistant of Investment Management Department, Shenzhen Merchant Petrochemical Co., Ltd, Deputy GM and GM of Yueyang Merchant Petrochemical Co., Ltd, GM of Investment Management Department, Shenzhen Merchant Petrochemical Co., Ltd, Deputy GM of Business Planning Department, China Merchant Group, GM of Liaoning Branch, GM of Business Planning Department, Senior Manager of Investment Management Department, SIG, GM Assistant and Deputy GM of Shanghai State-owned Assets Management 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., Director, Chairman and General Manager of Shanghai Shengpu Jianglan Cultural Development Co., Ltd., and Non-executive Director of SRCB. She was Director Assistant of Shanghai Xuhui District Foreign Trade and Economic Commission, Deputy Director of Xuhui District Hunan Sub-district Office, Deputy Director of Xuhui District Commission of Commerce, Director of Xuhui District Food Bureau, 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.

WANG Dehua, male, born in May 1974, graduate degree and master's degree in economics.

He is currently CFO of Zhejiang Expressway Co., Ltd., Director of Yangtze United Financial Leasing Co., Ltd., Director of Zhejiang Expressway International (Hong Kong) Co., Ltd., Non-executive Director of SRCB. He was Deputy Director of the Enterprise Division, the Administrative Finance Department of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, and Deputy General Manager of Zhejiang Communications Investment Group Financial Co., Ltd.

ZHANG Ke, male, born in July 1964, doctoral degree, Ph.D. degree in economics, senior economist.

He is currently the Chief Strategic Consultant of China Taiping Insurance Group Co., Ltd., Vice Chairman of Taiping Life Insurance Co., Ltd. and Non-executive Director of SRCB. He was Secretary of the Youth League Committee and Deputy Secretary of the General Party Branch, Philosophy Department of Sichuan University, Assistant to the Manager, Manager and Assistant to the Director of the Marketing Department, Chengdu Office of China Ping An Insurance Co., Ltd., Assistant to the General Manager of Chengdu Branch of China Ping An Insurance Co., Ltd. (Life Insurance), and Deputy General Manager (presiding) of Chongqing Branch of China Ping An Insurance Co., Ltd. (Life Insurance), General Manager of Chengdu Branch (Sichuan Branch), Taiping Life Insurance Co., Ltd., Assistant General Manager and Deputy General Manager of Taiping Life Insurance Co., Ltd., Deputy Party Secretary, and General Manager of Taiping Property Insurance Co., Ltd., Deputy Party Secretary, General Manager, Party Secretary, Director and General Manager of Taiping Life Insurance Co., Ltd.

SHAO Xiaoyun, female, born in September 1961, undergraduate degree, master's degree in economics, senior economist.

She is currently a member of the Party Committee and Vice President of Shanghai Shendi (Group) Co., Ltd. and Non-executive Director of SRCB. She was Assistant Engineer of the No. 615 Research Institute of the Ministry of Aeronautics and Astronautics, Deputy Director and Director of the Contract Office of Financial Department, Assistant Manager, Deputy Manager and Manager of the Financial Department, Assistant General Manager, Deputy General Manager, Financial Director, Deputy Party Secretary, Vice President and Secretary of the Discipline Inspection Commission of Shanghai Airlines Co., Ltd.

WANG Kaiguo, male, born in November 1958, doctoral degree, Ph.D. degree in economics, senior economist.

He is currently Chairman of Shanghai Zhongping Guoyu Asset Management Co., Ltd., Chairman of PE Association of Shanghai, Independent Director of Shanghai Dazhong Public Co., Ltd., and Independent Director of SRCB Board. He was Deputy Director of State-owned Asset Management Bureau Research Institute, Division Head of the Department of Policies and Laws, State-owned Asset Management Bureau, Vice President, President, Party Secretary and Chairman of Haitong Securities.

ZHU Yuchen, male, born in April 1961, doctoral degree, Ph.D. degree in economics, senior economist.

He is currently CEO of Asia Pacific Exchange, Independent Director of TaxChina Co., Ltd., Vice Chairman of TaxChina Consultation Co., Ltd., and Independent Director of SRCB. He was Deputy Director of National Food Wholesale Market Manager Office, Ministry of Commerce, Chairman and President of Shanghai CIFCO Futures, President of Dalian Commodities Exchange, Chairman of China Futures Association, President of China Financial Futures Exchange, President of SPDB, Chairman and CEO of Shanghai Zunhong Investment Co., Ltd., Member of the 10th and 11th National Committee of CPPCC.

CHEN Jiwu, male, born in January 1966, doctoral degree, Ph.D in economics.

He is currently Chairman of Vstone Fund Management Co., Ltd., Chairman and General Manager of Shanghai Vstone Wealth Fund Sale Co., Ltd., Chairman and President of Vstone, Executive Director of Shanghai Kaihui Investment Management Co., Ltd., Supervisor of Shanghai Kaiying Catering Co., Ltd., Chairman of Shanghai Yuanlukang Vegetable and Fruit Cooperative, Executive Director and Manager of Beijing Kaishu Information Technology Co., Ltd., and Independent Director of Framestore and SRCB. He was Deputy General Manager of Investment Banking Department, Zhejiang International Trust Investment Co., Ltd., Fund Manager of Nanfang Fund Co., Investment Director of Fund Investment Department, China Life Fund Operation Center, Investment Director and Vice President of Fullgoal Fund Management Co., Ltd.

SUN Zheng, male, born in December 1957, doctoral degree, Ph.D. degree in economics (accounting), senior professor, senior member of Chinese Institute of Certified Public Accountants, senior certified accountant of CPA Australia, FCPA.

He is currently Director of the Academic Committee of Shanghai University of Finance and Economics, Independent Director of Bank of Shanghai Co., Ltd., Industrial Securities Co., Ltd., Qiangsheng Holding Co., Ltd., COFCO Capital Holdings Co., Ltd. and SRCB. He is also Vice Chairman of Accounting Society of China, member of China Accounting Standards Committee under the Ministry of Finance, Member of Discipline Appraisal Group (Business Management), and State Council Academic Degree Committee. He was Vice President, and Dean of Business School, Shanghai University of Finance and Economics.

CHEN Naiwei, male, born in August 1957, doctoral degree, Ph.D. degree in civil and commercial law, professor.

He is currently Executive President of Advanced Institute of Lawyers, Fudan University, Chairman of Shanghai FTA Intellectual Property Right Association, Vice President of Shanghai Modern Service Industry Federation, Executive Vice Chairman of China Law Association on Science and Technology, Vice Chairman of Shanghai Arbitration Association, Director of Shanghai Song Qing Ling Foundation, Arbitrator of China International Economic and Trade Arbitration Commission, Shanghai Arbitration Commission, Shanghai International Arbitration Centre, Hong Kong International Arbitration Centre, International Chamber of Commerce Court of Arbitration, and Court of Arbitration for Sport, Mediator of WIPO Arbitration and Mediation Centre, External Director of Donghao Lansheng (Group) Co., Ltd., and Independent Director of Zhejiang Medicine Co., Ltd., Spring Airlines Co., Ltd., Everbright Jiabao Co., Ltd., and SRCB. He was Director of Law School, and Intellectual Property Research Centre, Shanghai Jiaotong University, Vice Chairman of the 8th and 9th Shanghai Lawyers Association, Founding and Senior Partner of Oriental Lawyer and Shanghai Jintiancheng Law Firm.

CHEN Kai, male, born in November 1970, doctoral degree, Ph.D. degree in engineering.

He is currently Vice Chairman of Eastmoney.com, Executive Director of Shanghai Eastmoney Real Estate Co., Ltd., Executive Director of Shanghai Xuhui Eastmoney Microfinance Co., Ltd., Executive Director of Nanjing Eastmoney Information Technology Co., Ltd., Executive Director of Shanghai Weizhao Information Technology Co., Ltd., Executive Director and General Manager of Eastmoney Credit Information Co., Ltd., Vice Chairman of China Securities Credit Technology (Shenzhen) Co., Ltd., Executive Director and General Manager of Shanghai Youyou Business Consulting Co., Ltd., Executive Director of Shanghai Eastmoney Financial Data Service Co., Ltd., and Independent Director of SRCB. He was General Manager of second-level department, Vice President, and Deputy Chief Engineer of Shanghai Changjiang Computer (Group) Co., Ltd., President of Shanghai Changjiang Science and Technology Development Co., Ltd., Deputy Secretary of Shanghai CPC Youth League, Chairman of Shanghai Youth Federation, President of Shanghai Youth Administration Cadre Institute, Deputy Director of Shanghai Municipal Government Foreign Affairs Office, Secretary General of IBLAC.

MAO Huigang, male, born in August 1972, undergraduate degree, master's degree in law, lawyer, Deputy to the second Huangpu District People's Congress of Shanghai.

He is now the Legal Representative of Shanghai Jinmao P.R.C. Lawyers, Legal Advisor to United Front Department, Shanghai Municipal Party Committee and to the Municipal Government of Huangpu District, Shanghai, Member of Shanghai Huangpu District NPC Law Committee and Supervision and Justice Committee, Vice Chairman of New Social Stratum Association in Huangpu District, registered Expert of Insurance Asset Management Association of China, Member of the Arbitration Commission, All China Lawyers Association, Arbitrator of China International Economic and Trade Arbitration Commission and Shanghai/Qingdao/Nanjing Arbitration Commission, Director of Shanghai Bar Association, Director of Social Responsibility Promotion Committee/Public Law Service Development Committee, and Arbitration Business Study Committee, Independent Director of SRCB. He was Executive Partner of Shanghai Jinmao P.R.C. Lawyers.

(II) Supervisors

LI Jianguo, male, born in June 1963, graduate degree, master's degree in economics, economist.

He is currently the Chairman of SRCB Board of Supervisors. He was the Deputy Director of the Hong Kong and Macao Affairs Office of the Foreign Investment Department of the People's Bank of China, Deputy Director of the Hong Kong and Macao Affairs Management Department, Deputy General Manager of SAFE Investment Company Limited, Chief Representative of the People's Bank of China in Tokyo, Director-level official of the International Department of the People's Bank of China, Deputy Director of the International Department of the Shanghai Headquarters of the People's Bank of China, Vice President and member of the Party Committee of Bank of Shanghai (during his tenure, he served as Deputy Director and member of the Party leadership group of Liaoning Provincial Finance Department, and Deputy Secretary-General of Liaoning Provincial Government successively).

ZHANG Xilin, male, born in January, 1979, graduate degree, master's degree in economics.

He is now Investment Director of Shanghai Life Insurance Co., Ltd., and Shareholder Supervisor of SRCB. He was Manager of Capital Operation Department, Guangzhou Yuexiu Group, Deputy General Manager (presiding) of Department of Real Estate Finance, Shanghai International Trust Co., Ltd.

WU Zhenlai, male, born in September 1950, college graduate.

He is currently the Chairman of Shanghai Shanxin Real Estate & Development Co., Ltd., and SRCB Shareholder Supervisor. He previously served as Secretary and monitor of Xinjiang 8488 Force, and Manager of Shanghai Wenhua Architects.

ZHU Peilan, female, born in April 1975, undergraduate degree, senior accountant.

She is currently the Party Secretary of China Textile Academy, member of the Loan Review Committee of Shanghai Minhang Huayi Microfinance Co., Ltd., Legal Representative and executive Director of Shanghai Textile Group Inventory Co., Ltd., Director of Orient International Finance Co., Ltd., Shanghai International Cotton Exchange, and Shanghai Fangtou Trade Co., Ltd., Legal Representative and Chairman of Shanghai Sandai Special Industrial Tape Co., Ltd., and SRCB Shareholder Supervisor. She was previously Assistant Supervisor, Supervisor, Assistant Director, Deputy Head and Head of the Finance Department, and General Manager of the Financial Investment Department of Orient International (Holdings) Co., Ltd. and Director of Shanghai Convention & Exhibition Co., Ltd.

WU Jian, male, born in March 1968, master's degree, lawyer.

He is currently Deputy to the 15th National People's Congress of Shanghai, Senior Partner at Shanghai Duan & Duan Law Firm, External Director of SPDB and SRCB, Director of the Shanghai BAR Association, Vice Chairman of the Shanghai Foreign-capital Enterprise Consulting Working Committee, Special Supervisor of the Shanghai High People's Court, Special Supervisor of the Shanghai Public Security Bureau, Guest Professor at East China University of Political Science and Law and University of Communication. He previously served as Legal Advisor to McDonald's Co., Ltd. in Asia, Assistant Economist of the Shanghai Planning Commission Price Bureau, and Editor of the East China Commodity Price Newspaper.

LING Wei, female, born in February, 1965, undergraduate degree, undergraduate degree in economy, and senior accountant.

She is now member of the 3rd Board of Shanghai Tongji University Education Development Foundation, Vice Chairman of the 4th Board of Shanghai Education and Accounting Society, and External Director of SRCB. She was Deputy Director and Director of Finance Department, Deputy Chief Accountant, and Assistant to the President, Tongji University, and deputy to Shanghai 13th and 14th National People's Congress.

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

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

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

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

LU Wenjun, female, born in March 1969, undergraduate degree, MBA, economist.

She is currently Vice Chairman of Trade Union and Employee Supervisor of SRCB. She was Deputy General Manager of Personal Finance Department, Director of Party-Mass Work Office, General Manager of Credit Card Department, Deputy General Manager of Institutional Development Department (General Manager level), Deputy Director of Rural Bank Management Department (General Manager level).

(III) Senior Management

GU Jianzhong(Refer to work experience of Members of the Board 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 SRCB, Chairman and Party Secretary of Yangtze United Financial Leasing Co., Ltd., Equity Director of the 3rd Board of Rural Credit Banks Fund Clearing Center, Executive Director of Shanghai Numismatic Society, and member of 10th Board of Shanghai Public Security Association of Enterprises and Institutions. He previously served as President of the Bank of Shanghai (Fumin Sub-branch), President of the Bank of Shanghai (Waitan Sub-branch), Financial Institution Deputy Chief, Chief (temporary) of the Shanghai Financial Services Office, and President Assistant of SRCB.

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

He is currently Deputy to the 16th National People's Congress of Yangpu District, Vice President and Secretary to the Board of Directors of SRCB, Director of the 8th Board of Shanghai Young Entrepreneurs Association, Director and Vice President of the 7th Board of Shanghai Yangpu District Football Association, and Executive Member of the 4th Board, China Gold Association. He was Assistant General Manager and Deputy General Manager of the Credit Approval Department of SRCB, and Vice President (presiding), and President of Yangpu Branch of SRCB.

IV. Appointments of Directors, Supervisors and Senior Management

(I) Positions in Shareholder Companies

Name	Name of Shareholder company	Position	Start of term of office
ZHOU Lei	Shanghai State-owned Assets Management Co., Ltd.	Party Secretary and Chairman	2017.5
HUANG Jian	COSCO Shipping Group Co., Ltd.	General Manager of the Capital Operation Department	2016.9
WU Kunzong	Shanghai Meishan Iron and Steel Co., Ltd.	General Manager and Deputy Party Secretary	2020.3
ZHAO Ying	China Pacific Life Insurance Co., Ltd.	Director of Asset Management Centre	2016.9
WANG Tayu	Shanghai International Group	1st Investment Management Division	2017.8
HA Erman	Shanghai Guosheng Group	Party Committee member and Vice President	2016.6
WANG Dehua	Zhejiang Expressway Co., Ltd.	CFO	2014.3
ZHANG Ke	Taiping Life Insurance Co., Ltd.	Vice Chairman	2019.9
SHAO Xiaoyun	Shanghai Shendi (Group) Co., Ltd.	Party Committee member and Vice President	2010.7
		Investment Director	2017.4
ZHANG Xilin	Shanghai Life Insurance Co., Ltd.	Head of Real Estate Investment Department, Deputy General Manager of Asset Management Center	2015.7
WU Zhenlai	Shanghai Shanxin Real Estate & Development Co., Ltd.	Legal Representative, Chairman	1996.9
Note on the position in shareholder companies	Shanghai Guosheng Group Assets Co., Ltd., the shareholder of the Company, is a wholly-owned subsidiary of Shanghai Guosheng (Group) Co., Ltd., where Director HA Erman is working.		

(II) Positions in Other Units

Name	Company name	Position
	Shanghai Financial Association	Executive Director
	Shanghai Banking Association	Representative of the council member
XU Li	15th Shanghai Municipal People's Congress	Deputy
	Rural Cooperative Financial Working Committee of China Banking Association	Deputy Director
	The 3rd Shanghai Youth Federation of Finance	Vice Chairman
	PE Association of Shanghai	Vice Chairman
GU Jianzhong	The 8th Shanghai Youth Entrepreneurs Association	Executive Chairman
	Shanghai Financial Association	Vice Chairman
	Shanghai Corporate Counsel Association	Vice Chairman
LI Jin	Shanghai Real Estate Economic Society	Director
	Rural Bank Working Committee of China Banking Association	Member of the Standing Committee
	Shanghai International Group Co., Ltd.	Vice President and Investment Director
	Yangtze River Economy United Development (Group) Co., Ltd.	Vice Chairman and Director
	Guotai Junan Securities	Director
ZHOU Lei	Shanghai Guoxin Capital Management Co., Ltd.	Chairman, Director and member of Investment Decision Committee
	China Satellite Fund	Director and member of Investment Decision Committee
	Shanghai Huahong (Group) Co., Ltd.	Director
	Shanghai Equity Exchange Co., Ltd.	Chairman
	Shanghai Insurance Exchange Co., Ltd.	Director

Name	Company name	Position
HUANG Jian	COSCO Shipping Development Co., Ltd.	Director
	COSCO Shipping Financial Holdings Co., Ltd.	Director
	COSCO Shipping Captive Insurance Co., Ltd.	Director
	China Merchants Securities Co., Ltd.	Director
	Lanhai Medical Industry Investment Co., Ltd.	Director
WU Kunzong	Baosteel Zhanjiang Iron and Steel Co.	Director
	Shanghai BAOSIGHT Software Co., Ltd.	Director
	The Listed Companies Association of Shanghai	Director of the Financial Director Committee
ZHAO Ying	Insurance Institutions of Insurance Asset Management Association of China	Vice Chairman of the Investor Committee, and Vice Chairman of the Industrial Development Research Committee
	Bank of Hangzhou Co., Ltd.	Director
	China Railway Development Fund Co., Ltd.	Supervisor
	China Insurance Investment Co., Ltd.	Supervisor
	Shanghai Lingang Holding Co., Ltd.	Director
	National Manufacturing Transformation and Upgrading Fund Co., Ltd.	Director
WANG Tayu	Shanghai Xieyi Asset Management Co., Ltd.	Director and General Manager
	AVIC capital Co., Ltd.	Director
	China Pacific Insurance (Group) Co., Ltd.	Director
HA Erman	Guosheng Overseas Holding (Hong Kong) Co., Ltd.	Legal Representative, Chairman
	AECC Commercial Aircraft Engine Co., Ltd.	Supervisor
	Haitong Unitrust International Leasing Co., Ltd.	Non-executive Director
	Shanghai Shengpu Jianglan Cultural Development Co., Ltd.	Director, Chairman and General Manager
WANG Dehua	Yangtze United Financial Leasing Co., Ltd.	Director
	Zhejiang Expressway International (HongKong) Co., Ltd.	Director
	Zhejiang Xie'an Industrial Investment Co., Ltd.	Chairman
	Hangzhou Canal Concord Homes Co., Ltd.	Chairman
	Hangzhou Concord Construction Management Co., Ltd.	Chairman
ZHANG Ke	Zhejiang Canal Concord Homes Co., Ltd.	Chairman
	China Taiping Insurance Group Co., Ltd.	Chief Strategic Consultant
	Taiping Poly Investment Management Co., Ltd.	Legal Representative, Chairman
	Insurance Association of China	Vice Chairman
	Geneva Association	Official member
	Limra & Loma	International Director
SHAO Xiaoyun	Sichuan University	Part-time professor
	Shanghai Wildlife Park Development Co., Ltd.	Chairman
	Shanghai Shendi Development Co., Ltd.	Executive Director
	Shanghai International Theme Park Co., Ltd.	Director
	Shanghai International Theme Park Supporting Facilities Co., Ltd.	Director
WANG Kaiguo	Shanghai Zhongping Guoyu Asset Management Co., Ltd.	Chairman
	PE Association of Shanghai	Chairman
	Shanghai Dazhong Public Co., Ltd.	Independent Director
	Caitong Fund Management Co., Ltd.	Independent Director
	Anxin Trust Co., Ltd.	Independent Director
	Ningbo Zhongping Hezhong Enterprise Management Co., Ltd.	Legal Representative, Executive Director and Manager
	Zhongliang Holdings Group Co., Ltd.	Independent Director
	China Association of Productivity Science	Vice Chairman
Hunan Yongxiong Asset Management Group	Director	

Major Events

Changes in Shares and Particulars of Shareholders

Directors, Supervisors, the Senior Management Employees and Organization

Corporate Governance

Financial Statements, Catalog of Documents Available for Reference

Name	Company name	Position
ZHU Yuchen	Asia Pacific Exchange	CEO
	TaxChina Co., Ltd.	Independent Director
	Shanghai Yaling Technology Co., Ltd	Executive Director and General Manager
	Shanghai Yaling Zunhong Trading Co., Ltd	Executive Director and General Manager
	TaxChina Consultation Co., Ltd.	Vice Chairman
CHEN Jiwu	Vstone Fund Management Co., Ltd.	Chairman
	Shanghai Vstone Wealth Fund Sale Co., Ltd.	Chairman and General Manager
	Vstone	Chairman and President
	Shanghai Kaihui Investment Management Co., Ltd.	Executive Director
	Shanghai Kaiying Catering Co., Ltd.	Supervisor
SUN Zheng	Shanghai Yuanlukang Vegetable and Fruit Cooperative	Chairman
	Beijing Kaishu Information Technology Co., Ltd.	Executive Director and Manager
	Framestore	Independent Director
	Shanghai Kaishi Investment Management Co., Ltd	Executive Director
	Beijing October Inn Technology Co., Ltd.	Director
CHEN Naiwei	Bengbu Wangsheng Supply Chain Management Co., Ltd	Director
	Shanghai University of Finance and Economics	Director of the Academic Committee, professor
	Bank of Shanghai Co., Ltd.,	Independent Director
	Industrial Securities Co., Ltd.	Independent Director
	Qiangsheng Holding Co., Ltd.	Independent Director
	Accounting Society of China	Vice Chairman
	China Accounting Standards Committee under the Ministry of Finance	Member
	State Council Academic Degree Committee	Member of Discipline Appraisal Group (Business Management)
	Shanghai Xuankai Enterprise Management Consulting Firm	Legal Representative
	Qiangsheng Holding Co., Ltd.	Independent Director
CHEN Naiwei	SHUFE Software Co., Ltd.	Director
	Advanced Institute of Lawyers, Fudan University	Executive President
	Shanghai FTA Intellectual Property Right Association	Chairman
	Shanghai Modern Service Industry Federation	Vice President
	China Law Association on Science and Technology	Executive Vice Chairman
	Shanghai Arbitration Association	Vice Chairman
	Shanghai Song Qing Ling Foundation	Director
	China International Economic and Trade Arbitration Commission	Arbitrator
	Shanghai Arbitration Commission	Arbitrator
	Shanghai International Arbitration Centre	Arbitrator
CHEN Naiwei	Hong Kong International Arbitration Centre	Arbitrator
	International Chamber of Commerce Court of Arbitration	Arbitrator
	Court of Arbitration for Sport	Arbitrator
	WIPO Arbitration and Mediation Centre	Mediator
	Donghao Lansheng (Group) Co., Ltd.	External Director
	Zhejiang Medicine Co., Ltd.	Independent Director
	Spring Airlines Co., Ltd.	Independent Director
	Everbright Jiabao Co., Ltd.	Independent Director

Name	Company name	Position
CHEN Kai	Eastmoney.com	Vice Chairman, General Manager
	Shanghai Eastmoney Real Estate Co., Ltd.	Legal Representative, Executive Director
	Shanghai Xuhui Eastmoney Microfinance Co., Ltd.	Legal Representative, Executive Director
	Nanjing Eastmoney Information Technology Co., Ltd.	Legal Representative, Executive Director
	Shanghai Weizhao Information Technology Co., Ltd.	Legal Representative, Executive Director
	Eastmoney Credit Information Co., Ltd.	Legal Representative, Executive Director, General Manager
	China Securities Credit Technology (Shenzhen) Co., Ltd.	Vice Chairman
	Shanghai Youyou Business Consulting Co., Ltd.	Legal Representative, Executive Director, General Manager
	Shanghai Eastmoney Network Technology Co., Ltd.	Legal Representative, Executive Director
	Shanghai Eastmoney Financial Data Service Co., Ltd.	Legal Representative, Executive Director, General Manager
	Chengdu Jinghe Enterprise Management Co., Ltd	Legal Representative, Executive Director, General Manager
	Shanghai Jinmao P.R.C. Lawyers	Legal Representative
	United Front Department, Shanghai Municipal Party Committee	Legal Advisor
MAO Huigang	Municipal Government of Huangpu District, Shanghai	Legal Advisor
	Huangpu District, Shanghai	Deputy to the 2nd Huangpu District People's Congress of Shanghai
	Shanghai Huangpu District NPC Law Committee and Supervision and Justice Committee	Member
	New Social Stratum Association in Huangpu District	Vice Chairman
	Insurance Asset Management Association of China	Registered Expert
	Arbitration Commission, All China Lawyers Association	Member
	China International Economic and Trade Arbitration Commission	Arbitrator
	Shanghai/Qigdao/Nanjing Arbitration Commission	Arbitrator
	Shanghai Bar Association	Director, Director of Social Responsibility Promotion Committ/ Public Law Service Development Committee, and Arbitration Business Study Committee
	Shanghai Huangpu Investment Holding (Group) Co., Ltd	Member of Huangpu District Government Investment Fund Expert Advisory Committee
ZHANG Xilin	Shanghai Xiaoi Medical Technology Co., Ltd	Legal Representative, Executive Director
	Shanghai Jiashou Real Estate Development Co., Ltd	Legal Representative, Chairman
	Beijing Fuhao Property Management Co., Ltd	Legal Representative, Chairman
	Shanghai Yunfan Internet Technology Co., Ltd	Legal Representative, Executive Director
	Kunming Jinhui Real Estate Development Co., Ltd	Legal Representative, Chairman
	Shanghai Haisheng Shangshou Financial Leasing Co., Ltd	Director
	Shanghai Jiazhi Asset Management Co., Ltd	Director
	Beijing Jiabao Renhe Medical Technology Co., Ltd	Director
WU Zhenlai	Zhoushan shangshou Kangyang Development Co., Ltd	Director
	Jiaxing Chengwang Real Estate Co., Ltd	Legal Representative, Executive Director, General Manager
	Jiangyin Dayuan Real Estate Co., Ltd	Legal Representative, Executive Director, General Manager
	Shanghai Shanxin Housing Transaction Co., Ltd.	Legal Representative, Executive Director, General Manager
	Shanghai Juyi Yuanheng Property Management Co., Ltd	Legal Representative, Executive Director
	Shanghai Tianyuan Advertising Decoration Co., Ltd	Legal Representative, Executive Director
	Shanghai Shanxin Agricultural Trade Market Management Co., Ltd	Legal Representative, Executive Director

Major Events

Changes in Shares and Particulars of Shareholders

Directors, Supervisors, the Senior Management Employees and Organization

Corporate Governance

Financial Statements, Catalog of Documents Available for Reference

Name	Company name	Position
ZHU Peilan	China Textile Academy	Party Secretary
	Shanghai Minhang Huayi Microfinance Co., Ltd.	Member of the Loan Review Committee
	Shanghai Textile Group Inventory Co., Ltd.	Legal Representative and executive Director
	Orient International Finance Co., Ltd.	Director
	Shanghai International Cotton Exchange	Director
	Shanghai Fangtou Trade Co., Ltd.	Director
	Shanghai Sandai Special Industrial Tape Co., Ltd.	Legal Representative and Chairman
WU Jian	Shanghai Duan & Duan Law Firm	Senior Partner
	15th National People's Congress of Shanghai	Deputy
	Shanghai BAR Association	Director
	Shanghai Foreign-capital Enterprise Consulting Working Committee	Vice Chairman
	Shanghai High People's Court	Special Supervisor
	Shanghai Public Security Bureau	Special Supervisor
	East China University of Political Science and Law	Guest Professor
	University of Communication	Guest Professor
	Pramerica FOSUN Life Insurance Co., Ltd.	Independent Director
	O.R.G Technology Co., Ltd.	Independent Director
	Shanghai INESA (Group) Co., Ltd.	External Director
	Yun Energy Investment (Shanghai) Energy Development Co., Ltd.	Director
	SPDB	External Director
	CPC Pudong New Area Committee, Pudong New Area People's government, China (Shanghai) Pilot Free Trade Zone Administrative Committee	Legal Advisor
	Food safety in Shanghai	Social Supervisor
	6th Shanghai Arbitration Commission	Arbitrator
	Shanghai International Arbitration Center	Arbitrator
Shandong University of Political Science and Law	Guest Professor	
Shanghai Civil Defense Office	Legal Advisor	
Shanghai Municipal Bureau of Market Supervision and Administration	Legal Advisor	
LING Wei	Shanghai Tongji University Education Development Foundation	Member of the 3rd Board
	Shanghai Education and Accounting Society	Vice Chairman of the 4th Board
JIN Jianhua	Yangtze United Financial Leasing Co., Ltd.	Chairman and Party Secretary
	Rural Credit Banks Fund Clearing Center	Equity Director of the 3rd Board
	Shanghai Numismatic Society	Executive Director
YU Minhua	Shanghai Public Security Association of Enterprises and Institutions	Member of 10th Board
	16th National People's Congress of Yangpu District	Deputy
	Shanghai Young Entrepreneurs Association	Director of the 8th Board
	Shanghai Yangpu District Football Association 会	Director and Vice President of the 7th Board
	China Gold Association	Executive Member of the 4th Board

V. 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.
Basis for determining the remuneration of directors, supervisors and Senior Management	The remuneration of non-executive directors, shareholder supervisors and external supervisors paid in the Company follows Proposal on Adjusting the Remuneration of External Directors and Supervisors of Shanghai Rural Commercial Bank approved by the shareholders' meeting. The salary distribution standard of the Company's legal representative is determined by the competent authorities according to the salary management system and the annual assessment results of leaders in state-owned enterprises. The salary distribution of the Company's Senior Management follows the Performance Assessment and Salary Distribution Plan for Leaders Other Than the Legal Representative of Shanghai Rural Commercial Bank approved by the Board of Directors.
Total remuneration actually received by all directors, supervisors and the Senior Management at the end of the reporting period	During the reporting period, the total pre-tax remuneration paid by the Company to directors, supervisors and the Senior Management was RMB 11.9716 million, of which RMB 7.3905 million was attributable to 2019 and RMB 4.5811 million was attributable to previous years on the accrual basis. The final remuneration of directors, supervisors and the Senior Management of the Company are in the process of confirmation by the competent authorities, and the rest will be disclosed after confirmation.

VI. Changes of Directors, Supervisors and Senior Management

Date	Name	Change	Reason for change
January 2, 2019	Ji Guangheng	Resignation as Chairman and Executive Director	Personal reason
January 2, 2019	XU Li	Elected as the Chairman of the third Board of Directors at the 19th Meeting of the Third Board of Directors, and approved by CBIRC Shanghai through qualification review.	Election by the Board of Directors
January 2, 2019		Appointed as the President at the 19th Meeting of the Third Board of Directors, and approved by CBIRC Shanghai through qualification review.	Appointment by the Board of Directors
January 18, 2019	GU Jianzhong	Elected as Executive Director of the third Board of Directors by 2019 first Ad-hoc Shareholders' Meeting, and approved by CBIRC Shanghai through qualification review.	Election by the shareholders' meeting
January 31, 2019		Elected as the Vice Chairman of the third Board of Directors at the 20th Meeting of the Third Board of Directors, and approved by CBIRC Shanghai through qualification review.	Election by the Board of Directors
February 27, 2019	DENG Weili	Resignation as Non-executive Director	Change of corporate equity structure
February 28, 2019	YU Minhua	Appointed as Secretary to the Board of Directors at the 21st Meeting of the Third Board of Directors and approved by CBIRC Shanghai through qualification review.	Appointment by the Board of Directors
March 16, 2019	LI Jin	Elected as the Employee Director of the third Board of Directors by the Third Congress of Trade Union Members and Congress of Workers and Staff, and approved by CBIRC Shanghai through qualification review.	Election by the Congress of Workers and Staff
July 22, 2019		Resignation as Vice President	Work adjustment
March 29, 2019	CHEN Shuai	Resignation as Non-executive Director	Change of corporate equity structure
April 25, 2019	SHAO Xiaoyun ZHANG Ke	Elected as the Non-executive Director of the third Board of Directors by the 2018 Shareholders' Meeting, and approved by CBIRC Shanghai through qualification review.	Election by the shareholders' meeting
July 10, 2019	MA Yongjian	Resignation as Employee Supervisor and Vice Chairman of the Board of Supervisors of the Bank	Work adjustment
September 28, 2019	LU Wenjun	Elected as the Employee Supervisor of the Third Congress by the Fourth Meeting of the Third Congress of Workers and Staff	Election by the Congress of Workers and Staff
March 4, 2020	KANG Jie	Resignation as Vice President	Work adjustment

Major Events

Changes in Shares and Particulars of Shareholders

Directors, Supervisors, the Senior Management, Employees and Organization

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VII. 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.

VIII. Employees of the Parent Company and Major Subsidiaries

(I) Employees

Total number of employees in the parent Company and major subsidiaries	7,626
Including: Number of employees in the parent Company	6,257
Number of employees in major subsidiaries	96 in Yangtze Financial Leasing, 1,273 in rural banks
Number of outgoing and retired employees of parent Company and major subsidiaries	2,604
Professional composition of employees in the parent Company	
Including: Management	1,193 (above unit manager level)
Bank business personnel	4,716
Technical personnel	260
Education level of employees in the parent Company	
Including: College or technical secondary school degree	927
Undergraduate degree	4,291
Graduate degree and doctor's degree	842

(II) Remuneration Policy

In order to comprehensively build a remuneration management system in line with the development requirements of modern commercial banks and effectively improve the level of remuneration management, the Bank has formulated and implemented relevant employee remuneration systems in accordance with national and local government laws and regulations and in combination with the actual situation of the Bank. Improve the efficiency of resource allocation, and realize the standardization and institutionalization of salary management by improving the salary incentive and restraint mechanism.

The remuneration of the Bank's employees consists of fixed remuneration, variable remuneration and benefit income. Fixed remuneration includes basic salary and allowance, variable remuneration includes all kinds of current and deferred performance-based salary, and benefit income includes social insurance premium and housing provident fund, etc.

The Bank's performance evaluation follows the principle of "distribution according to work and assessment based on performance", highlights performance orientation and positive incentive, increases the proportion of risk and compliance assessment indicators in order to meet regulatory requirements for capital adequacy and liquidity risk, optimizes incentive and assessment system for all cadres and employees, and continuously improves management level.

The Bank has formulated the SRCB Trial Measures for the Management of Deferred Payment of Performance-based Compensation, and established a mechanism for deferred payment and recovery of employees' performance-based compensation. The remuneration payment term is reasonably determined according to the performance realization 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 of performance-based compensation will be held every year to propose the accountability and punishment plan and deduct the deferred payment.

(III) Training Program

Build the "721"⁴ young talent training system of the Bank, attach importance to post training, advocate mutual help and sharing, focus on training effectiveness, establish a periodic talent selection mechanism, clarify the path of talent growth, and form a "horizontal-vertical integrated" talent training system throughout the Bank. Center on the strategic focus of human resources, and carry out hierarchical and classified training for employees. Carefully design various training for business management personnel, and focus on overseas training for young and middle-aged cadres in "agricultural financial innovation and marketing management" at the University

⁴ 70% of experience accumulation and capability improvement comes from on-post practice, 20% from tutor help and experience sharing, and 10% from daily training and learning activities.

of Illinois, U.S., the "training for young and middle-aged cadres" in China Executive Leadership Academy Pudong, and the "one plus three" module learning for the presidents of secondary branches to constantly enrich the training mode for management personnel, expand the strategic thinking of cadres, and improve the comprehensive strength. Integrate resources to promote the growth of reserve talents, adhere to agile integration, cross-discipline learning, build brand benchmark, and focus on the training projects for young and middle-aged cadres, Beijing visit and learning projects, and new employee training projects, etc. Match with strategies to help professional teams improve their actual capability, and carry out the "Xinguang Plan" and "Xinyao Plan" training for corporate finance business line and classified training for retail business line by strengthening practical guidance and scenario-based learning.

(IV) Labor Outsourcing

The Bank has cases involving labor dispatching, for which the Bank has signed labor dispatch agreements with qualified labor dispatch companies. The Bank 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.

IX. Branches

The Bank adopts the single legal person system and the head office-branch system. By the end of the reporting period, the Bank had 368 branches, including 361 in Shanghai and 7 in other places. See the table below for details:

Name	Business address	No. of outlets	No. of employee	Asset scale (RMB million)
Headquarters Business Department	No.70, Zhongshan No.2 Road (E), Huangpu District, Shanghai, China	1	77	65,849.21
Pudong Branch	No. 1500, Century Avenue, Pudong New District, Shanghai	44	591	97,807.03
Shanghai Pilot Free Trade Zone Branch	No. 6, Jilong Road, Pudong New District, Shanghai	1	33	4,865.11
Minhang Branch	1-2/F, No. 670, Qixin Road, Minhang District, Shanghai	25	353	52,539.50
Jiading Branch	No. 386, Tacheng Road, Jiading District, Shanghai	26	333	40,871.87
Baoshan Branch	No. 1198, Mudanjiang Road, Baoshan District, Shanghai	27	370	54,350.34
Songjiang Branch	No. 405, North Renmin Road, Songjiang District, Shanghai	25	343	38,743.60
Jinshan Branch	No. 505, West Weiqing Road, Jinshan District, Shanghai	20	334	37,694.13
Qingpu Branch	No. 399, Gongyuan Road, Qingpu District, Shanghai	22	315	38,819.39
Fengxian Branch	No. 9780, Nanfeng Road, Fengxian District, Shanghai	26	323	33,836.99
Nanhui Branch	No.487, Dongmen Avenue, Huinan Town, Pudong New District, Shanghai	30	374	58,315.76
Chongming Branch	No. 188, Beimen Road, Chengqiao Town, Chongming County, Shanghai	31	275	34,369.49
Putuo Branch	No. 599, Xincun Road, Putuo District, Shanghai	19	206	26,613.43
Changning Branch	No. 8, Lane 555, Gubei Road, Changning District, Shanghai	10	138	13,613.10
Xuhui Branch	No. 3-7, Lane 9, Zhaojiabang Road, Xuhui District, Shanghai	17	198	21,969.97
Hongkou Branch	No. 2721, Songhuajiang Road, Hongkou District, Shanghai	10	134	10,576.02
Yangpu Branch	No. 1599, Huangxing Road, Yangpu District, Shanghai	10	122	16,454.54
Huangpu Branch	Floor1, No. 500, Guangdong Road, Huangpu District, Shanghai	5	96	8,667.69
Jing'an Branch	No. 770, West Beijing Road, Jing'an District, Shanghai	11	150	12,147.49
Zhangjiang Science and Technology Branch	Room 103-108, No. 8, Zone B, Lane 500, Zhangheng Road, Pudong District, Shanghai	1	38	6,896.91
Jiashan Branch	No. 67-63, Jiashan Avenue, Luoxing Subdistrict, Jiashan County, Zhejiang Province	2	36	5,446.14
Xiangtan County Branch	No. 598, Jingui South Road, Yisuhe Town, Xiangtan County, Hu'nan Province	3	46	3,949.38
Kunshan Branch	F1-3, No. 183, Middle Qianjin Road, Kunshan City, Jiangsu Province	2	44	6,089.63

Major Events

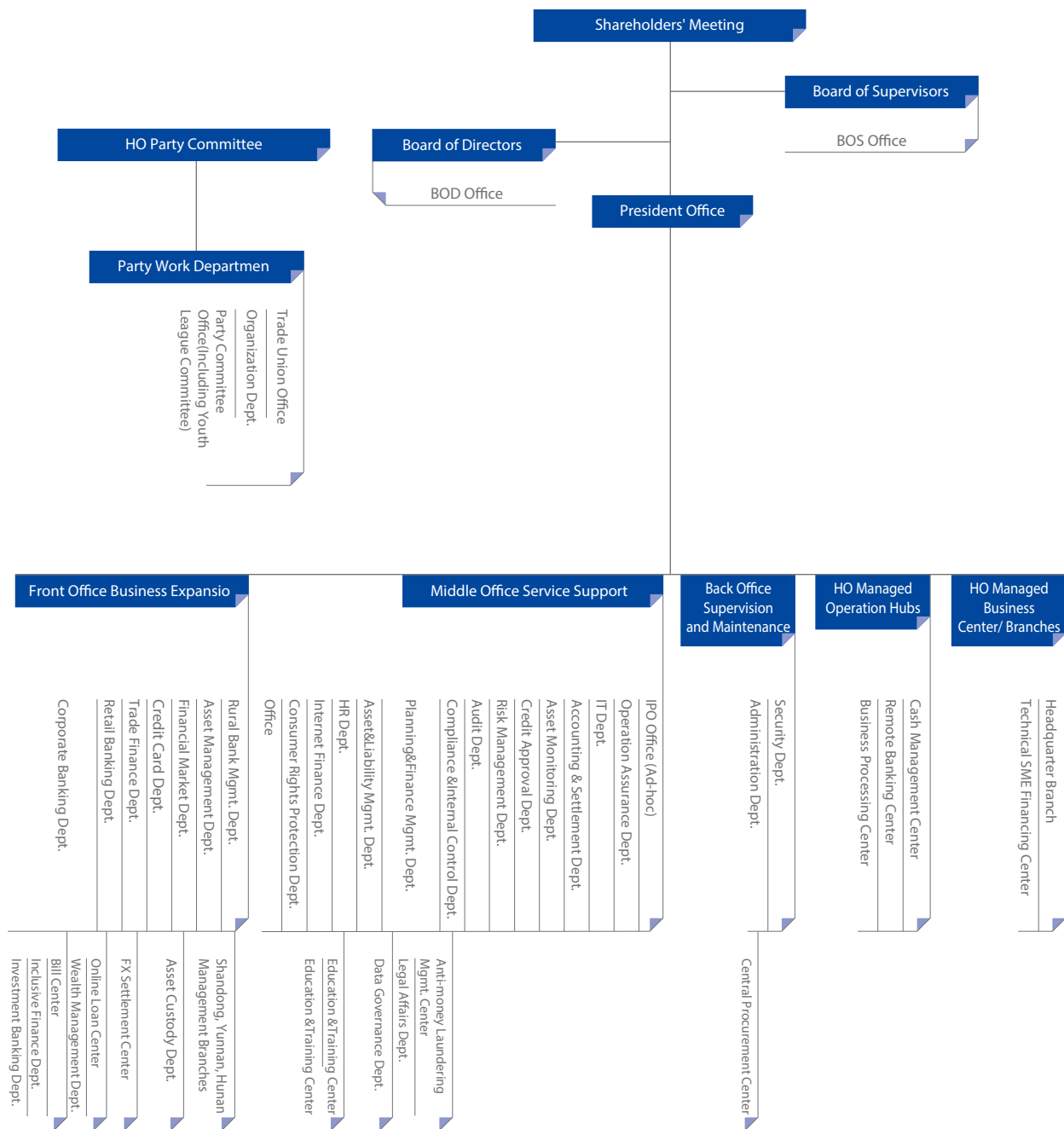
Changes in Shares and Particulars of Shareholders

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X. Organization Chart



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Corporate Governance

Overview of Corporate Governance

Shareholders and Shareholders' Meeting

Directors and Board of Directors

Supervisors and Board of Supervisors

Information Disclosure and Transparency

Investor Relationship Management

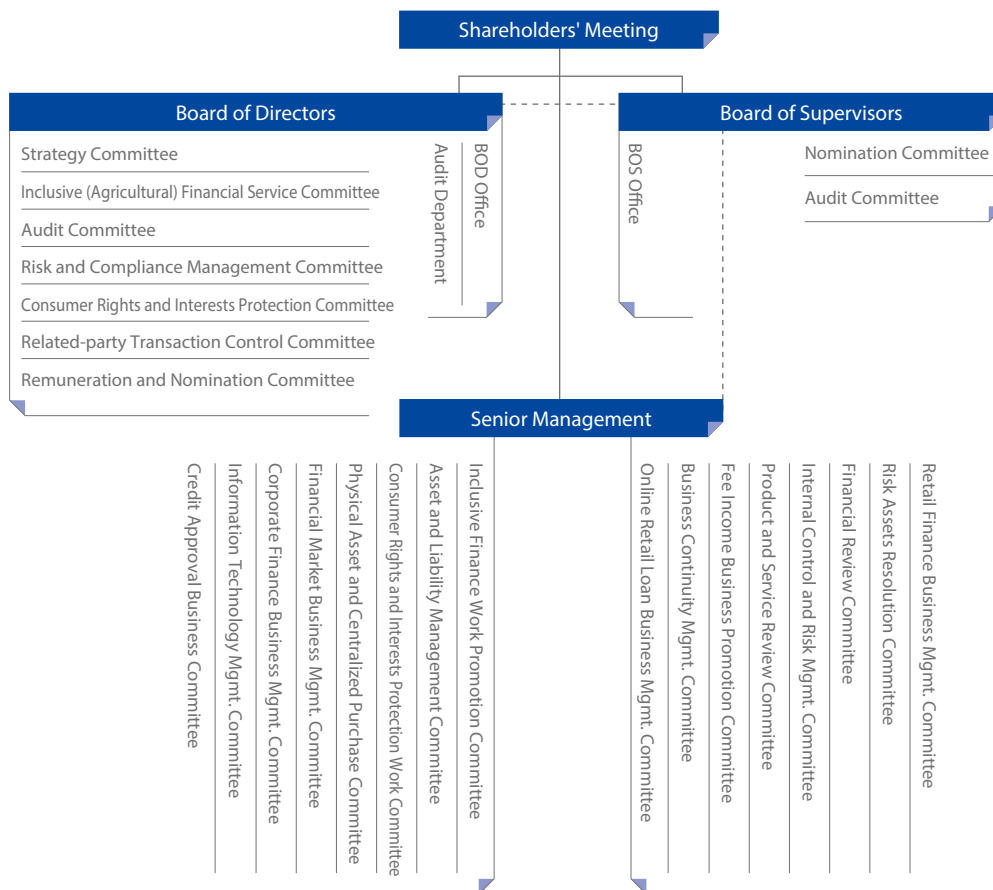
Independence of the Company in Terms of Assets, Personnel, Finance, Organization, Business, etc. Relative to the Controlling Shareholder

Establishment and Implementation of Evaluation and Incentive mechanism for the Senior Management

Internal Control

Self-assessment Report on Internal Control

Internal Audit



I. Overview of Corporate Governance

During the reporting period, the Company further improved corporate governance, unified the strengthening of Party leadership and corporate governance, included the requirements of Party building into the Articles of Association. Insisted on improving the leadership system of "two-way introduction and cross appointment", improved the discussion and decision-making mechanism of the Party organization, and made the research and discussion of the Party organization as the pre-procedure for the Board of Directors and the Senior Management to make decisions on major issues.

During the reporting period, the Company held 5 shareholders' meetings, which reviewed or listened to 32 proposals. The convening and holding of the shareholders' meetings, the qualification of the personnel attending the meetings, and the voting procedures were aligned with the laws, regulations and the Articles of Association, and all resolutions adopted by the shareholders' meeting were legal and effective. The shareholders enjoyed the rights and performed the obligations in accordance with the Articles of Association, and shareholders were not found to abuse their rights in violation of the Articles of Association and damage the interests of the Company, other shareholders and creditors.

During the reporting period, the Company held 11 meetings of the Board of Directors, which reviewed or listened to 120 proposals covering important matters such as relevant proposals for IPO, annual business plan, financial budget and profit distribution plan, foreign equity investment, establishment of financial subsidiary, directional capital injection to the Financial Leasing Company, and improvement of risk and internal control management etc. The Board of Directors diligently performed its duties in accordance with the Articles of Association and regulatory requirements, maintained its strategic determination and gave full play to its leading role in decision-making.

During the reporting period, the Company held 4 meetings of the Board of Supervisors, which reviewed or listened to 21 proposals, including IPO related proposals, work reports and work plans of the Board of Supervisors, performance evaluation of directors, profit distribution, execution of strategy and consolidated management etc. The Board of Supervisors conscientiously and diligently performed its duties, focused on the execution of strategy, compliance and internal control, risk management, financial status, etc., strengthened supervision and evaluation, promoted the Company to improve the level of corporate governance and to maintain stable

and sound development. The supervisors of the Company conscientiously performed their duties with diligence and dedication, actively participated in meetings of the Board of Supervisors and investigation activities attended or presented at the shareholders' meetings, meetings of the Board of Directors, and independently expressed their opinions.

During the reporting period, the Company's Senior Management, under the authorization of the Board of Directors and the supervision of the Board of Supervisors, led the Company to earnestly implement the spirit of the second, third and fourth plenary sessions of the 19th CPC Central Committee, the Central Economic Working Conference, the Central Rural Work Conference and the Sixth Plenary Session of the 11th Shanghai Municipal Party Committee, actively served the integration of the Yangtze River Delta region, inclusive finance, national strategy of rural revitalization, construction of Shanghai science and technology innovation center and trade center, strengthened refined management operation performance, promoted customer experience optimization project, launched digital technology transformation, innovated agile organization pilot, promoted organizational structure optimization, improved work efficiency, strengthened management of human capital, optimized performance appraisal system, and completed the work tasks of the whole year.

There was no material difference between the actual situation of the Company's corporate governance and the normative documents on corporate governance issued by CBIRC.

II. Shareholders and Shareholders' Meeting

(I) Overview of Shareholders' Meeting

The shareholders' meeting is the authority of the Company and consists of all shareholders. During the reporting period, the Company convened and held the shareholders' meetings in strict accordance with the Articles of Association and the Rules of Procedure of the Shareholders' Meeting, so as to ensure that shareholders have the right to know, participate and vote in major matters of the Company, that all shareholders enjoy equal status and that all shareholders can fully exercise their rights.

(II) Shareholders' Meeting

No. of meetings	Meeting date	Content of resolutions
2019 1 st Ad-hoc Shareholders' Meeting	January 18, 2019	The meeting reviewed and approved 2 proposals, namely, Proposal on Electing Mr. GU Jianzhong as the Director of SRCB and Proposal on the Issuance of Financial Bonds by SRCB.
2019 2 nd Ad-hoc Shareholders' Meeting	February 21, 2019	The meeting reviewed and approved 9 proposals including Proposal on SRCB's Application for the IPO and the Initial Public Offering of Domestic RMB Common Shares (A Shares), Proposal on the Feasibility Analysis Report of SRCB's Fund-raising via IPO and the Initial Public Offering of Domestic RMB Common Shares (A Shares), Proposal on Formulating the Dividend Payout Plan 3 Years after the IPO of SRCB on A Share Market, Proposal on the Plan to Stabilize Share Price within 3 Years after the Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, Proposal on Issuing Related Commitments and Corresponding Binding Measures on SRCB's Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, Proposal on Formulating SRCB Articles of Association Applicable and Effective after the Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, Proposal on Suspending Share Transfer for the Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, Proposal on Requesting the Shareholders' Meeting to Authorize the Board of Directors to Handle Issues Related to SRCB's Application of Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, and Proposal on Amending the SRCB Measures for the Administration of Packaged Shares.
2018 Annual Shareholders' Meeting	April 25, 2019	The meeting reviewed and approved 10 proposals including Proposal on the 2018 Annual Work Report of SRCB Board of Directors, Proposal on the 2018 Annual Work Report of SRCB Board of Supervisors, Proposal on SRCB's 2018 Financial Execution and 2019 Financial Budget Plan, Proposal on SRCB's 2018 Profit Distribution Plan, Proposal on SRCB's 2018 Investment and 2019 Investment Plan, Proposal on the Impact of Diluting Immediate Return and Remedy Measures by SRCB's Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, Proposal on Formulating the 'SRCB Management System of Raised Funds' and Other Corporate Governance Systems Applicable after IPO, Proposal on Confirming SRCB Related-party Transactions during the A-share IPO Report Period (2016-2018), Proposal on Electing Ms. SHAO Xiaoyun as a Director of SRCB, and Proposal on Electing Mr. ZHANG Ke as a Director of SRCB.
2019 3 rd Ad-hoc Shareholders' Meeting	August 16, 2019	The meeting reviewed and approved 3 proposals including Proposal on Amending SRCB Articles of Association Applicable and Effective after the Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, Proposal on Amending SRCB Measures for the Management of Directors (Applicable after Listing), and Proposal on Adjusting the 2019 Investment Plan of SRCB.
2019 4 th Ad-hoc Shareholders' Meeting	December 19, 2019	The meeting reviewed and approved 3 proposals including Proposal on Amending SRCB Articles of Association, Proposal on Amending SRCB Articles of Association Applicable and Effective after the Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, and Proposal on SRCB's Investment in Yangtze River Delta Rural Commercial Bank.

III. Directors and Board of Directors

During the reporting period, the Board of Directors faithfully performed the duties and responsibilities assigned by the Company Law, other laws and regulations and the Articles of Association of the Bank, strictly implemented the resolutions of the shareholders' meetings, strengthened strategic management, planned for a new round of development and the overall operation, strengthened corporate governance, improved risk management, incentive and restrictions, effectively promoted scientific decision-making, comprehensively promoted transformation and development, and completed the work objectives of the whole year relatively well.

(I) Composition of the Board of Directors

As of the end of the reporting period, the Company's Board of Directors has 19 directors, including 3 executive directors (including 1 employee director), namely Mr. XU Li, Mr. GU Jianzhong and Mr. LI Jin; 9 non-executive directors, namely Mr. ZHOU Lei, Mr. HUANG Jian, Mr. WU Kunzong, Mr. ZHAO Ying, Mr. WANG Tayu, Ms. HA Erman, Mr. WANG Dehua, Mr. ZHANG Ke and Ms. SHAO Xiaoyun; 7 independent directors, namely Mr. WANG Kaiguo, Mr. ZHU Yuchen, Mr. CHEN Jiwu, Mr. SUN Zheng, Mr. CHEN Naiwei, Mr. CHEN Kai, Mr. MAO Huigang.

(II) Board of Directors' Meetings

No. of meetings	Meeting date	Content of resolutions
19 th Meeting of the 3 rd Board of Directors	January 2, 2019	The meeting reviewed and approved 5 proposals including Proposal on Electing Vice Chairman Mr. XU Li as the Chairman of SRCB, Proposal on Electing Mr. XU Li as the Chairman of the Strategy Committee of the 3 rd Board of Directors and the Chairman of Inclusive (Agricultural) Financial Service Committee, Proposal on Appointing Mr. GU Jianzhong as the President of SRCB, Proposal on Nominating Mr. GU Jianzhong as the Director Candidate of SRCB, and Proposal on Convening the 2019 First Ad-hoc Shareholders' Meeting of SRCB.
20 th Meeting of the 3 rd Board of Directors	January 31, 2019	The meeting reviewed and approved 23 proposals including Proposal on SRCB's Application for Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, Proposal on the Feasibility Analysis Report of SRCB's Fund-raising via IPO and the Initial Public Offering of Domestic RMB Common Shares (A Shares), Proposal on Formulating the Dividend Payout Plan 3 Years after the IPO of SRCB on A Share Market, Proposal on the Plan to Stabilize Share Price within 3 Years after SRCB's Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, Proposal on Issuing Related Commitments and Corresponding Binding Measures on SRCB's Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, Proposal on Formulating SRCB Articles of Association Applicable and Effective after the Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, Proposal on Suspending Share Transfer for SRCB's Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, Proposal on Requesting the Shareholders' Meeting to Authorize the Board of Directors to Handle Issues Related to SRCB's Application of Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, Proposal on 2018 Work Report and 2019 Work Plan of SRCB Board of Directors, Proposal on Electing Director GU Jianzhong as Vice Chairman of SRCB, Proposal on 2018 Performance Evaluation of SRCB's Directors, Proposal on Amending the SRCB Measures for the Administration of Packaged Shares, Proposal on Revising SRCB Measures for the Management of Related-party Transactions, Proposal on SRCB 2018 Self-assessment Report on Corporate Governance, Proposal on SRCB 2018 Self-assessment Report on Comprehensive Risk Management, Proposal on SRCB 2018 Self-assessment Report on Compliance Risk Management, Proposal on SRCB 2018 Internal Control Assessment Report, Proposal on Upgrading SRCB Consumer Rights Protection Department to First Level Department of the Head Office, Proposal on SRCB 2018 Work and 2019 Work Plan of Consumer Rights Protection, Proposal on SRCB 2019 Network Development Plan, Proposal on Disposal Plan of Part of Real Estate and Parking Space of the Head Office at Floor 1-2, No. 8, Middle Yincheng Road, Proposal on Purchasing Building for Office and Operation of Pudong Branch, and Proposal on Holding the 2nd Ad-hoc Shareholders' Meeting of SRCB in 2019.
21 st Meeting of the 3 rd Board of Directors	February 28, 2019,	The meeting reviewed and approved 2 proposals including Proposal on Directional Capital Injection to 10 Rural Banks in Difficulty in Shandong, Hunan and Yunnan Provinces, and Proposal on Appointing Mr. YU Minhua as Secretary of SRCB Board of Directors.
22 nd Meeting of the 3 rd Board of Directors	March 28, 2019	The meeting reviewed and approved 25 proposals including the SRCB 2018 Business Performance and 2019 Business Plan and Key Works, Proposal on the Reviewing and Approving SRCB 2018 Financial Statements and Audit Report, Proposal on SRCB's 2018 Financial Execution and 2019 Financial Budget Plan, Proposal on SRCB's 2018 Profit Distribution Plan, Proposal on SRCB 2018 Consolidated Management Report, Proposal on SRCB 2018 Evaluation Report on Strategy Execution, Proposal on the Review and Approval of SRCB 2018 Annual Report, Proposal on the Transferring of SRCB Shares Held by Shenzhen Lenovo Science and Technology Park Co., Ltd. to Taiping Life Insurance Co., Ltd., Proposal on Adding Employee Director LI Jin as a Member of the Remuneration and Nomination Committee of the 3rd SRCB Board of Directors, Proposal on Implementing SRCB 2018 Annual Performance Evaluation of Executive Directors and Senior Management, Proposal on Nominating Ms. SHAO Xiaoyun as a Director Candidate of SRCB, Proposal on SRCB 2016-2018 Annual Audit Report and Special Reports, Proposal on Formulating the 'SRCB Management System of Raised Funds' and Other Corporate Governance Systems Applicable after IPO, Proposal on Confirming SRCB Related-party Transactions during the A-share IPO Report Period (2016-2018), Proposal on the Impact of Diluting Immediate Return and Remedy Measures by SRCB's Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, Proposal on SRCB's 2018 Investment and 2019 Investment Plan, Proposal on SRCB's 2018 Internal Capital Adequacy Assessment Report, Proposal on SRCB Implementation the Rectification Plan of Wealth Management Business Supervision and Management Measures for Commercial Banks, Proposal on SRCB 2018 Internal Audit Report, Proposal on Revising SRCB Rules and Regulations Management Measures, Proposal on Formulation SRCB's 2019 Risk Appetite Strategy, Proposal on Related-party Credit to Shanghai International Group Co., Ltd. and Its Related Companies, Proposal on Approving the Signing of Related-party Transaction Framework Agreement between SRCB and China Pacific Insurance (Group) Co., Ltd., Proposal on the Bank's Donation of Comprehensive Rural Assistance Funds to Chongming District (2018-2022), and Proposal on Convening the SRCB 2018 Annual Shareholders' Meeting.

No. of meetings	Meeting date	Content of resolutions
23 rd Meeting of the 3 rd Board of Directors	April 3, 2019,	The meeting reviewed and approved Proposal on Adding Ad-hoc Proposal to SRCB 2018 Annual Shareholders' Meeting and Nominating Mr. ZHANG Ke as the Director Candidate of SRCB.
24 th Meeting of the 3 rd Board of Directors	May 14, 2019	The meeting reviewed and approved 3 proposals including Proposal on SRCB's Investment in Establishing the Wealth Management Subsidiary, Proposal on Adjusting the Equity Transfer Plan of Yangtze United Financial Leasing Co., Ltd. Held by Bestway Marine & Energy Technology Co., Ltd. and Its Related Parties, and Proposal on Supplementing Vice Chairman GU Jianzhong as the Chairman of Risk and Compliance Management Committee and Consumer Rights and Interests Protection Committee of the 3rd Board of Directors.
25 th Meeting of the 3 rd Board of Directors	June 28, 2019,	The meeting reviewed and approved 7 proposals including Proposal on the Related-party Credit to Bank of Hangzhou Co., Ltd., Proposal on Related-party Credit to Yangtze United Financial Leasing Co., Ltd., Proposal on Related-party Credit to China Everbright Bank Co., Ltd., Proposal on Related-party Credit to Haitong Securities Co., Ltd., Proposal on Related-party Credit to Orient Securities Co., Ltd, Proposal on Changing the Loan Interest Rate of Related-party Credit to Shanghai International Group Co., Ltd. and Proposal on Revising SRCB Administrative Measures for Outgoing Donation.
26 th Meeting of the 3 rd Board of Directors	July 31, 2019,	The meeting reviewed and approved 17 proposals including Proposal on SRCB's Business Performance in 2019 1H and Key Works in 2019 2H, Proposal on Amending SRCB Articles of Association Applicable and Effective after the Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, Proposal on Revising the 'SRCB Measures on the Management of Directors and Other Corporate Governance Systems Applicable after IPO, Proposal on Directional Capital Injection to Yangtze United Financial Leasing Co., Ltd., Proposal on Evaluation Report of Major Shareholders of SRCB in 2018, Proposal on Adding Director WANG Dehua as Member of Remuneration and Nomination Committee of the 3rd Board of Directors of SRCB, Proposal on Adding Director ZHANG Ke as Member of the Strategy Committee of the and the Inclusive (Agricultural) Financial Service Committee of 3rd Board of Directors of SRCB, Proposal on Adding Director SHAO Xiaoyun as Member of the Risk and Compliance Management Committee (Consumer Rights and Interests Protection Committee) of the 3rd Board of Directors of SRCB, Proposal on Formulating the SRCB Implementation Plan for the Reform of Wage Decision Mechanism, Proposal on Formulating SRCB Money Laundering Risk Management Policy, Proposal on Revising SRCB Compliance Policy, Proposal on Purchasing Building for Office and Business of Jiading Sub-branch, Proposal on Purchasing Building for Office and Business in Hongqiao Business District, Proposal on Adjusting SRCB 2019 Investment Plan, Proposal on Adjusting SRCB 2019 Network Development Plan, Proposal on Approving the Single Limit of Related-party Transactions of Financial Market Business between SRCB and 5 Financial Institutions Including China Pacific Life Insurance Co., Ltd., and Proposal on Convening the 3rd Ad-hoc Shareholders' Meeting of SRCB in 2019.
27 th Meeting of the 3 rd Board of Directors	August 28, 2019,	The meeting reviewed and approved 2 proposals including Proposal on SRCB Audit Reports and Special Reports for 2016-2018 and January-June 2019, and Proposal on Confirming the 2019 Half-year Related-party Transactions of SRCB.
28 th Meeting of the 3 rd Board of Directors	September 27, 2019,	The meeting reviewed and approved 1 proposal, namely Proposal on the 2016-2018 Term Assessment and 2018 Annual Assessment Results of the Legal Representative and Other Leaders of SRCB.
29 th Meeting of the 3 rd Board of Directors	December 3, 2019,	The meeting reviewed and approved 16 proposals including Proposal on Amending the SRCB Articles of Association, Proposal on Amending SRCB Articles of Association Applicable and Effective after the Initial Public Offering of Domestic RMB Common Shares (A Shares) and IPO, Proposal on Amending SRCB Investment Management Measures, Proposal on Amending SRCB Investment Management Measures (Applicable after IPO), Proposal on Cancellation of Discipline Inspection and Supervision Office of SRCB, Proposal on SRCB's Investment in Yangtze River Delta Rural Commercial Bank, Proposal on Revising SRCB Measures for Interest Rate Risk Management of Account Books (Trial), Proposal on Revising SRCB IT Risk Management Policy, Proposal on SRCB's Related-party Credit to COSCO Shipping Development Co., Ltd., Proposal on SRCB Loss Report of NPL Write-off in 2019, Proposal on Collection of 2019 Service Fees from Rural Banks under Holding, Proposal on Revising SRCB Administrative Measures for Consumer Rights and Interests Protection, Proposal on the Disposal Plan of Idle Real Estate of the Head Office on Middle Yincheng Road, Proposal on Leasing the Building for Office and Business of Hongkou Sub-branch, Proposal on Formulating the SRCB Measures for the Management of Business Budget (Trial), and Proposal on Convening the 4th Ad-hoc Shareholders' Meeting of SRCB in 2019.
No. of Board of Directors' meetings in 2019		11
Including: On-site meetings		7
Meetings on correspondence		4
Meetings on-site+ correspondence		0

(III) Implementation of Resolutions of the Shareholders' Meeting by Board of Directors

During the reporting period, the Company's Board of Directors strictly implemented the relevant resolutions approved by the shareholders' meetings, and conscientiously executed the 2018 profit distribution plan, the issuance of financial bonds, the application for the initial public offering of domestic RMB common shares (A shares) and other matters approved by the shareholders' meeting.

(IV) Performance of Duties of Directors

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

Name of director	Independent director (yes/no)	Attendance at BOD meetings						Attendance at shareholders' meetings
		Attendance required	Actual attendance	Attendance on correspondence	Attendance on proxy	Absence	Absence for two consecutive meetings	Attendance at shareholders' meeting
XU Li	No	11	6	4	1	-	-	5
GU Jianzhong	No	6	3	3	-	-	-	-
LI Jin	No	5	1	3	1	-	-	1
ZHOU Lei	No	11	5	3	3	-	-	-
HUANG Jian	No	11	6	4	1	-	-	-
WU Kunzhong	No	11	6	4	1	-	-	-
ZHAO Ying	No	11	6	4	1	-	-	-
WANG Tayu	No	11	4	4	3	-	-	-
HA Erman	No	11	4	4	3	-	-	-
WANG Dehua	No	11	7	4	-	-	-	4
ZHANG Ke	No	5	2	3	-	-	-	1
SHAO Xiaoyun	No	5	2	3	-	-	-	-
WANG Kaiguo	Yes	11	7	4	-	-	-	1
ZHU Yuchen	Yes	11	5	4	2	-	-	-
CHENJiwu	Yes	11	6	4	1	-	-	1
SUN Zheng	Yes	11	6	4	1	-	-	2
CHEN Naiwei	Yes	11	7	4	-	-	-	2
CHEN Kai	Yes	11	7	4	-	-	-	2
MAO Huigang	Yes	11	6	4	1	-	-	2

During the reporting period, the Company carried out three IPO guidance trainings on February 28, March 28 and May 14 respectively, and the attendance of directors was generally good. By the end of the reporting period, all directors have passed the IPO guidance examination.

2. Independent Directors' Objection to Relevant Matters of the Company

During the reporting period, independent directors of the Company did not raise any objection to the proposals of the board meeting of this year.

3. Performance of Duties of Independent Directors

As of the end of the reporting period, the Board of Directors of the Company had 7 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, to safeguard the interests of depositors, small and medium shareholders and the Company, had fulfilled their duties and actively participated in the meetings of the Board of Directors and each special committee, and the 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 25 working days.

During the reporting period, the independent directors expressed independent opinions on reviewed issues, made suggestions on the Bank's strategic management, IPO preparation, transformation and development, risk and compliance management, and expressed independent opinions on related-party transactions, providing strong support for the scientific decision-making of the Board of Directors and strategic, forward-looking and constructive suggestions for the long-term and stable development of the Bank.

(V) 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 Committee, Audit Committee, Risk and Compliance Management Committee, Consumer Rights and Interests Protection Committee, Related-party Transaction Control Committee, and Remuneration and Nomination Committee. 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.

1. Strategy Committee

As of the end of the reporting period, there were 7 directors in the Strategy Committee, including Mr. XU Li (Chairman), Mr. HUANG Jian, Mr. ZHAO Ying, Mr. WANG Tayu, Mr. ZHANG Ke, Mr. WANG Kaiguo and Mr. ZHU Yuchen.

The main responsibilities and authorities of the Strategy Committee included: study and review the Bank's medium and long-term development strategy and plan, and IT strategy, etc.; urge the Senior Management to implement the above-mentioned strategy and plan, regularly evaluate the implementation, and put forward suggestions for adjusting or revising the strategic plan; study and review the annual business plan, financial budget and settlement plan, venture capital allocation plan, profit distribution plan, loss recovery plan, and major investment and financing plan etc. proposed by the Senior Management of the Bank; regularly listen to and evaluate the implementation of the above-mentioned plans and proposals by the Senior Management; organize the formulation and urge the implementation of the Bank's capital management strategy, regularly study the Bank's capital adequacy, put forward the Bank's capital adequacy management objectives and capital replenishment plan suggestions; regularly assess the Bank's corporate governance status; study and review the cooperation plan between the Bank and strategic investors; other matters authorized by the Board of Directors.

During the reporting period, the Strategy Committee held 6 meetings to review and approve 30 proposals. The Strategy Committee continued to track the implementation of the Bank's development strategy and changes in the external business environment, promoted the research and formulation of the Bank's new three-year strategic plan, and focused on the process of the Bank's IPO, investment in the Yangtze River Delta region and the establishment of wealth management subsidiary.

2. Inclusive (Agricultural) Financial Service Committee

As of the end of the reporting period, there were 7 directors in the Inclusive (Agricultural) Financial Service Committee, including Mr. XU Li (Chairman), Mr. HUANG Jian, Mr. ZHAO Ying, Mr. WANG Taru, Mr. ZHANG Ke, Mr. WANG Kaiguo and Mr. ZHU Yuchen.

The main responsibilities and authorities of the Inclusive (Agricultural) Financial Service Committee included: study and review the Bank's inclusive financial business, the strategic plan for the development of the financial services for agriculture, rural areas and farmers, and the basic policies and systems; study and review the Bank's annual operation and development objectives and the service resource allocation plan of inclusive financial business, and the financial services for agriculture, rural areas and farmers, supervise the implementation of the Senior Management, and regularly evaluate the implementation of inclusive financial business and the financial business plan for agriculture, rural areas and farmers; and other matters authorized by the Board of Directors.

During the reporting period, the Inclusive (Agricultural) Financial Service Committee held 2 meetings to review and listen to three proposals. The Inclusive (Agricultural) Financial Service Committee paid attention to the inclusive finance and financial services for agriculture, rural areas and farmers of the Bank, and required to keep track of the latest regulatory provisions and policy orientation, strengthened the guidance for the inclusive business of the Bank, and promoted the sustainable development of the Bank's inclusive financial business.

3. Audit Committee

As of the end of the reporting period, there were 5 directors in the Audit Committee, including Mr. SUN Zheng (Chairman), Mr. ZHOU Lei, Mr. ZHAO Ying, Mr. CHEN Naiwei and Mr. CHEN Kai.

The main responsibilities and authorities of the Audit Committee included: guide, assess and evaluate the internal audit work of the Bank, review the internal audit system, the medium and long-term audit plan and annual work plan, supervise the implementation of the audit system and audit plan; responsible for the annual audit work of the Bank, put forward suggestions on the engagement and replacement of external audit institutions, and make a judgment report on the authenticity, accuracy, completeness and timeliness of the information in the audited financial statements; supervise and promote the communication between the Bank's internal audit and external audit; check the Bank's risk and compliance status, accounting policies, financial status and financial reporting procedures, and assess the effectiveness of the Bank's internal control; guide and supervise the Internal Audit Department to audit the operation of the Bank's internal control framework, risk management system and related-party transaction management system, timely evaluate the work procedures and effects of the Internal Audit Department, review the Bank's financial information and its disclosure; and other matters authorized by the Board of Directors.

During the reporting period, the Audit Committee held 5 meetings to review and listen to 15 proposals. The Audit Committee made solid progress in the annual external audit, strengthened the communication and exchange with external audit, paid attention to the implementation of audit management suggestions, earnestly guided the internal audit work, and promoted the continuous improvement of the internal audit level.

4. Risk and Compliance Management Committee

As of the end of the reporting period, the Risk and Compliance Management Committee consisted of 5 directors, including Mr. GU Jianzhong (Chairman), Mr. WU Kunzong, Ms. HA Erman, Ms. SHAO Xiaoyun and Mr. CHEN Jiwu.

The main responsibilities and authorities of the Risk and Compliance Management Committee included: study and review the risk management strategies and overall policies consistent with the Bank's strategic objectives and applicable to the whole Bank, and review the Bank's compliance policies; review the Bank's risk monitoring indicators, information disclosure in the field of risk management and other risk management fields; supervise and inspect the management and control of credit, market, liquidity, compliance, operation, information technology, and reputation risks by the Bank's Senior Management, evaluate the duty performance of risk management by the Senior Management, urge the Senior Management to take necessary identification, measurement, monitoring and control measures to maintain the Bank's risk within a reasonable level; regularly assess the Bank's risk management and compliance management status, and implementation of risk management policies and systems; review the annual internal control evaluation report, and ensure that the Bank establishes and implements a sufficient and effective internal control system; put forward overall requirements for fraud prevention, clarify the responsibilities and authorities of the Senior Management in fraud prevention, review the fraud prevention work report, and assess the effectiveness of fraud prevention work; listen to the report on anti-money laundering work, and pay attention to the compliance management and risk management of anti-money laundering, and make decisions on major issues in the management of anti-money laundering; and other matters authorized by the Board of Directors.

During the reporting period, the Risk and Compliance Management Committee held 4 meetings to review and listen to 23 proposals. The Risk and Compliance Management Committee carefully reviewed various risk and compliance policies and systems, required to continuously strengthen the Group's overall risk management, paid attention to the internal risk control management of rural banks, urged to strengthen the recovery of existing non-performing loans, and strictly abided by the bottom line of risk.

5. Consumer Rights and Interests Protection Committee

As of the end of the reporting period, there were 5 directors in the Consumer Rights and Interests Protection Committee, including Mr. GU Jianzhong (Chairman), Mr. WU Kunzong, Ms. HA Erman, Ms. SHAO Xiaoyun and Mr. CHEN Jiwu.

The main responsibilities and authorities of the Consumer Rights and Interests Protection Committee included: study and review the Bank's consumer rights and interests protection strategies, policies and objectives; review the basic system of the Bank's consumer rights and interests protection work; regularly listen to the Senior Management's report on the implementation of the consumer rights and interests protection work, evaluate and supervise the implementation of consumer rights and interests protection work; and other matters authorized by the Board of Directors.

During the reporting period, the Consumer Rights and Interests Protection Committee held 2 meetings to review and listen to three proposals. The Consumer Rights and Interests Protection Committee paid attention to the progress of consumer rights and interests protection work, required to safeguard the legitimate rights and interests of financial consumers in accordance with laws and regulations, prevented reputation risks, and focused on improving customer experience.

6. Related-party Transaction Control Committee

As of the end of the reporting period, there were 3 directors in the Related-party Transaction Control Committee, including Mr. MAO Huigang (Chairman), Mr. SUN Zheng and Mr. CHEN Naiwei.

The main responsibilities and authorities of the Related-party Transaction Control Committee included: review the rules and management systems of the Bank on related-party transactions and internal transactions; confirm the identification standards and list of related parties of the Bank, continuously improve the information of related parties; responsible for the filing of the Bank's general related-party transactions and general internal transactions; review major related-party transactions, major internal transactions, and general related-party transactions and internal transactions that are regarded as necessary by the Related-party Transaction Control Committee; report to the Board of Directors on the implementation of related-party transaction system and related-party transactions and internal transactions; other matters authorized by the Board of Directors.

During the reporting period, the Related-party Transaction Control Committee held 8 meetings to review and listen to 25 proposals. The Related-party Transaction Control Committee studied and revised the identification of related-party and related-party transactions, internal reporting and approval process, information disclosure and other issues in the Related-party Transaction Management Measures (applicable after IPO); strengthened the identification of related parties, regularly updated the list of related-parties; strengthened the approval of major related-party transactions and the filing management of general related-party transactions, regularly evaluated the related-party transactions and promoted the development of related-party transaction management system.

7. Remuneration and Nomination Committee

As of the end of the reporting period, the Remuneration and Nomination Committee consisted of 5 directors, including Mr. WANG Kaiguo (Chairman), Mr. LI Jin, Mr. WANG Dehua, Mr. HU Yuchen and Mr. CHEN Jiwu.

The main responsibilities and authorities of the Remuneration and Nomination Committee included: study and formulate the selection standards and procedures of directors and the Senior Management; make suggestions to the Board of Directors on the scale and composition of the Board of Directors according to the Bank's business activities, asset scale and equity structure; search and propose qualified directors and the Senior Management candidates extensively, preliminarily review the qualifications of candidates for directors and Senior Management, and make suggestions to the Board of Directors; study and formulate the assessment standards for directors and Senior Management of the Bank, carry out the assessment and make suggestions; review the Company's basic remuneration management system and policies; study and formulate the remuneration plan for directors and the Senior Management according to the evaluation results and supervise the implementation of the remuneration plan; and other matters authorized by the Board of Directors.

During the reporting period, the Remuneration and Nomination Committee held 7 meetings to review and listen to 13 proposals. The Remuneration and Nomination Committee implemented sound remuneration management, carefully studied the term-of-office assessment and remuneration distribution mechanism of the Senior Management, and promoted performance improvement. Carefully reviewed the qualifications of new directors and Senior Management, guided the implementation of the performance evaluation of directors and the Senior Management, and formulated and improved the implementation plan of directors' performance management.

IV. Supervisors and Board of Supervisors

During the reporting period, the Board of Supervisors, in accordance with the Articles of Association of the Company, conscientiously implemented regulatory requirements, further improved the supervision mechanism around the Company's three-year development planning objectives and annual key works, actively performed the supervision duties of strategy implementation, internal control and compliance, risk management, financial situation and the performance of duties of the Board of Directors and the Senior Management, and promoted the Company to further improve its corporate governance, the level of business operation and management to maintain sustainable and steady development.

(I) Composition of the Board of Supervisors

As of the end of the reporting period, the Board of Supervisors of the Company had 9 supervisors, including 3 shareholder supervisors, i.e. Mr. ZHANG Xilin, Mr. WU Zhenlai and Ms. ZHU Peilan; 3 external supervisors, i.e. Mr. LI Jianguo, Mr. WU Jian and Ms. LING Wei; 3 employee supervisors, i.e. Mr. YANG Yuanjun, Ms. XU Jingfen and Ms. LU Wenjun.

(II) Meeting of the Board of Supervisors

No. of meeting	Date	Content of resolutions
11 th meeting of the 3 rd Board of Supervisors	January 31, 2019,	The meeting reviewed and approved 1 proposal, namely Proposal on Formulating the SRCB Articles of Association Applicable and Effective after the Initial Public Offering of RMB Common Shares (A Shares) and IPO.
12 th meeting of the 3 rd Board of Supervisors	March 29, 2019,	The meeting reviewed and approved 10 proposals including Proposal on SRCB 2018 Work Supervision and Evaluation Report, Proposal on SRCB 2018 Work Report of the Board of Supervisors, Proposal on SRCB 2019 Work Plan of the Board of Supervisors, Proposal on SRCB 2018 Performance Evaluation of Directors, Proposal on SRCB 2018 Annual Report, Proposal on SRCB 2018 Annual Audit Report, Proposal on SRCB 2018 Annual Profit Distribution Plan, Proposal on SRCB 2018 Implementation Report on Consolidated Management, Proposal on Formulating Corporate Governance System Applicable after IPO of SRCB, and Proposal on Revising SRCB Measures for the Management of Rules and Regulations.
13 th meeting of the 3 rd Board of Supervisors	July 10, 2019,	The meeting reviewed and approved 3 proposals including Proposal on SRCB Board of Supervisors' Evaluation Report on the Implementation of the Bank's Strategy in 2018, Proposal on Revising SRCB Compliance Policy, and Proposal on Formulating SRCB Money Laundering Risk Management Policy.
14 th meeting of the 3 rd Board of Supervisors	October 18, 2019,	The meeting reviewed and approved 2 proposals including Proposal on Nominating LU Wenjun as a Member of the Nomination Committee of the third Board of Supervisors and SRCB Research Report on Financial Services for Agriculture, Rural areas and Farmers.

(III) Performance of Duties of Supervisors

During the reporting period, all supervisors performed their supervision duties diligently in accordance with laws and regulations, regulatory rules and the Articles of Association, carried out supervision on the performance of the Board of Directors and the Senior Management, finance, risk, compliance, internal control and other aspects, promoted the development of the corporate governance system, and the sound and sustainable development of the Company. During the reporting period, the Board of Supervisors held 4 meetings of the Board of Supervisors and approved 14 proposals; the special committees of the Board of Supervisors held 4 meetings, including 2 Nomination Committee meetings, 2 Audit Committee meetings, which approved 4 proposals. All supervisors carefully reviewed all proposals and reports, and independently expressed opinions and suggestions on all proposals.

During the reporting period, the Board of Supervisors strengthened the investigation and evaluation work, held 17 investigation symposiums throughout the year, investigated, inspected and supervised the head office departments, branches and rural banks under holding, understood and grasped the national economic policies, financial supervision requirements, the implementation of the Company's strategic planning, annual business objectives and tasks, and provided feedback opinions and suggestions to the Board of Directors and the Senior Management through appropriate ways. During the reporting period, the Board of Supervisors conducted research and evaluation on the implementation of the Company's 2017-2019 strategic development plan and the financial services to agriculture, rural areas and farmers, and issued special reports.

The Board of Supervisors focused on the Company's risk management, compliance and internal control, finance and planning, related-party transaction management, and remuneration management, etc., promoted the Company to continuously improve the internal control system, and paid attention to the joint compliance and audit supervision. The 12th Meeting of the Third Board of Supervisors reviewed and approved SRCB 2018 Annual Report, SRCB 2018 Annual Audit Report, and SRCB 2018 Profit Distribution Plan, listened to the Special Audit Report on Related-party Transactions and Internal Transactions of SRCB in 2018. The 14th Meeting of the Third Board of Supervisors listened to the SRCB Report on Remuneration Management and SRCB Report on Remuneration Management of Senior Management.

During the reporting period, the Board of Supervisors strengthened the supervision over the performance of the Board of Directors, the Senior Management and their members, supervised the major business and management decisions of the Board of Directors and the Senior Management by attending important meetings such as the meetings of the head office Party Committee, the Board of Directors and the President's Office, focused on whether the decision-making process was standardized, paid attention to the directors' diligence, personal attendance at meetings, and independent expression of opinions, etc., issued relevant evaluation report, and carried out the off-office audit of the Senior Management.

Member of the Board of Supervisors	Personal attendance/No. of meetings during the term of office	Attendance on proxy/ No. of meetings during the term of office	Attendance rate(%)
LI Jianguo	8/8	-	100
ZHANG Xilin	1/8	7/8	12.5
WU Zhenlai	7/8	1/8	87.5
ZHU Peilan	7/8	1/8	87.5
WU Jian	7/8	1/8	87.5
LING Wei	7/8	1/8	87.5
YANG Yuanjun	8/8	-	100
XU Jingfen	8/8	-	100
LU Wenjun	1/1	-	100

(IV) Performance of Duties of Special Committees of the Board of Supervisors

The Bank's Board of Supervisors consisted of two special committees: the Nomination Committee and the Audit Committee. The Nomination Committee was mainly responsible for drafting the procedures and standards for the selection of supervisors of the Bank, conducting preliminary examination on the qualifications and conditions of supervisors and relevant personnel, and making nomination suggestions to the Board of Supervisors. The Audit Committee was responsible for preparing the audit plan for matters specified in the Articles of Association of the Bank.

1. Nomination Committee

The Nomination Committee of the Bank was composed of 3 supervisors, including Mr. LI Jianguo (Chairman), Mr. WU Jian and Ms. LU Wenjun.

The Nomination Committee performed the following duties: make suggestions to the Board of Supervisors on the scale and composition of the Board of Supervisors; study the selection standards and procedures of supervisors, and make suggestions to the Board of Supervisors; extensively search for qualified supervisors; preliminarily review the qualifications and conditions of the candidates nominated by shareholders and make suggestions; formulate the evaluation and assessment system of supervisors of the Bank, and submit it to be reviewed by the Board of Supervisors; responsible for the assessment and evaluation of the due diligence of supervisors, and report to the Board of Supervisors; other matters authorized by the Board of Supervisors.

The Nomination Committee was responsible to the Board of Supervisors, and its proposals were submitted to the Board of Supervisors for review and decision.

During the reporting period, the Nomination Committee held 2 meetings and reviewed the Proposal on SRCB 2018 Annual Report on the Performance Evaluation of Directors and the Proposal on the Nomination of Supervisor LU Wenjun as a Member of the Nomination Committee of the third Board of Supervisors.

2. Audit Committee

The Audit Committee of the Bank consisted of 6 supervisors, including Ms. LING Wei (Chairman), Mr. ZHANG Xilin, Mr. WU Zhenlai, Ms. ZHU Peilan, Mr. YANG Yuanjun and Ms. XU Jingfen.

The Audit Committee was responsible for formulating the audit plan for the following matters: special audit of the chairman and the president upon approval; off-office audit of directors and the Senior Management members; inspection and supervision of the Bank's financial activities; audit and evaluation of the Bank's business decision-making, risk management and internal control; other matters authorized by the Board of Supervisors.

During the reporting period, the Audit Committee held 2 meetings, reviewed and approved the Proposal on SRCB 2018 Annual Work Supervision and Evaluation Report, Proposal on SRCB 2018 Annual Audit Report, and listened to the SRCB Remuneration Management Report and SRCB Remuneration Management Report of the Senior Management.

V. Information Disclosure and Transparency

During the reporting period, the Bank continued to promote the construction of information disclosure management mechanism, strictly controlled the quality of information disclosure in line with the "fair, open, just and timely" principles, ensured the objectivity, authenticity, integrity and accuracy of regular reports and social responsibility reports, and constantly improved the level of information disclosure management. The Bank disclosed relevant information on Shanghai Financial News and the Bank's official website (<http://www.srcb.com>). Three regular reports and six interim announcements were disclosed. In order to standardize the management of the Bank's inside information and insiders, strengthen the confidentiality of inside information, maintain the principle of fairness in information disclosure, and protect the legitimate rights and interests of investors, the Bank formulated the SRCB Management System for Inside Information and Insiders applicable after IPO in accordance with relevant regulatory provisions.

VI. Investor Relationship Management

During the reporting period, the Bank used a variety of methods to carry out investor relationship management, strengthened investor communication and timely responded to market concerns. The Board of Directors regularly carried out major shareholder evaluation, promoted the Senior Management to strictly check the qualification of shareholders and the source of share capital, introduced new high-quality shareholders of Taiping Life Insurance Co., Ltd. through equity transfer, and ensured the stability of equity structure before listing. Carried out the work of shareholders' equity registration in an orderly manner, safeguarded the legitimate rights and interests of shareholders, and improved the service level of shareholders.

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

The Bank has no controlling shareholder.

VIII. Establishment and Implementation of Evaluation and Incentive mechanism for the Senior Management

The Bank has basically 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 SRCB Performance Evaluation and Remuneration Distribution Plan for Leaders Other Than the Legal Representative.

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 shall be carried out in the next year after the expiration of the term.

IX. Internal Control

The Bank has built a modern corporate governance structure with the Shareholders' Meeting as the authority, the Board of Directors as the decision-making body, the Board of Supervisors as the supervisory body and the Senior Management as the execution body. The "three meetings and one management" actively perform their duties, with each governance body operating independently, coordinating orderly, effectively checking and balancing, and fulfilling relevant responsibilities. The internal control management framework consists of three parts including the internal control decision-making layer, execution layer and supervision and evaluation layer, forming an internal control management framework where the main principals of all levels of bank branches and functional departments take charge with the participation of all employees.

Following the overall objective of internal control, the Bank adheres to building a "demonstration bank in compliant management", continuously deepens the achievements of "three theme years of compliance", combines with the development orientation of "five in one" of internal control, carries out "five deepening" and constantly improves the internal control system of the Company.

Deepen the building of internal control environment. The Bank has formulated the Management Measures for the Authorization of the Board of Directors and the Management Measures for the Authorization of the Senior Management, regularly carries out basic authorization and special authorization work in accordance with the principles of appropriate and differentiated authorization and integration of authority and responsibilities, clarifies the responsibilities and authorities of relevant organizations, departments, positions and personnel at all levels, and makes timely adjustments. According to the business development and policy changes, the Bank streamlines rules and regulations in a timely manner. During the reporting period, there were 1,656 effective rules and regulations, an increase of 79 over the end of 2018. According to provisions of regulatory documents, the Bank has set up separation measures for incompatible posts in accounting, finance, credit approval, fund and other business lines.

Deepen the ability of risk identification and assessment. In accordance with the Measures for the Administration of Internal Control Evaluation of Branches and Sub-branches, the Detailed Rules for the Implementation of Internal Control Assessment of Operation and Management Risks of Branches and Sub-branches and other rules, the Bank conducts annual internal control evaluation within its jurisdiction to ensure an objective and comprehensive evaluation of internal control management of the Bank. The Bank insists on improving the level of internal control, optimizes internal control systems such as CIS, and creates a rapid optimization mechanism for the independent monitoring module of anti-money laundering. The overall early warning volume of the monitoring module has decreased by 43% on a daily average basis compared with last year, and the accuracy of the module has significantly improved.

Deepen the level of internal control measures. The Bank constantly improves the product and service audit mechanism, revises the Rules of Procedure of the Product and Service Review Committee and the Working Procedures of New Business Evaluation and Reporting to ensure the evaluation of new businesses. During the reporting period, the Company held 8 meetings of Product and Service Review Committee in total, advocated innovation and effective compliance and put an end to "improper innovation" by grasping the whole process assessment before, during and after the event.

Deepen the mechanism of information exchange and feedback. The Bank continues to strengthen internal and external communication and coordination, and reports quarterly regulatory contact system materials of rural small and medium-sized financial institutions on a monthly basis. Keeps close communication with the regulatory authorities in innovation reporting and feedback of internal information. During the reporting period, 1080 items were submitted to special regulatory network, opening up the dynamic feedback channel with the regulatory authorities.

X. Self-assessment Report on Internal Control

Based on the daily supervision management and special supervision of internal control, the Bank evaluated the effectiveness of internal control in 2019. Through the review of the Board of Directors of the Bank, no material defects and significant defects in internal control were found.

XI. Internal Audit

The Bank has established an independent and vertical internal audit system. The Board of Directors takes ultimate responsibility for the independence and effectiveness of internal audit, reviews and approves the Articles of Internal Audit, medium and long-term audit plan and annual audit plan, appoints the head of Audit Department, provides necessary guarantee for independent and objective internal audit, and assesses the independence and effectiveness of internal audit. There is an Audit Committee under the Board of Directors, which is authorized to take charge of reviewing the important systems and reports such as the Articles of Internal Audit, reviewing the medium and long-term audit plan and the annual audit plan, and guiding, assessing and evaluating the internal audit work. The head office has set up an Audit Department, which is supervised by the Board of Supervisors and specifically undertakes internal audit responsibilities. The Audit Department has a General Manager's Office and seven business units, forming a normalized contact mechanism with each functional department of the head office.

During the reporting period, focusing on the development strategy and central tasks, the Bank implemented the industry regulatory requirements, took risk prevention and control as the orientation, audit transformation as the main line, and audit rectification as the driving force to complete the annual audit plan in an all-round way. The audit fields involved credit business, financial performance, internal control, asset management, information technology, term-of-office performance of the Senior Management and other major aspects of business management. Strengthened the audit coverage of the management of emerging businesses and Group-holding subsidiaries, closely followed key areas, key risks and important positions, continuously expanded the depth and breadth of audit supervision, and strengthened the construction of information-based audit to further promote audit quality and efficiency. Internal audit played an active role in supporting and serving the Bank to strengthen risk management, improve internal control and improve corporate governance.

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Financial Reports and Catalog of Documents Available for Reference

Financial Statements

Catalog of Documents Available for Reference

Directors' and the Senior Management' Written Confirmation Opinions on the Company's 2019 Annual Report

Financial Statements

The Company's 2019 financial statements have been audited by Deloitte & Touche CPAs(LLP) , and signed by certified public accountants HU Xiaojun and SU Yichen. The auditor has issued a standard unqualified opinion. Refer to the attachment for the complete financial statements.

Catalog of Documents Available for Reference

- I. Financial statements signed by the legal representative, person responsible for the accounting work, and person responsible for 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 on Shanghai Financial News and other newspapers within the reporting period.
- V. Articles of Association.

Directors' and the Senior Management' Written Confirmation Opinions on the Company's 2019 Annual Report

According to relevant regulations and requirements, we as SRCB directors and the Senior Management issue the following comments after fully knowing and reviewing the SRCB 2019 Annual Report:

1. SRCB runs in strict accordance with the Accounting Standards for Business Enterprises and related system specifications. The Company's 2019 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 SRCB 2019 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 2019 annual financial statements have been audited by the Deloitte & Touche CPAs(LLP) who has issued a standard unqualified opinion.

Signature of Directors

Xu Li

Gu Jianzhong

Li Jin

Zhou Lei

Huang Jian

Wu Kunzong

Zhao Ying

Wang Tayu

Ha Erman

Wang Dehua

Zhang Ke

Shao Xiaoyun

Wang Kaiguo

Zhu Yuchen

Chen Jiwu

Sun Zheng

Chen Naiwei

Chen Kai

Mao Huigang

Signature of Senior Management

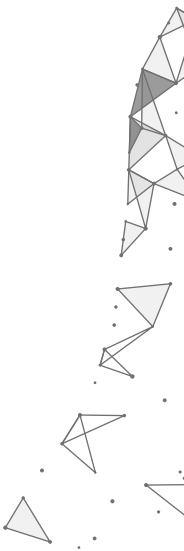
Gu Jianzhong

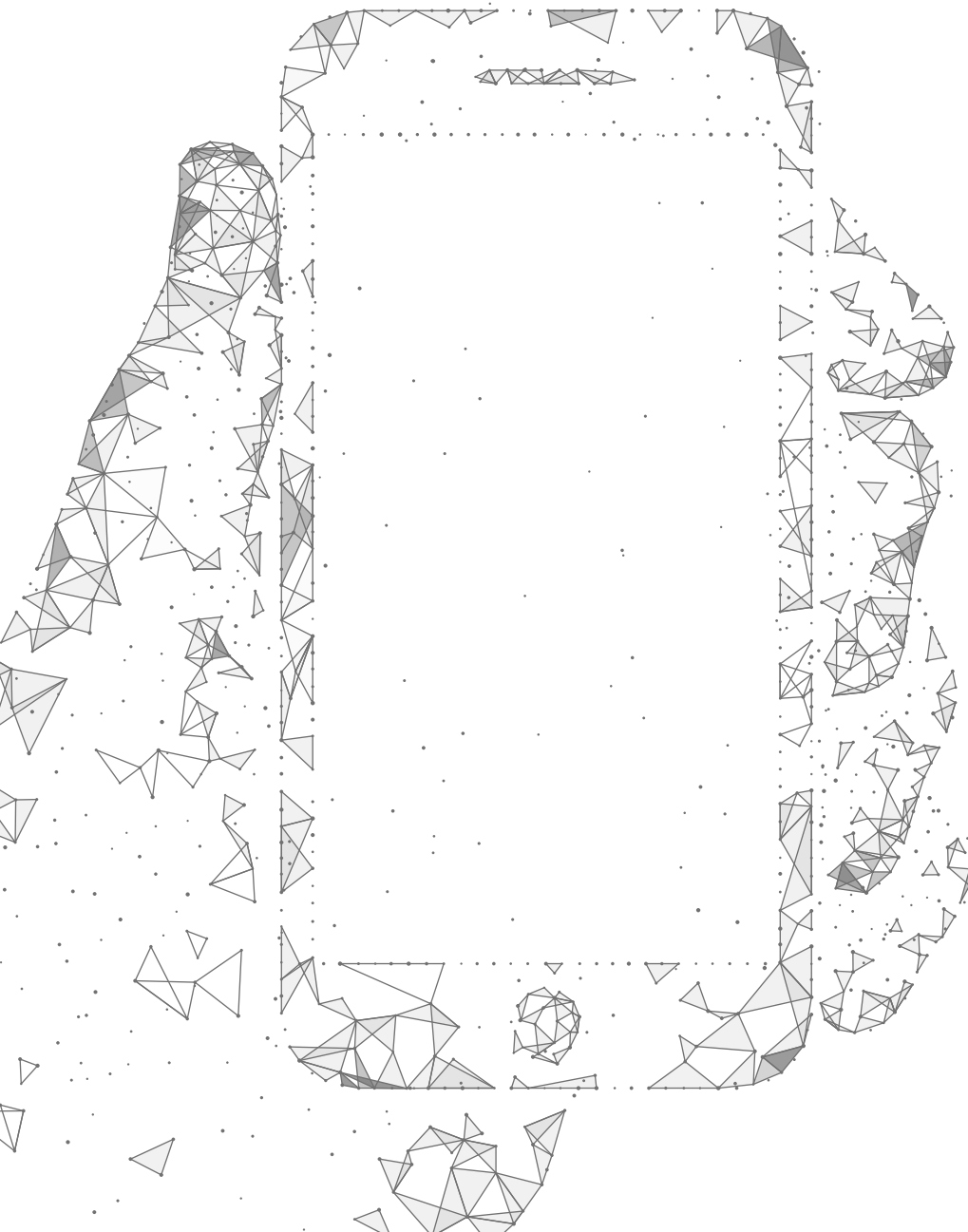
Jin Jianhua

Yu Minhua

Adhere to Digital Transformation

Led by science and technology, empower business operation and transform management organization with the mindset of digital transformation. Define the reform direction of “switching from offline and de-centralized operation to online and centralized operation as much as possible”. Advocate the building of digital culture, the development of data-based mindset, and the cultivation of digital talents, improve digital capability, and realize the transformation from empirical thinking to scientific thinking supported by data.





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Financial Statements and Report of The Auditors

Report Of The Auditors

Consolidated and Bank's Balance Sheets

Consolidated and Bank's Income Statements

Consolidated and Bank's Cash Flow Statements

Consolidated and Bank's Statement Of Changes In Shareholders' Equity

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Auditor's Report

De Shi Bao (Shen) Zi (20) No.P01612

To the Shareholders of Shanghai Rural Commercial Bank Co., Ltd.:

1. Opinion

We have audited the accompanying financial statements of Shanghai Rural Commercial Bank Co., Ltd. (the "Bank"), which comprise the Bank's and consolidated balance sheets as at 31 December 2019, and the Bank's and consolidated income statements, the Bank's and consolidated statements of changes in shareholders' equity and the Bank's and consolidated cash flow statements for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Bank's and consolidated financial position as of 31 December 2019, and the Bank's and consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. 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 Code of Ethics for Chinese Institute of 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.

3. Other Information

The management of the Bank is responsible for other information. The other information comprises the information included in the annual report for the year of 2019, but does not include 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.

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

The management of the Bank is responsible for preparing the financial statements in accordance with Accounting Standards for Business Enterprise to achieve fair presentation of the financial statements and designing, implementing and maintaining internal control that is necessary to enable the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance is responsible for supervising the financial reporting process of the Bank.

5. Auditor's Responsibility 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 China Standards on Auditing 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 China Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but the purpose is not to comment on the effectiveness of internal controls.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the Bank to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including disclosure), structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the 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.



Deloitte Touche Tohmatsu CPA
Shanghai (Shanghai)
10 April 2020

Chinese Certified
Public Accountant
(Engagement Partner)

Hu Xiao Jun



Chinese Certified
Public Accountant

Su Yi Chen



The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

CONSOLIDATED BALANCE SHEET 31 DECEMBER 2019

Item	Note VIII	The Group		The Bank	
		As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
ASSETS:					
Cash and balances with central bank	1	76,153,174	86,490,347	71,796,619	82,792,804
Due from banks and other financial institutions	2	10,277,453	11,235,385	5,380,665	4,361,838
Placements with banks and other financial institutions	3	46,866,055	40,525,892	47,900,606	40,525,892
Precious Metals		25,553	161,067	25,553	161,067
Derivative financial assets	4	415,722	272,139	415,722	272,139
Financial assets purchased under resale agreements	5	34,249,806	40,636,088	34,249,806	40,636,088
Loans and advances to customers	6	449,782,234	394,034,412	437,382,376	383,513,648
Financial investments:					
Held-for-trading financial assets	7	51,472,458	N/A	51,472,458	N/A
Debt investments	8	148,218,827	N/A	148,067,827	N/A
Other debt investments	9	78,003,223	N/A	78,003,223	N/A
Other equity instrument investments	10	11,500	N/A	11,500	N/A
Financial assets at fair value through profit or loss	11	N/A	7,264,796	N/A	7,264,796
Available-for-sale financial assets	12	N/A	104,886,280	N/A	104,886,280
Held-to-maturity investments	13	N/A	120,547,430	N/A	120,547,430
Receivables investment	14	N/A	10,543,200	N/A	10,543,200
Finance lease receivables	15	22,837,258	N/A	-	-
Long-term equity investments	16	-	1,056,548	2,477,349	1,753,240
Fixed assets	17	4,993,593	5,720,253	4,905,360	5,640,244
Construction in progress	18	1,245,806	290,012	1,219,484	271,098
Deferred tax assets	19	4,488,506	3,406,866	4,081,404	3,325,114
Held-for-sale assets		16	47	16	47
Other assets	20	1,246,122	6,641,990	1,067,932	6,413,869
TOTAL ASSETS		930,287,306	833,712,752	888,457,900	812,908,794

The accompanying notes form part of the financial statements.

The financial statements on pages 119 to 249 were signed by the following:

XU Li

Legal Representative:



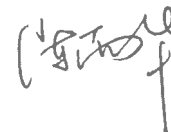
Gu Jianzhong

Chief Accountant:



Chen Nanhua

Head of the Accounting Department:



CONSOLIDATED BALANCE SHEET 31 DECEMBER 2019

Item	Note VIII	The Group		The Bank	
		As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
LIABILITIES:					
Borrowings from central bank	22	14,006,071	11,971,000	13,599,796	11,680,000
Due to banks and other financial institutions	23	3,950,606	4,934,243	11,103,143	10,740,183
Placements from banks and other financial institutions	24	31,959,252	21,267,300	14,934,087	21,267,300
Financial liabilities at fair value through profit or loss		103,946	53,154	103,946	53,154
Derivative financial liabilities	4	554,217	352,520	554,217	352,520
Financial assets sold under repurchase agreements	25	54,436,595	46,466,154	54,436,595	46,466,154
Customer deposits	26	692,348,716	644,907,662	667,074,659	620,739,764
Employee benefits payables	27	2,757,078	2,398,587	2,594,242	2,370,627
Tax payables	28	1,592,016	1,328,803	1,480,335	1,302,139
Debt securities issued	29	47,946,796	23,375,798	47,946,796	23,375,798
Provisions	30	403,718	16,021	403,718	-
Other liabilities	31	6,022,180	11,839,905	3,829,117	11,373,554
TOTAL LIABILITIES		856,081,191	768,911,147	818,060,651	749,721,193
SHAREHOLDERS' EQUITY:					
Share capital	32	8,680,000	8,680,000	8,680,000	8,680,000
Capital reserve	33	8,947,939	9,173,692	9,219,974	9,219,974
Other comprehensive income	34	1,226,676	1,220,431	1,226,676	1,220,431
Surplus reserve	35	17,715,475	14,950,965	17,460,427	14,787,870
General risk reserve	36	9,641,076	9,079,315	9,215,955	8,849,095
Retained earnings	37	24,938,714	20,531,235	24,594,217	20,430,231
Equity attributable to shareholders of the Bank		71,149,880	63,635,638	-	-
Non-controlling interests		3,056,235	1,165,967	-	-
TOTAL SHAREHOLDERS' EQUITY		74,206,115	64,801,605	70,397,249	63,187,601
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		930,287,306	833,712,752	888,457,900	812,908,794

The accompanying notes form part of the financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

Item	Note VIII	The Group		The Bank	
		Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2018
I. Operating income		21,271,299	20,145,482	20,531,501	19,203,299
Net interest income	38	15,059,212	15,029,181	14,241,822	14,037,973
Interest income	38	31,633,040	29,890,743	30,607,620	28,739,134
Interest expense	38	(16,573,828)	(14,861,562)	(16,365,798)	(14,701,161)
Net fee and commission income	39	2,762,114	3,240,950	2,820,392	3,304,564
Fee and commission income	39	3,228,143	3,476,152	3,279,119	3,532,474
Fee and commission expense	39	(466,029)	(235,202)	(458,727)	(227,910)
Investment income	40	2,820,801	1,549,429	2,846,301	1,561,512
of which: Share of profit of associates		57,175	108,767	57,175	108,767
Income from derecognition of financial assets at amortised cost		(144)	N/A	(144)	N/A
Other income	41	24,853	27,650	19,036	1,692
Gain/(loss) from changes in fair value	42	(423,314)	443,207	(423,314)	443,207
Exchange gain/(loss)	43	177,805	(257,780)	177,805	(257,780)
Other operating income		37,905	27,078	37,635	26,364
Gains from disposal of assets	44	811,923	85,767	811,824	85,767
II. Operating expenses		(10,602,965)	(11,447,240)	(10,549,645)	(10,329,717)
Taxes and levies	45	(211,492)	(194,969)	(207,409)	(190,986)
General and administrative expenses	46	(6,437,415)	(6,436,540)	(5,997,807)	(6,041,754)
Losses of credit impairment	47	(3,932,210)	N/A	(3,905,966)	N/A
Impairment loss of assets	48	-	(4,806,479)	(417,856)	(4,088,213)
Other operating expense		(21,848)	(9,252)	(20,607)	(8,764)
III. Operating income		10,668,334	8,698,242	9,981,856	8,873,582
Add: Non-operating income	49	77,710	46,055	76,586	44,046
Less: Non-operating expenses	50	(53,527)	(18,447)	(47,957)	(14,904)
IV. Profit before tax		10,692,517	8,725,850	10,010,485	8,902,724
Less: Income tax expenses	51	(1,754,170)	(1,601,142)	(1,698,594)	(1,500,281)
V. Net profit		8,938,347	7,124,708	8,311,891	7,402,443
(I) Categorized by the continuity of operation					
1. Net profit in continued operations		8,938,347	7,124,708	8,311,891	7,402,443
2. Net profit in discontinued operations		-	-	-	-
(II) Categorized by ownership of equity					
1. Net profit attributable to shareholders of the Bank		8,845,647	7,308,149		
2. Profit or loss attributable to non-controlling interests		92,700	(183,441)		
VI. Other comprehensive income/(loss), net of tax	34	502,294	1,181,475	502,294	1,183,909
Other comprehensive income/(loss) attributable to shareholders of the Bank, net of tax		502,294	1,182,730		
(I) Other comprehensive income/(loss) that won't be subsequently reclassified to profit or loss, net of tax					
1. Changes arising from remeasurement of net liabilities or net assets of defined benefit plan		-	19,988	-	19,988
(II) Other comprehensive income/(loss) that will be subsequently reclassified to profit or loss, net of tax					
1. Changes in fair value of available-for-sale financial assets		N/A	1,162,742	N/A	1,163,921
2. Changes in fair value of financial assets classified as at fair value through other comprehensive income		272,261	N/A	272,261	N/A
3. Accumulated provision for credit loss of financial assets classified as at fair value through other comprehensive income		230,033	N/A	230,033	N/A
Other comprehensive income/(loss) attributable to non-controlling interests, net of tax		-	(1,255)		
VII. Total comprehensive income		9,440,641	8,306,183	8,814,185	8,586,352
Total comprehensive income attributable to shareholders of the Bank		9,347,941	8,490,879		
Total comprehensive income/(loss) attributable to non-controlling interests		92,700	(184,696)		

The accompanying notes form part of the financial statements.

BANK'S STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

Item	Note VIII	The Group		The Bank	
		Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2018
I. Cash flows from operating activities:					
Net increase in customer deposits and due to banks and other financial institutions		33,448,907	30,258,530	33,817,707	34,697,419
Net decrease in balances with central bank and due from banks and other financial institutions		9,302,085	21,542,135	10,575,876	18,943,661
Net decrease in financial assets purchased under resale agreements		6,349,834	-	6,349,834	-
Net increase in financial assets sold under repurchase agreements		7,957,296	-	7,957,296	-
Net increase in borrowings from central bank		1,927,367	5,195,000	1,825,000	5,280,000
Net increase in disposal of held-for-trading financial assets		8,530,488	N/A	8,530,488	N/A
Interest received		26,271,358	23,141,576	25,268,848	22,002,828
Fee and commission received		3,356,420	3,599,050	3,408,968	3,658,929
Cash received relating to other operating activities		4,436,291	160,416	4,054,839	132,821
Sub-total of cash inflows		101,580,046	83,896,707	101,788,856	84,715,658
Net increase in loans and advances to customers		(57,784,760)	(37,395,867)	(55,388,508)	(37,615,191)
Net payment for lease assets		(86,033)	-	-	-
Net increase in financial assets purchased under resale agreements		-	(13,898,576)	-	(13,898,576)
Net decrease in financial assets sold under repurchase agreement		-	(5,795,297)	-	(5,795,297)
Net decrease in placements from banks and other financial institutions		(6,436,271)	(1,373,891)	(6,356,058)	(1,373,891)
Net increase in placements with banks and other financial institutions		(6,755,027)	(5,445,670)	(6,753,867)	(5,445,670)
Interest paid		(13,067,443)	(14,100,676)	(12,934,239)	(14,020,837)
Fee and commission paid		(466,029)	(235,202)	(458,727)	(227,910)
Cash payments to and on behalf of employees		(3,747,012)	(3,914,463)	(3,507,222)	(3,705,593)
Payments of various types of taxes		(4,103,448)	(3,789,666)	(3,998,755)	(3,624,441)
Cash paid relating to other operating activities		(1,996,154)	(3,240,585)	(1,756,126)	(3,055,927)
Sub-total of cash outflows		(94,442,177)	(89,189,893)	(91,153,502)	(88,763,333)
Net cash flows from operating activities	52(1)	7,137,869	(5,293,186)	10,635,354	(4,047,675)
II. Cash flows from investing activities:					
Cash received from disposal of investments		28,784,964	73,003,488	28,512,929	69,513,488
Cash received from returns on investments		10,296,952	7,450,824	10,275,499	7,458,790
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,211,949	27,478	1,211,718	12,328
Sub-total of cash inflows		40,293,865	80,481,790	40,000,146	76,984,606
Cash paid to acquire investments		(70,109,013)	(73,113,326)	(70,199,669)	(70,386,926)
Net cash paid to acquire subsidiaries		(158,735)	-	(611,100)	-
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(1,258,107)	(711,383)	(1,217,654)	(673,201)
Sub-total of cash outflows		(71,525,855)	(73,824,709)	(72,028,423)	(71,060,127)
Net cash flows used in investing activities		(31,231,990)	6,657,081	(32,028,277)	5,924,479

Item	Note VIII	The Group		The Bank	
		Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2018
III. Cash flows from financing activities:					
Net increase in interbank negotiable certificates of deposit issued		37,674,848	13,222,889	37,674,848	13,222,889
Cash receipts from capital contributions		-	4,786,909	-	4,786,909
Sub-total of cash inflows		37,674,848	18,009,798	37,674,848	18,009,798
Cash repayments of borrowings		(13,103,850)	(12,942,215)	(13,103,850)	(12,942,215)
Cash payments for distribution of dividends or profits or settlement of interest expenses		(2,687,406)	(2,769,918)	(2,632,697)	(2,739,520)
Sub-total of cash outflows		(15,791,256)	(15,712,133)	(15,736,547)	(15,681,735)
Net cash from financing activities		21,883,592	2,297,665	21,938,301	2,328,063
IV. Effect of foreign exchange rate changes on cash and cash equivalents		13,198	32,880	13,198	32,880
V. Net increase/(decrease) in cash and cash equivalents		(2,197,331)	3,694,440	558,576	4,237,747
Add: cash and cash equivalents at the beginning of the year		19,523,154	15,828,714	15,444,671	11,206,924
VI. Cash and cash equivalents at the end of the year	52(2)	17,325,823	19,523,154	16,003,247	15,444,671

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

Item	Year ended 31 December 2019							
	Capital and reserves attributable to shareholders of the Bank						Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings		
I. Balance at 31 December 2018	8,680,000	9,173,692	1,220,431	14,950,965	9,079,315	20,531,235	1,165,967	64,801,605
Add: Changes in accounting policies (Note V)	-	-	(496,049)	-	-	368,103	(3,214)	(131,160)
II. Opening balance of the year	8,680,000	9,173,692	724,382	14,950,965	9,079,315	20,899,338	1,162,753	64,670,445
III. Changes for the year								
(I). Total comprehensive income	-	-	502,294	-	-	8,845,647	92,700	9,440,641
(II). Shareholders' invested capital	-	-	-	-	-	-	-	-
1. Shareholders' invested capital	-	-	-	-	-	-	-	-
(III). Profit distribution	-	-	-	2,712,650	380,482	(4,573,132)	(54,707)	(1,534,707)
(1) Transfer to surplus reserve	-	-	-	2,712,650	-	(2,712,650)	-	-
(2) Transfer to general reserve	-	-	-	-	380,482	(380,482)	-	-
(3) Distributions to shareholders	-	-	-	-	-	(1,480,000)	(54,707)	(1,534,707)
(IV). Others	-	(225,753)	-	51,860	181,279	(233,139)	1,855,489	1,629,736
IV. Closing balance of the year	8,680,000	8,947,939	1,226,676	17,715,475	9,641,076	24,938,714	3,056,235	74,206,115

Item	Year ended 31 December 2018							
	Capital and reserves attributable to shareholders of the Bank						Non-controlling interests	Total shareholder' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings		
I. Opening balance of the year	8,000,000	5,111,058	37,701	12,663,142	8,197,253	17,672,971	1,334,779	53,016,904
II. Changes for the year								
(I). Total comprehensive income	-	-	1,182,730	-	-	7,308,149	(184,696)	8,306,183
(II). Shareholders' invested capital	680,000	4,106,909	-	-	-	-	-	4,786,909
1. Shareholders' invested capital	680,000	4,106,909	-	-	-	-	-	4,786,909
(III). Profit distribution	-	-	-	2,287,823	882,062	(4,449,885)	(30,398)	(1,310,398)
(1) Transfer to surplus reserve	-	-	-	2,287,823	-	(2,287,823)	-	-
(2) Transfer to general reserve	-	-	-	-	882,062	(882,062)	-	-
(3) Distributions to shareholders	-	-	-	-	-	(1,280,000)	(30,398)	(1,310,398)
(IV). Others	-	(44,275)	-	-	-	-	46,282	2,007
III. Closing balance of the year	8,680,000	9,173,692	1,220,431	14,950,965	9,079,315	20,531,235	1,165,967	64,801,605

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

Item	Year ended 31 December 2019						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total shareholders' equity
I. Balance at 31 December 2018	8,680,000	9,219,974	1,220,431	14,787,870	8,849,095	20,430,231	63,187,601
Add: Changes in accounting policies (Note V)	-	-	(496,049)	-	-	371,512	(124,537)
II. Opening balance of the year	8,680,000	9,219,974	724,382	14,787,870	8,849,095	20,801,743	63,063,064
III. Changes for the year							
(I). Total comprehensive income	-	-	502,294	-	-	8,311,891	8,814,185
(II) Shareholders' invested capital	-	-	-	-	-	-	-
1. Shareholders' invested capital	-	-	-	-	-	-	-
(III). Profit distributions	-	-	-	2,672,557	366,860	(4,519,417)	(1,480,000)
1. Transfer to surplus reserve	-	-	-	2,672,557	-	(2,672,557)	-
2. Transfer to general risk reserve	-	-	-	-	366,860	(366,860)	-
3. Distributions to shareholders	-	-	-	-	-	(1,480,000)	(1,480,000)
(IV). Others	-	-	-	-	-	-	-
IV. Closing balance of the year	8,680,000	9,219,974	1,226,676	17,460,427	9,215,955	24,594,217	70,397,249

Item	Year ended 31 December 2018						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total shareholders' equity
I. Opening balance of the year	8,000,000	5,111,058	36,522	12,539,563	7,988,262	17,416,928	51,092,333
II. Changes for the year							
(I). Total comprehensive income	-	-	1,183,909	-	-	7,402,443	8,586,352
(II) Shareholders' invested capital	680,000	4,106,909	-	-	-	-	4,786,909
1. Shareholders' invested capital	680,000	4,106,909	-	-	-	-	4,786,909
(III). Profit distributions	-	-	-	2,248,307	860,833	(4,389,140)	(1,280,000)
1. Transfer to surplus reserve	-	-	-	2,248,307	-	(2,248,307)	-
2. Transfer to general risk reserve	-	-	-	-	860,833	(860,833)	-
3. Distributions to shareholders	-	-	-	-	-	(1,280,000)	(1,280,000)
(IV). Others	-	2,007	-	-	-	-	2,007
III. Closing balance of the year	8,680,000	9,219,974	1,220,431	14,787,870	8,849,095	20,430,231	63,187,601

The accompanying notes form part of the financial statements.

I. BASIC INFORMATION

1. General information of the Bank

Shanghai Rural Commercial Bank Co., Ltd. (the "Bank") is a joint-stock commercial bank reconstructed from the former Shanghai Rural Credit Cooperatives, including 1 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.

The Bank obtained its finance approval license No. B0228H231000001 from 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, Huangpu District, Shanghai. The Bank replaced its business license on 18 May 2019, and the unified social credit code is No. 913100007793473149.

The Bank and its subsidiary (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 the CBRC.

2. Scope of the consolidated financial statements

The Bank's and consolidated financial statements are approved by the board of directors on 10 April 2020.

The scope of the consolidated financial statements for the current year includes the village banks and Yangtze United Financial Leasing Co., Ltd. (hereinafter referred to as "Yangtze Leasing"). For details, please refer to Note VII "Scope of the consolidated financial statements". Change in the consolidated financial statements for the year is arising from the acquisition of Yangtze Leasing, of which the details are set out in Note IX "Changes in scope of consolidation".

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has adopted Accounting Standards for Business Enterprises (the "ASBE") issued by the Ministry of Finance (the

"MOF") and become effective. As at 1 January 2019, the Group initially adopted Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No.23 - Transfer of Financial Assets, Accounting Standards for Business Enterprises No.22 - Hedging, and Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments (the "New Standards of Financial Instruments"). Impact of changes in such accounting policies are set out in Note V "Changes in accounting policies".

Going concern

The Group has evaluated its ability to continue as a going concern for 12 months since 31 December 2019, and no audit evidence had been obtained that a material uncertainty exists related to events or conditions that may cause significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements are prepared based on the going concern basis.

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Under the historical cost measurements, an asset acquired using cash or cash equivalents are recognised in its fair value. A liability is recognised in (1) the monetary item received or an asset in exchange due to its present obligation; (2) contractual amount due to its present obligation; or (3) the estimated amount of cash or cash equivalents will be paid in the ordinary course of business in the repayment of the liability.

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, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with the ASBE

The financial statements of the Bank have been prepared in accordance with ASBE, and present truly and completely, the Bank's and consolidated financial position as of 31 December 2019, and the Bank's and consolidated results of operations and cash flows for the year then ended.

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

3. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Group operates. Therefore, the Group chooses RMB as their functional currency. The Group adopts RMB to prepare its financial statements.

4. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

4.1 Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties before and after the combination, and that control is not transitory.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

4.2 Business combinations not involving enterprises under common control and goodwill

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or

parties before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

5. Preparation of the consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities. Control exists when the investor has all the following: power over the investee; exposure, or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. The Group shall reassess its control when changes in relevant facts and circumstances lead to changes in the elements of control.

The Group consolidates a subsidiary when obtaining control while terminates the consolidation when the Group loses control over a subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods

adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Bank.

All significant intra-group balances and transactions are eliminated on consolidation.

The portion of shareholders' equity that is not attributable to the Bank is treated as non-controlling interests and presented as "non-controlling interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to non-controlling interests is presented as "non-controlling interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount are still allocated against non-controlling interests.

Acquisition of non-controlling interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Bank's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

For the stepwise acquisition of equity interest till acquiring control after a few transactions and leading to business combination not involving enterprises under common control, this should be dealt with based on whether this belongs to 'package deal': if it belongs to 'package deal', transactions will be dealt as transactions to acquire control. If it does not belong to 'package deal', transactions to acquire control on acquisition date will be under accounting treatment, the fair value of acquirees' shares held before acquisition date will be revalued, and the difference between fair value and carrying amount will be recognized in profit or loss of the current period; if acquirees' shares held before acquisition date involve in changes of other comprehensive income and other shareholders' equity under equity method, this will be transferred to income of acquisition date.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights related to administrative tasks only and the relevant activities are directed by means of contractual agreements. Major examples of structured entities include: wealth management products, funds, trust and asset management plans.

6. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7. Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period, except that exchange differences arising from changes in the carrying amounts (other than the amortised cost) of financial asset monetary items measured at fair value through other comprehensive income are recognised as other comprehensive income.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognised in profit and loss or as other comprehensive income.

8. Financial instruments (effective from 1 January 2019)

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

All regular way purchases or sales of financial assets are recognized for acquired assets and assumed liabilities and derecognized for sold assets on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts. For accounts receivable excluding significant financing components or regardless of financing components of contracts less than one year recognized based on Accounting Standard for Business Enterprises No.14 - Revenue ("Standards for Revenue"), accounts receivable shall be measured at transaction price defined based on the Standards for Revenue on initial recognition.

Effective interest method is the method that is used in the calculation of the amortized cost of a financial asset or a financial liability and in the allocation of the interest income or interest expense over the relevant periods.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the net carrying amount of the financial asset or financial liability. When determining the effective interest rate, the Group estimates future cash flows

considering all contractual terms of the financial asset or financial liability (i.e. repayment in advance, term extension, call options or other similar options etc.), but does not consider expected credit loss.

The amortized costs of financial assets or financial liabilities are calculated at the initial recognized amounts of financial assets or financial liabilities less repaid principals, plus or less the cumulative amortization amount generated from amortization of differences between initial recognized amounts and amounts at maturity date, using effective rate method, as well as deducting accumulative provision for losses (only for financial assets).

8.1 Classification and measurement of financial assets

After initial recognition, the Group shall measure a financial asset at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL").

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows, the Group shall classify the financial asset into the financial asset measured at amortized cost. Such financial assets mainly include loans and advances to customers, debt investments and finance lease receivables.

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, the Group shall classify the financial asset into the financial assets at FVTOCI. Such financial assets are mainly presented as other debt investments and other equity instrument investments.

On initial recognition, the Group, based on an individual financial assets, can irrevocably designate non-tradable equity instrument investments as financial assets at FVTOCI, other than contingent considerations recognized in business combination not involving common control. Such financial assets are presented as other equity instrument investments.

The Group's purpose of holding the financial assets is for trading if one of the following conditions is satisfied:

- The purpose of acquiring the financial assets is to sell the assets in the near future;
- The relevant financial assets are, on initial recognition, a part of the centrally-managed identifiable financial instrument portfolio, and the objective evidence indicates that short-term profit model exists in the near future;
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial assets at FVTPL include financial assets classified as at FVTPL and those designated as at FVTPL:

- Financial assets that are not qualified to be classified as financial

assets at amortized cost or financial assets at FVTCOI are classified as financial assets at FVTPL;

- Upon initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group will irrevocably designate financial assets at FVTPL.

Financial assets at FVTPL, other than derivative financial assets, are presented under held-for-trading financial assets.

8.1.1 Financial assets at amortized cost

The financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition and impairment is recognized in profit or loss.

For financial assets measured at amortized cost, the Group recognizes interest income using effective interest method. The Group calculates and recognizes interest income through carrying amounts of financial assets multiplying effective interest, except for the following circumstances:

- Purchased or originated credit-impaired financial assets. For those financial assets, the Group shall apply the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition;
- For purchased or originated financial assets without credit impairment incurred while with credit impairment incurred in subsequent periods, the Group calculates and recognizes its interest income based on amortized cost of the financial asset and the effective interest in subsequent periods. If the credit risk of the financial asset is reduced during subsequent periods and credit impairment does not exist, and the improvement can be related to an event occurring after application of aforesaid provisions, the Group shall calculate and recognize interest income through carrying amount of financial assets multiplying effective interest.

8.1.2 Financial assets at FVTOCI

For financial assets classified as at FVTOCI, the impairment losses or gains, interest income calculated using effective interest method and exchange gains or losses are included in profit or loss for the period, except for fair value changes which are included in other comprehensive income. The amount included in profit or loss for each period equals to the amount recognized in profit or loss for each period as if the financial assets has been measured at amortized cost. Upon derecognition of the financial assets, the accumulated gains or losses previously included in other comprehensive income are transferred to profit or loss for the period.

8.1.3 Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss for the period.

8.2 Impairment of financial assets

The Group accounts for impairment and recognize loss allowance based on expected credit losses of financial assets at amortized cost, financial assets at FVTOCI, finance lease receivables, loan commitment and financial guarantee contracts other than

financial liabilities at FVTPL.

The Group measures the loss provision for all accounts receivable formed by transactions regulated by the income standard at the amount equivalent to the expected credit loss throughout the continuity.

For other financial instrument, other than purchased or originated credit-impaired financial assets, the Group assesses changes in credit risks of the relevant financial asset since initial recognition at each balance sheet date. If the credit loss of the financial instrument has been significantly increased since initial recognition, the Group will make a loss allowance at an amount of expected credit loss during the whole life; if not, the Group will make a loss allowance for the financial instrument at an amount in the future 12-month expected credit losses. Increase in or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment, except for financial assets classified as at fair value through other comprehensive income. The Group recognizes credit loss allowance for financial assets at FVOCI in other comprehensive income and recognizes loss/gain on impairment in profit or loss for the period, without reducing the carrying amount of the financial assets presented in the balance sheet.

The Group has made a loss allowance against amount of expected credit losses during the whole life in the prior accounting period. However, at the balance sheet date, the credit risk on a financial instrument has not increased significantly since initial recognition; the Group will measure the loss allowance for that financial instrument at an amount in the future 12-month expected credit losses. Reversed amount of loss allowance arising from such circumstances shall be included in profit or loss as impairment gains.

8.2.1 Significant increase in credit risk

The Group will make use of reasonable and supportable forward-looking information that is available to determine whether credit risk has increased significantly since initial recognition through comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment shall be considered to be the date of initial recognition for the purposes of applying the impairment requirements.

The Group will take the following factors into consideration when assessing whether credit risk has increased significantly:

- (1) Significant changes in the internal price indicators arising from changes in credit risk;
- (2) Significant changes in the interest rate or other terms of the financial instrument, if the existing financial instrument is originated or issued as a new financial instrument at the balance sheet date (such as stricter contract terms, increase in collateral or guaranty or higher rate of return, etc.);
- (3) Significant changes in the external market indicators of credit risk of the same financial instrument or similar financial instruments with the same expected duration. These indicators include: credit spreads, credit default swap prices for borrowers,

length of time and extent to which the fair value of financial assets is less than their amortized cost, and other market information related to the borrower (such as the borrower's debt instruments or changes in the price of equity instruments);

- (4) Significant changes in the external or expected external credit rating of financial instruments;
- (5) Whether the actual or expected internal credit rating of the debtor is lowered.;
- (6) Unfavourable changes in business, financial or economic conditions that are expected to result in a significant change in the ability of the debtor to meet its debt service obligations;
- (7) Significant changes in the actual or expected result of the debtor's operating results;
- (8) Significant increase in the credit risk of other financial instruments issued by the same debtor.
- (9) Significant adverse changes in the regulatory, economic or technological environment in which the debtor operates;
- (10) Significant changes in the value of the collateral or the guarantee provided by a third party or the quality of credit enhancement. These changes are expected to reduce the economic incentives of the debtor to repay the loan under the contractual deadline or affect the probability of default;
- (11) Significant changes in the economic incentives for borrowers to repay their loans under the contractual deadline;
- (12) Expected changes to loan contract, including the exemption or revision of contractual obligations, the granting of interest-free periods, the jump in interest rates, the requirement for additional collateral or guarantees, or other changes in the contractual framework for financial instruments that may result from the breach of contract;
- (13) Significant changes in the debtor's expected performance and repayment behaviour;
- (14) Significant changes in the Group's approach to credit management of financial instruments.

Regardless of whether the credit risk has increased significantly after the above assessment, when the financial instrument contract payment has been overdue for more than 30 days (inclusive), it indicates that the credit risk of the financial instrument has increased significantly.

8.2.2 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (1) Significant financial difficulty of the issuer or the borrower;
- (2) A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;

(3) The creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting a concession to the debtor;

(4) It becoming probable that the debtor will enter bankruptcy or other financial reorganizations;

(5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the debtor;

(6) Purchase or originate a financial asset with a large scale of discount, which reflects facts of credit loss incurred.

Regardless of the above assessment results, if the financial instrument contract payment has expired for more than 90 days (inclusive), the Group presumes that the financial instrument has defaulted.

8.2.3 Recognition of expected credit losses

The Group recognizes the credit loss on related financial instruments of debt investments with impairment matrix on a collective basis. The Group can group financial instruments on the basis of shared credit risk characteristics. Examples of shared credit risk characteristics may include, but are not limited to, the instrument type, collateral type, date of initial recognition, residual contract term, industry of the debtor, value of collateral to the financial assets.

The Group determines expected credit losses of relevant financial instruments using the following methods:

- For financial assets, a credit loss is the present value of the difference between: (a) The contractual cash flows that are due to the Group under the contract; and (b) the cash flows that the Group expects to receive;
- For lease receivables, a credit loss is the present value of the difference between: (a) The contractual cash flows that are due to the Group under the contract; and (b) the cash flows that the Group expects to receive;
- For undrawn loan commitments, the holder of the loan commitment draws down the loan, the credit loss is the present value of the difference between the contractual cash flows that are due to the Group and the cash flows that the Group expects to receive. The Group's estimates on expected credit loss of loan commitments is consistent with its expectation on the drawdown of loan commitment.
- For a financial asset that is credit-impaired at the balance sheet date, but that is not a purchased or originated credit-impaired financial asset, the Group shall measure the expected credit losses as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The factors reflected in methods of measurement of expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; time value of money; reasonable and supportable information about past events, current conditions and forecasts on future economic status at balance sheet date without unnecessary additional costs or efforts.

8.2.4 Written-off of financial assets

The Group shall directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Such write-off constitutes derecognition of relevant financial asset.

8.3 Transfer of financial assets

The Group shall derecognize a financial asset when: (1) the contractual rights to the cash flows from the financial asset expire, (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) the financial asset has been transferred, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, the Group will recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognize an associated liability. Relevant liabilities are measured using the following methods:

- If the transferred financial asset is measured at amortized cost, the carrying amount of relevant liabilities is the carrying amount of continuing involvement in the transferred financial asset less the amortized cost of the rights retained by the Group (if the Group retains rights for the transfer of the financial asset) plus the amortized cost of the obligations undertaken by the Group (if the Group undertakes relevant obligations for the transfer of the financial asset), and the relevant liabilities are not designated as financial liabilities at fair value through profit or loss;
- If the transferred financial asset is measured at fair value, the carrying amount of relevant liabilities is the carrying amount of continuing involvement in the transferred financial asset less the fair value of the rights retained by the Group (if the Group retains rights for the transfer of the financial asset) plus the fair value of the obligations undertaken by the Group (if the Group undertakes relevant obligations for the transfer of the financial asset), and the fair value of the rights and liabilities is measured on a stand-alone basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between the carrying amount of the financial asset transferred at the date of derecognition and the sum of the consideration received from the transfer and accumulated amount originally recognized in changes in fair value of other comprehensive income is recognized in profit or loss. If the transferred assets are non-tradable equity instrument designated as financial assets at FVTOCI, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

For a part of transfer of a financial asset that satisfies the derecognition criteria, the carrying amount of the transferred financial asset is allocated between the part that is derecognized and the part that is continuously involved, based on the respective fair values of those parts on transfer date. The difference between (1) the sum of the consideration received for the part

derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income; and (2) the carrying amount allocated to the part derecognized on derecognition date; is recognized in profit or loss. If the transferred assets are non-tradable equity instrument designated as financial assets at FVTOCI, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group will continuously recognize the transferred financial asset in its entirety. Considerations received due to transfer of assets should be recognized as a financial liability upon receipts.

8.4 Asset-backed securities business

As part of the Group's operating activities, the Group securitises a portion of credit assets by selling these assets to structured entities, and the structured entities issued the assets-backed securities to investors. Conditions for derecognition of relevant financial assets are set out in Note III, 8.3. When applying the derecognising conditions of financial assets, the Group has already taken into account the extent of transfer of the risks and rewards of those assets transferred to the other structured entity, as well as the extent of control over such entity by the Group. If the derecognising conditions of credit-backed securities are not satisfied, the related financial assets are not derecognised, but the funds raising from third party investors will be treated as financing models. For asset-backed securities of which the Group neither transfers nor retains substantially all the risks and rewards, the Group will consider whether it retains control of the financial assets. The financial assets will be derecognized if the Group retains no control. Any rights and obligations retained from the transfer will be recognized as assets or liabilities respectively. If the Group retains control, it will continue to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset.

8.5 Classification, recognition and measurement of financial liabilities

8.5.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL comprise held-for-trading financial liabilities (including derivative instruments that belong to financial liabilities) and financial liabilities designated as at FVTPL. Financial liabilities at FVTPL are presented as held-for-trading financial liabilities, except the derivative financial liabilities, which are presented separately.

A financial liability is classified as held-for-trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability may be designated as at FVTPL upon initial recognition if: (1) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would

otherwise arise; or (2) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; (3) the qualified hybrid financial instrument combines financial asset with embedded derivatives.

Held-for-trading financial liabilities are subsequently measured at fair value. Any gains or losses arising from changes in the fair value or any dividend or interest expenses related to the financial liabilities are recognised in profit or loss.

For financial liabilities designated as at FVTPL, any changes in fair value are included in profit or loss for the period, except those arising from the Group's own credit risk are included in other comprehensive income. The accumulated changes in fair value of such financial liabilities arising from the Group's own credit risk previously included in other comprehensive income are transferred to retained earnings upon the derecognition. Dividends or interest expenses related to the financial liabilities are recognized in profit or loss for the period. If the above accounting treatment for impact of changes in fair value arising from the Group's own credit risk will cause or enlarge the accounting mismatch for profit or loss, the Group shall include all the gains or losses of such financial liabilities (including the amount affected by the Group's own credit risk) in profit or loss for the period.

8.5.2 Other financial liabilities

Other financial liabilities, other than financial liabilities arising from financial assets of which the transfer does not meet the conditions for derecognition or continue to be involved in transferred financial assets, financial guarantee contracts and loan commitments, are classified as financial liabilities subsequently measured at amortized cost, with gain or loss arising from derecognition or amortization recognized in profit or loss.

Where the Group and its counterparty modify or renegotiate the contract does not result in derecognition of a financial liability subsequently measured at amortized cost but result in changes in contractual cash flows, the Group will recalculate the carrying amount of the financial liability, with relevant gain or loss recognized in profit or loss. The Group will determine carrying amount of the financial liability based on the present value of renegotiated or modified contractual cash flows discounted at the financial liability's original effective interest rate. For all costs or expenses arising from modification or renegotiation of the contract, the Group will adjust the modified carrying amount of the financial liability and make amortization during the remaining term of the modified financial liability.

8.5.2.1 Financial guarantee contracts and loan commitments

A financial guarantee contract is a contract by which the issuer is required to compensate specific amount to the contract holder suffering losses in case the specific debtor fails to settle the debt in accordance with the initial or revised terms of debt instrument when the debt falls due. Financial guarantee contracts that

are not designated as financial liabilities at FVTPL or financial liabilities arising from transfer of financial assets that doesn't not satisfy the derecognition criteria or continuing involvement in the transferred financial asset, and loan commitments to provide a loan at a below-market interest rate, which are not designated at fair value through profit or loss are subsequently measured after initial recognition at the higher of: (i) amount of loss allowance; and (ii) the amount initially recognized less cumulative amortization recognized in accordance with related terms of Revenue Standards.

8.6 Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (a debtor) and a lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

8.7 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Change in fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders' equity.

8.8 Derivatives and embedded derivatives

Derivative financial instruments include forward exchange contracts, currency swaps and interest rate swaps. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value. The resulting gain or loss is recognised in profit or loss for the period.

For the hybrid contract composed of embedded derivative and host contract, if the host contract belongs to the financial assets, the Group does not separate the embedded derivative from the hybrid contract but considers the hybrid contract as a whole subject to the accounting standard on the classification of financial assets.

If the host contract included in the hybrid contract does not belong to financial assets, and meets the following criteria, the Group separates the embedded derivative from the hybrid contract and treats it as a standalone derivative.

(1) The economic characteristic of the embedded derivative is not closely related to the economic characteristic and risk of the host contract;

(2) The separate instrument with the same terms as the embedded derivative meets the definition of a derivative;

(3) The hybrid contract is not accounted for as measured at fair value through profit or loss.

If the embedded derivative is separated from the hybrid contract, the Group accounts for the host contract of the hybrid contract based on the applicable accounting standard. If the Group is unable to measure the fair value of the embedded derivative based on relevant terms and conditions of the embedded derivative reliably, the fair value of such embedded derivative is based on the difference between the fair value of the hybrid contract and that of the host contract. Upon application of the above method, if the Group is still unable to measure the fair value of the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it designates the entire hybrid contract as a financial instrument at fair value through profit or loss.

8.9 Offsetting a financial asset and a financial liability

Where the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

9. Financial instruments (applicable prior to 1 January 2019)

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initially recognised amounts.

9.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amounts of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

9.2 Classification, recognition and measurement of financial assets

On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

9.2.1 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated as at fair value through profit or loss.

A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of selling in the near term; or (2) On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial asset may be designated as at Financial assets at fair value through profit or loss upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognising the gains or losses on them on different bases; or (2) The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis. (3) The qualified hybrid financial instrument combines financial asset with embedded derivatives.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss.

9.2.2 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss for the period.

9.2.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active

market. The Group's financial assets classified as loans and receivables comprise: balances with central bank, due from banks and other financial institutions, placements with banks and other financial institutions, financial assets purchased under resale agreements, interest receivable, loans and advances to customers, receivables investment and other receivables.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss.

9.2.4 Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognised as other comprehensive income, except that impairment losses and exchange differences related to amortised cost of monetary financial assets denominated in foreign currencies are recognised in profit or loss, until the financial assets are derecognised, at which time the gains or losses are released and recognised in profit or loss.

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognised in interest income and investment income.

For investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost.

9.3 Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes the following observable events:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (3) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial re-organisations;

(5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;

(6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:

- Adverse changes in the payment status of borrower in the group of assets;

- Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;

(7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;

(8) A significant or prolonged decline in the fair value of an investment in equity instrument below its cost, i.e., as at the balance sheet date, the fair value of an equity instrument is lower than its initial investment cost over 50% (including 50%) or the fair value has been lower than its initial investment cost for over 12 months (including 12 months);

(9) Other objective evidence indicating there is an impairment of a financial asset.

9.3.1 Impairment of financial assets measured at amortised cost

If financial assets carried at amortised cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognised as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortised cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. However, the reversal is made to the extent that the carrying amounts of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

9.3.2 Impairment of available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognised directly in other comprehensive income is reclassified from the other comprehensive income to profit or loss. The amount of the cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognised as other comprehensive income, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognised in profit or loss.

9.3.3 Impairment of financial assets measured at cost

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, or on a derivative financial asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the carrying amounts of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognised as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognised.

9.4 Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) the financial asset has been transferred, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the de-recognition criteria, the difference between (1) the carrying amounts of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amounts of the transferred financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair values of those parts. The difference between (1) the carrying amounts allocated to the part derecognised; and (2) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss.

9.5 Asset-backed securities business

As part of the Group's operating activities, the Group securitises a portion of credit assets by selling these assets to structured entities, and the structured entities issued the assets-backed securities to investors. Conditions for derecognition of relevant financial assets are set out in Note III, 9.4. When applying the derecognising conditions of financial assets, the Group has already taken into account the extent of transfer of the risks and rewards of those assets transferred to the other structured entity, as well as the extent of control over such entity by the Group. If the derecognising conditions of credit-backed securities are not satisfied, the related financial assets are not derecognised, but the funds raising from third party investors will be treated as financing models. For asset-backed securities of which the Group neither transfers nor retains substantially all the risks and rewards, the Group will consider whether it retains control of the financial assets. The financial assets will be derecognized if the Group retains no control. Any rights and obligations retained from the transfer will be recognized as assets or liabilities respectively. If the Group retains control, it will continue to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset.

9.6 Classification, recognition and measurement of financial liabilities

Financial instruments issued by the Group are classified into financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature not only its legal form, together with the definition of financial liability and equity instruments.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

9.6.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of financial liabilities at Financial liabilities at fair value through profit or loss and those designated as at Financial liabilities at fair value through profit or loss.

A financial liability is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of repurchasing in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to

and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial liability may be designated as at Financial liabilities at fair value through profit or loss upon initial recognition only when one of the following conditions is satisfied: (1) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring liabilities or recognising the gains or losses on them on different bases; (2) the financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; and (3) The qualified hybrid financial instrument combines financial asset with embedded derivatives.

Financial liabilities at Financial liabilities at fair value through profit or loss are subsequently measured at fair value. Any gains or losses arising from changes in the fair value or any interest expenses related to the financial liabilities are recognised in profit or loss.

During the reporting period, the Group had no financial liabilities designated as at Financial liabilities at fair value through profit or loss on initial recognition.

9.6.2 Other financial liabilities

For a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, it is subsequently measured at cost. Other financial liabilities, other than the financial guarantee contracts and loan commitments, are subsequently measured at amortised cost using the effective interest method, with gain or loss arising from derecognition or amortisation recognised in profit or loss.

9.6.3 Financial guarantee contracts and loan commitment

A financial guarantee contract is a contract by which the guarantor and the lender agree that the guarantor would settle the debts or bear obligations in accordance with terms of the contract in case the borrower fails to settle the debts. Financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss, or loan commitments to provide a loan at a below-market interest rate, which are not designated at fair value through profit or loss, are initially measured at their fair values less the directly attributable transaction costs. Subsequent to initial recognition, they are measured at the higher of: (i) the amount determined in accordance with Accounting Standard for Business Enterprises No. 13 - Contingencies; and (ii) the amount initially recognised less cumulative amortisation recognised in accordance with the principles set out in Accounting Standard for Business Enterprises No. 14 - Revenue.

9.7 Derecognition of financial liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different

terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amounts of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

9.8 Derivatives and embedded derivatives

Derivative financial instruments include forward exchange contracts, currency swaps and interest rate swaps. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently remeasured at fair value. The resulting gain or loss is recognised in profit or loss for the period.

An embedded derivative is separated from the hybrid instrument, where the hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss, and treated as a standalone derivative if (1) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and (2) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the Group is unable to measure the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it designates the entire hybrid instrument as a financial asset or financial liability at fair value through profit or loss.

9.9 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

9.10 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Change in fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders equity.

10. Precious metals

Precious metals that are not related to the Group's trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals that are related to the Group's trading activities are initially and subsequently recognised at fair value,

with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise.

11. Held-for-sale assets

When the Group recovers its carrying amount mainly by selling (including the exchange of non-monetary assets of a commercial nature) rather than continuing to use a non-current asset or disposal group, it is classified as held-for-sale.

The non-current assets or disposal group classified as held-for-sale shall meet the following conditions: (1) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group; (2) the sale is very likely to occur, that is, the Group has made a resolution on a sale plan and obtained a firm commitment to purchase, and it is expected that the sale will be completed within one year.

The net amount after the sale expenses shall be recognized as the impairment loss of assets and included in profit or loss for the period, and the impairment provision for held-for-sale assets shall be made at the same time. When there is increase in the net amount of fair value of non-current assets held for sale less costs to sell at the balance sheet date, the original deduction should be reversed in impairment loss of assets recognized after the classification of held-for-sale category, and the reverse amount is included in profit or loss for the period.

Non-current assets held for sale or non-current assets in the disposal group are not depreciated or amortized and interest and other expenses on liabilities in the disposal group held for sale continue to be recognised.

12. Long-term equity investments

12.1 Basis for determining joint control and significant influence

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. When determining whether an investor can exercise significant influence over an investee, the effect of potential voting rights (i.e. warrants and convertible bonds) held by the investors or other parties that are currently exercisable or convertible shall be considered.

12.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition at the date of acquisition. Where equity interests in

an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving entities under common control, the acquirer shall determine if these transactions are considered to be a "package deal". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of long-term equity investments that was changed to be accounted for using cost method. If the equity previously held was accounted for using the equity method, the corresponding other comprehensive income is not subject to accounting treatment temporarily.

The expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

A long-term equity investment acquired otherwise than through a business combination shall be initially measured at cost. When an investor becomes capable of exercising joint control or significant influence (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with "Accounting Standard for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments" and the additional investment cost.

12.3 Subsequent measurement and the recognition of profit or loss

12.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Bank's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

12.3.2 Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is a joint agreement in which the Group has rights only to the net assets of such arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the long-term equity investment shall recognise its share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income and other comprehensive income, and adjust the carrying amounts of the investment accordingly. Meanwhile, carrying amount of long-term equity investment is adjusted: the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; Other changes in shareholders' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The investor shall recognise its share of the investee's net profits or losses after making appropriate adjustments based on the fair values of the investee's identifiable net assets at acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those used by the investor, the investor shall, using its own accounting policies and accounting period, adjust the relevant items of the financial statements of the investee, and recognise investment income or losses, other comprehensive income, and other related items, based on the adjusted financial statements of the investee. Unrealized gains or losses resulting from the Group's transactions with its associates and joint ventures, which do not constitute a business, are eliminated based on the proportion attributable to the Group and then investment gains or losses is recognised. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognising its share of net losses of the investee after the carrying amounts of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

12.4 Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amounts is recognised in profit or loss for the period. For a long-term equity investment accounted for using the equity method, if remaining shares after the disposal are still accounted for using the equity method, other comprehensive income previously recognized under equity method shall be accounted for on the same basis as the investee had directly disposed of the related assets or liabilities, and profit or loss is carried forward proportionately; Other shareholders' equity recognised from changes of shareholders' equity except for net profit or loss, other comprehensive income and profit distribution is recognized in profit or loss of current period and carried forward proportionately. For a long-term equity investment accounted for using the cost method, if remaining shares after the disposal are still accounted for using the cost method, other comprehensive income recognised before controlling the investee according to equity method or recognition and measurement of financial

instruments, is accounted for on the basis as the investee had directly disposed of the related assets or liabilities, and recognized in profit or loss for the period and carried forward proportionately; other changes in shareholders' equity of the investee's net assets (other than net profit or loss, other comprehensive income and profit distribution) recognized under equity method are recognized in profit or loss for the period and carried forward proportionately.

13. Fixed assets

13.1 Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amounts of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

13.2 Depreciation method

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation period (years)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Building	20	5.00	4.75
Transportation equipment	5	5.00	19.00
Electronic equipment	5-10	5.00	9.50-19.00
Machinery	5-10	5.00	9.50-19.00
Office equipment	5-10	5.00	9.50-19.00

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

13.3 Other explanations

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset

net of the carrying amounts and related taxes is recognised in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in accounting estimate.

14. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

15. Intangible assets

15.1 Recognition criteria for intangible assets

Intangible assets include land use right and software, etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortised over its estimated useful life using the straight-line method.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the year, and makes adjustments when necessary.

15.2 Research and development expenditure

Expenditure during the research phase is recognised as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognised as intangible asset. Expenditure during development phase that does not meet the following conditions is recognised in profit or loss for the period.

- (1) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) The Group has the intention to complete the intangible asset and use or sell it;
- (3) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of them

in profit or loss for the period. Cost of intangible assets arising from internal development activities comprises total expenses incurred for the period from the time point when capitalisation conditions are met till the intangible assets are available for their intended use. During the development process of the same intangible asset, any amount that has been expensed and recorded in profit or loss before the capitalization conditions are met will not be adjusted.

16. Impairment of long-term assets

The Group reviews the long-term equity investments, fixed assets, construction in progress, intangible assets with a finite useful life and long-term prepaid expenses at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

The estimated recoverable amount of an asset is based on a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset.

If the recoverable amount of an asset is less than its carrying amount, the difference between the recoverable amount and the carrying amount shall be used as the provision for impairment of the asset and recorded in the profit and loss for the current period.

Once the impairment losses of the aforesaid assets are recognized, they shall not be reversed in subsequent accounting periods.

17. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

18. Employee benefits

18.1 Accounting treatment of short-term benefits

The Group shall recognise, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset. The Group shall, based on the actually incurred amount, charge the occurred employee benefits to the profit or loss for the current period or include in the cost of relevant asset. Employee benefits which are non-monetary benefits shall be measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical

insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as trade union fund and employee education fund provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

18.2 Accounting treatment of post-service benefits

Post-service benefits are classified into defined contribution plan and defined benefit plan.

The Group shall recognise, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as liability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

For the defined benefit plan, the Group will assign the welfare obligations generated by the defined benefit plan to the period during which the employee provides services according to the formula determined by the expected cumulative welfare unit law, and record them into the current profit and loss or related asset costs. The employee compensation costs arising from the defined benefit plan are divided into the following components:

- Service costs (including current service costs, past service costs and settlement gains and losses);
- The net interest on the net liabilities or net assets of the benefit plan (including the interest income on the assets of the plan, the interest expense on the defined benefit plan and the interest affected by the asset ceiling); As well as
- Remeasure changes in net liabilities or net assets of defined benefit plans.

Service costs and net interest on net liabilities or net assets of the defined benefit plan are included in the current profits and losses. Remeasurements of the net defined benefit liability (asset) (including actuarial gains and losses, the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)) are recognized in other comprehensive income.

The deficit or surplus resulting from the present value minus the fair value of the assets of a defined benefit plan is recognized as a net liability or net asset of a defined benefit plan. If there is a surplus in the defined benefit plan, the net assets of the defined benefit plan shall be measured at the lower of the surplus and the asset ceiling of the defined benefit plan.

18.3 Accounting treatment of termination benefits

A liability for a termination benefit is recognized in profit or loss for the period at the earlier of : when the Group cannot unilaterally withdraw the termination welfare provided due to the termination of labour relationship plan or reduction proposal; When the Group recognises the costs or expenses related to the restructuring related to the payment of severance benefits.

19. Assets transferred under repurchase agreements

19.1 Financial assets purchased under resale agreements

Financial assets that have been purchased under agreements with a commitment to resell at a specific future date are not recognised in the balance sheet. The cost of purchasing such assets is presented under "financial assets purchased under resale agreements" in the balance sheet. The difference between the purchasing price and reselling price is recognised as interest income during the term of the agreement using the effective interest method.

19.2 Financial assets sold under repurchase agreements

Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognised in the balance sheet. The proceeds from selling such assets are presented under "financial assets sold under repurchase agreements" in the balance sheet. The difference between the selling price and repurchasing price is recognised as interest expense during the term of the agreement using the effective interest method.

20. Provisions

Provisions are recognised when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

21. Interest income and expenses

Interest income and expense are recognised in profit or loss for interest-bearing financial instruments using the effective interest method. If the difference between the effective interest rate and contracted interest rate is relatively small, then the contracted interest rate can be used as well.

22. Fee and commission income

Fee and commission income are recognised when the services are rendered on accrual basis.

23. Categories of and accounting treatment for government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no

consideration. A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive 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 non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period. Government grants shall be related to an asset or to income due to the nature of the beneficiary in the government's document.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period.

A government grant related to the daily activities of the Bank shall be included in other income or write-down related costs in accordance with the economic business essence. A government grant unrelated to the daily activities of the Bank shall be included in non-operating income or expense.

For repayment of a government grant already recognised, the book value of the related assets reduced in the initial confirmation shall be adjusted. If there is related deferred income, the repayment is offset against the carrying amounts of the deferred income, and any excess is recognised in profit or loss for the period. If there is no related deferred income, the repayment is recognised immediately in profit or loss for the period.

24. Income tax

The income tax expenses include current income tax and deferred income tax.

24.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

24.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amounts of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition

of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amounts of goodwill.

At the balance sheet date, the carrying amounts of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

24.3 Offset of income tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

25. Entrusted and agency services

The Group commonly acts as a trustee, or in other fiduciary capacities, that result in its holding or managing assets on behalf of its customers. Storage and repayment duty are not recognised in the Group's financial statements.

The Group administers entrusted loans on behalf of third-party lenders. In this regard, the Group grants loans to borrowers, as agent, at the direction of the third-party lenders, who fund these loans. The Group has been contracted by these third-party lenders to manage the administration and collection of these loans on their behalf. The third-party lenders determine both the underwriting criteria for and all terms of the entrusted loans including their purposes, amounts, interest rates and repayment schedule. The Group charges a commission related to its activities in connection with the entrusted loans which is recognised ratably over the period the service is provided, but the risk of loss is borne by the third-party lenders.

26. Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

26.1 Accounting treatment of operating leases

26.1.1 The Group as lessee under operating leases

Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and are charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

26.1.2 The Group as lessor under operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

26.2 Accounting treatment of finance leases

26.2.1 The Group as lessor under finance leases

At the commencement of the lease term, the aggregate of the minimum lease receivable at the inception of the lease and the initial direct costs is recognised as a finance lease receivables, and the unguaranteed residual value is recorded at the same time. The difference between the aggregate of the minimum lease receivable, the initial direct costs and the unguaranteed residual value, and the aggregate of their present values is recognised as unearned finance income.

Unearned finance income is recognised as finance income for the period using the effective interest method over the lease term. Contingent rents are credited to profit or loss in the period in which they are actually incurred.

The net amount of finance lease receivables less unearned finance income is separated into long-term debts receivable and the portion of long-term debts receivable due within one year for presentation.

27. Capital for debt payment

For the debt restructuring in which assets are used as payment for debts, assets accepted, excluding financial assets, are measured at cost upon initial recognition. Costs of the capital for debt payment are composed of the fair value of the waived creditors' rights and any other costs directly attributable to such assets that may incur as to bring the assets for their intended use, such as the taxes, transportation fees, loading and unloading expenses, installation expenses, and service fees of professional personnel etc. The difference between the fair value and carrying amount of the waived creditors' rights is recognized in profit or loss for the period.

At the balance sheet date, capital for debt payment is measured at the lower of its carrying amount and net realizable value. Provision for decline in value of capital for debt payment shall be made when its net realizable value is lower than the carrying amount.

When capital for debt payment is disposed, the difference between proceeds from the disposal and the carrying amount is recognized in gains on disposal of assets.

When the capital for debt payment is transferred to self-use asset, it shall be recognised at the account balance at the date when it is transferred. Any impairment provision made for decline in value of capital for debt payment shall be carried forward accordingly.

IV. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of the Group's accounting policies, which are described in Note III, the Group are required to make judgments, estimate and assumption about the carrying amounts of items in the financial statements that cannot be measured accurately due to the inherent uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or if is recognised in the period of the change and future periods, if the change affects both.

The following are the significant judgments, key assumptions and accounting estimates that the Group have made and that

have significant effect on the amounts recognised in the financial statements at the balance sheet date:

Fair value of financial instruments

The fair value of financial instruments that is not quoted in active markets is determined by using valuation techniques. The Group apply valuation techniques including discounted cash flow model, Black Scholes model, etc. To the extent practical, discounted cash flow models use only observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

Classification of financial instruments (effective from 1 January 2019)

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test.

When assessing whether the contractual cash flows of financial assets are consistent with the loan arrangements, the Group make the following judgments: whether the time arrangement and amount of the principal may be changed during the term of the financial assets due to factors such as early repayment; whether the interest only includes the time value of money, credit risk, other basic loan risks, and considerations for cost and profit. For example, whether the amount of early repayment reflects only the outstanding principal and interest on the principal amount outstanding, and the reasonable compensation paid for early termination of the contract.

The Group determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

IV. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES - continued

Impairment under expected credit loss ("ECL") model (effective from 1 January 2019)

The measurement of ECL adopts complex models and a number of assumptions that are related to the future macroeconomic conditions and customer's credit behaviour. The measurement of ECL in accordance with the accounting standards involves a number of significant judgements, including:

Significant increase in credit risk: The Group make use of reasonable and supportable forward-looking information that is available to determine whether credit risk has increased significantly since initial recognition through comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group take into account qualitative and quantitative reasonable and supportable forward looking information.

Credit impaired: In determining whether impairment occurs under accounting standards of financial instruments, the Group adopt the judgement criteria consistent with the internal credit risk management objective of relevant financial instruments, and considers the quantitative and qualitative indicators at the same time. The indicators that the Group considers in determining whether a credit impairment occurs for the debtors include: major internal rating, overdue days and their solvency. Credit impairment of the financial assets may incurred by multiple events, not always incurred by the event that can be individually identified.

Establishing groups of assets with similar credit risk characteristics: When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitor the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets move from 12-month to lifetime ECL when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECL but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used: The Group use various models and assumptions in estimating ECL of the financial assets. Judgement is applied in identifying the most appropriate model for each type of financial asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Forward-looking information: When measuring ECL the Group use reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of Default ("PD"): PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss Given Default ("LGD"): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows and those that the lender would expect to receive,

taking into account cash flows from collateral and integral credit enhancements.

Refer to Note XV.2.2 for details of forward-looking information, ECL, Probability of Default and Loss Given Default of the Group.

Impairment of loans and advances to customers (applicable prior to 1 January 2019)

The Group assess impairment provision for loans and advances to customers on each balance sheet date. In determining whether loans and advances to customers have suffered an impairment loss, the Group make judgments based on the observable data which indicates there is a significant decrease in the cash flows of loans and advances to customers. The determination of recoverability of loans and advances to customers requires significant judgements on factors such as the financial position of borrower and guarantor, the collateral and risks of specific transactions. The evidences that indicate an impairment of loans and advances to customers include: there has been an adverse change in the repayment ability of borrowers in a loan group, or changes in national or local economic conditions may lead to defaults of borrowers in a loan group. The impairment loss for a loan and advance individually assessed is the difference between the present value of estimated discounted future cash flows and the carrying amount. When loans and advances to customers are collectively assessed for impairment, the Group estimate the expected future cash flows of loans and advances to customers based on historical experience of objective evidence on impairment losses of assets with similar credit risk characteristics. The methodology and assumptions used for estimating the amount and timing of future cash flows are reviewed regularly by the Group to reduce the differences between estimated impairment loss and actual impairment loss of loans and advances to customers.

Judgement on consolidation of structured entities

Where the Group act as a manager or investor of structured entities, the Group makes assessment on whether it is the principal or an agent to judge whether the Group controls the structured entities and should consolidate them. When performing this assessment, the Group considers several factors including, among other things, the scope of its decision-making authority over the structured entities, the rights held by other parties, the remuneration to which it is entitled in accordance with the related agreements for the management services, the Group's exposure to variability of returns from interests that it holds in the structured entities..

Income taxes

Significant estimates are required in determining the provision for income tax. There are certain transactions for which the calculation and ultimate tax determination are uncertain; in particular, the deductibility of certain items is subject to tax authority approval. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences may affect the current income tax, deferred income tax, income tax liabilities payable, deferred tax assets and deferred tax liabilities in the period in which the final determination is made.

V. CHANGES IN ACCOUNTING POLICIES

1. New Standards of Financial Instruments

The Group have adopted the New Standards of Financial Instruments revised by the Ministry of Finance since 1 January 2019.

In terms of the classification and measurement of financial assets, in accordance with the New Standards of Financial Instruments, an entity shall classify financial assets as subsequently measured at amortized cost, at FVTOCI and at FVTPL on the basis of the contractual cash flow characteristics of the financial assets and the entity's business model for managing the financial assets. The original classifications of financial assets, such as loans and receivables, held-to-maturity investments and available-for-sale financial assets in the Original Standards of Financial Instruments are no longer adopted.

For investments in equity instruments, the entity shall generally classify them as measured at fair value through profit or loss, and for investments in non-tradable equity instruments, the entity is allowed to designate them as measured at fair value through other comprehensive income provided that such designation is irrevocable and the accumulated changes in fair value initially recorded in other comprehensive income cannot be carried forward to profit or loss at disposal.

In terms of the impairment of financial assets, requirements relative to impairments in the New Standards of Financial Instruments are applicable to financial assets measured at amortized cost, financial assets at FVTOCI, specific unutilized loan commitment and financial guarantee contracts. The New Standards of Financial Instruments require to replace the previous incurred credit loss model with the expected credit loss model. As required by the new impairment model, a three-phase model shall be adopted, so that provisions for credit losses will be recognized as the expected credit losses within 12 months or the full lifetime based on whether credit risks of relevant items have been increased significantly from the initial recognition.

For the requirements of the recognition and measurement of financial instruments before 1 January 2019 inconsistent with those of the New Standards of Financial Instruments, the Group make retrospective adjustments in accordance with the New Standards of Financial Instruments. The Group make no adjustments for the previous comparative data inconsistent with the requirements of the New Standards of Financial Instruments. The difference between the original carrying amount of the financial instruments and the new carrying amount at the date implementing the New Standards of Financial Instruments is recognized in the retained earnings or other comprehensive income as at 1 January 2019. For the detailed impact of the application of New Standards of Financial Instruments as at 1 January 2019, refer to the below table.

Impact of classification and measurement

Item	Carrying amount presented in accordance with the Original Standards As at 31 December 2018	Impact of applying New Standards of Financial Instruments								Carrying amount presented in accordance with the New Standards As at 1 January 2019
		Reclassification						Remeasurement		
		Transferred from placements with banks and other financial institutions (Note 1)	Transferred from loans and advances to customers (Note 2)	Transferred from receivables investment (Note 3)	Transferred from available-for-sale financial assets (Note 4)	Transferred from held-to-maturity investments (Note 5)	Transferred from financial assets at FVTPL (Note 6)	Expected credit loss (Note 7)	Measured at fair value from amortised cost	
Due from banks and other financial institutions	11,235,385	-	-	-	-	-	-	(6,798)	-	11,228,587
Placements with banks and other financial institutions measured at amortised cost	40,525,892	(4,690,000)	-	-	-	-	-	(55,330)	-	35,780,562
Placements with banks and other financial institutions at FVTOCI	-	4,690,000	-	-	-	-	-	-	7,068	4,697,068
Precious metals	161,067	-	-	-	-	-	-	-	-	161,067
Financial assets at FVTPL	7,264,796	-	-	-	-	-	(7,264,796)	-	-	-
Financial assets purchased under resale agreements	40,636,088	-	-	-	-	-	-	(26,618)	-	40,609,470
Loans and advances to customers measured at amortised cost	394,034,412	-	(57,308,425)	-	-	-	-	(9,184)	-	336,716,803
Loans and advances to customers at FVTOCI	-	-	46,355,264	-	-	-	-	-	118,348	46,473,612
Loans and advances to customers at FVTPL	-	-	10,995,501	-	-	-	-	-	1,110	10,996,611
Available-for-sale financial assets	104,886,280	-	-	(104,886,280)	-	-	-	-	-	-
Held-to-maturity investments	120,547,430	-	-	-	(120,547,430)	-	-	-	-	-
Receivables investment	10,543,200	-	-	(10,543,200)	-	-	-	-	-	-
Held-for-trading financial assets	-	-	-	200,000	49,572,103	3,257,117	7,264,796	-	(12,825)	60,281,191
Debt investments	-	-	-	10,343,200	191,118	107,195,231	-	(17,262)	-	117,712,287
Other debt investments	-	-	-	-	55,181,559	10,095,082	-	-	(128,276)	65,148,365
Other equity instrument investments	-	-	-	-	11,500	-	-	-	-	11,500
Deferred tax assets	3,406,866	-	(10,585)	-	(17,500)	-	-	66,862	3,644	3,449,287
Other assets	6,641,990	-	-	-	-	-	-	(26,315)	-	6,615,675
Provisions	(16,021)	-	-	-	-	-	-	(129,839)	-	(145,860)
Other comprehensive income	(1,220,431)	-	(31,755)	-	545,045	-	-	(19,386)	2,145	(724,382)
Retained earnings	(20,531,235)	-	-	-	(597,545)	-	-	220,656	8,786	(20,899,338)
Non-controlling interests	(1,165,967)	-	-	-	-	-	-	3,214	-	(1,162,753)

Note 1: Transferred from placements with banks and other financial institutions

As at 1 January 2019, RMB 4,690,000,000 of placements with banks and other financial institutions measured at amortised cost were reclassified to placements with banks and other financial institutions at FVTOCI as such placements with banks and other financial

institutions were held within a business model whose objective was achieved by both collecting contractual cash flows and selling the financial assets and their cash flows were solely payments of principal and interest on the principal amount outstanding. Related gains on fair value of RMB 7,068,000 were adjusted to other comprehensive income and the carrying amount of placements with banks and other financial institutions at FVTOCI as at 1 January 2019.

Note 2: Transferred from loans and advances to customers

As at 1 January 2019, RMB 46,355,264,000 of loans and advances to customers measured at amortised cost were reclassified to loans and advances to customers at FVTOCI as such loans and advances to customers were held within a business model whose objective was achieved by both collecting contractual cash flows and selling the financial assets and their cash flows were solely payments of principal and interest on the principal amount outstanding. Related gains on fair value of RMB 118,348,000 were adjusted to other comprehensive income and the carrying amount of loans and advances to customers at FVTOCI as at 1 January 2019.

As at 1 January 2019, RMB 10,995,501,000 of loans and advances to customers measured at amortised cost were reclassified to loans and advances to customers at FVTPL as such loans and advances to customers were held for trading. Related gains on fair value of RMB 1,110,000 were adjusted to retained earnings and the carrying amount of loans and advances to customers at FVTPL as at 1 January 2019.

Note 3: Transferred from receivables investment

As at 1 January 2019, RMB 200,000,000 of receivables investment were reclassified to financial assets at FVTPL and included in account of "Held-for-trading financial assets" as cash flows of such investment didn't meet the conditions in the revised standards of being solely payments of principal and interest on the principal amount outstanding. Related gains on fair value of RMB 1,453,000 were adjusted to retained earnings and the carrying amount of loans and advances to customers at FVTPL as at 1 January 2019.

As at 1 January 2019, RMB 10,343,200,000 of receivables investment were reclassified to debt instrument investment at amortised cost and included in account of "Debt investments" as such investments were held within a business model whose objective was achieved by collecting contractual cash flows and their contractual terms gave rise on specified dates to cash flows that were solely payments of principal and interest on the principal amount outstanding.

Note 4: Transferred from available-for-sale financial assets

As at 1 January 2019, RMB 49,572,103,000 of available-for-sale financial assets were reclassified to financial assets at FVTPL and included in account of "Held-for-trading financial assets" as cash flows of such investment didn't meet the conditions in the revised standards of being solely payments of principal and interest on the principal amount outstanding. Related gains on fair value of RMB 796,727,000 were adjusted to other comprehensive income and retained earnings as at 1 January 2019.

As at 1 January 2019, RMB 191,118,000 of available-for-sale financial assets were reclassified to debt instrument investment at amortised cost and included in account of "Debt investments" as such investments are held within a business model whose objective was achieved by collecting contractual cash flows and their contractual terms gave rise on specified dates to cash flows that were solely payments of principal and interest on the principal amount outstanding.

As at 1 January 2019, RMB 55,181,559,000 of available-for-sale financial assets were reclassified to debt instrument investment at FVTOCI and included in account of "Other debt investments" as such investments were held within a business model whose objective was achieved by both collecting contractual cash flows and selling the financial assets and their cash flows were solely payments of principal and interest on the principal amount outstanding.

As at 1 January 2019, RMB 11,500,000 of available-for-sale financial assets were designated as equity instrument investment at FVTOCI and included in account of "Other equity instrument investments".

Note 5: Transferred from held-to-maturity investments

As at 1 January 2019, RMB 3,257,117,000 of held-to-maturity investments were reclassified to financial assets at FVTPL and included in account of "Held-for-trading financial assets" as cash flows of such investment didn't meet the conditions in the revised standards of being solely payments of principal and interest on the principal amount outstanding. Related losses on fair value of RMB 14,278,000 were adjusted to retained earnings and the carrying amount of held-for-trading financial assets as at 1 January 2019.

As at 1 January 2019, RMB 107,195,231,000 of held-to-maturity investments were reclassified to debt instrument investment at amortised cost and included in account of "Debt investments" as such investments were held within a business model whose objective was achieved by collecting contractual cash flows and their contractual terms gave rise on specified dates to cash flows that were solely payments of principal and interest on the principal amount outstanding.

As at 1 January 2019, RMB 10,095,082,000 of held-to-maturity investments were reclassified to debt instrument investment at FVTOCI and included in account of "Other debt investments" as such investments were held within a business model whose objective was achieved by both collecting contractual cash flows and selling the financial assets and their cash flows were solely payments of principal and interest on the principal amount outstanding. Related losses on fair value of RMB 128,276,000 were adjusted to other comprehensive income and the carrying amount of other debt investments as at 1 January 2019.

Note 6: Transferred from financial assets at FVTPL

As at 1 January 2019, RMB 7,264,796,000 of financial assets at FVTPL were included in held-for-trading financial assets as such investments were held for acquiring bid-ask spread.

Note 7: As at 1 January 2019, the Group reconciled the loss allowance of items such as financial assets classified as at amortized cost, financial assets classified as at FVTOCI, loan commitments and financial guarantee contracts recognized in accordance with the Original Standards of Financial Instruments and provisions recognized in accordance with Accounting Standards for Business Enterprises No.13 - Contingencies to loss allowance for credit recognized in accordance with New Standards of Financial Instruments. Refer to below table for details:

Item	Impairment provision recognized in accordance with the Original Standards	Reclassification	Remeasurement of expected loss allowance	Loss allowance recognized in accordance with the New Standards of Financial Instruments
Impairment provision for financial assets				
Due from banks and other financial institutions	2,254	-	6,798	9,052
Placements with banks and other financial institutions measured at amortised cost	-	-	55,330	55,330
Placements with banks and other financial institutions at FVTOCI	-	-	2,589	2,589
Financial assets purchased under resale agreements	-	-	26,618	26,618
Loans and advances to customers measured at amortised cost	15,872,769	(42,340)	9,184	15,839,613
Loans and advances to customers at FVTOCI	-	42,340	2,463	44,803
Available-for-sale financial assets	319,106	(319,106)	-	-
Held-to-maturity investments	20,628	(20,628)	-	-
Receivables investment	142,965	(142,965)	-	-
Other receivables	37,622	-	-	37,622
Debt investments	-	163,593	17,262	180,855
Other debt investments	-	70,000	20,343	90,343
Other assets	-	-	26,315	26,315
Total impairment provision for financial assets	16,395,344	(249,106)	166,902	16,313,140
Loan commitments and financial guarantee contracts				
Loss allowance for loan commitments	-	-	129,839	129,839
Total	16,395,344	(249,106)	296,741	16,442,979

As at 1 January 2019, the impact of the Group's initial application of the above New Standards of Financial Instruments on the Group's assets, liabilities and shareholders' equity is summarized as follows:

Item	As at 31 December 2018	Impact of application of New Standards of Financial Instruments	As at 1 January 2019
ASSETS:			
Cash and balances with central bank	86,490,347	-	86,490,347
Due from banks and other financial institutions	11,235,385	(6,798)	11,228,587
Placements with banks and other financial institutions at amortised cost	40,525,892	(4,745,330)	35,780,562
Placements with banks and other financial institutions at FVTOCI	-	4,697,068	4,697,068
Precious metals	161,067	-	161,067
Financial assets at FVTPL	7,264,796	(7,264,796)	-
Derivative financial assets	272,139	-	272,139
Financial assets purchased under resale agreements	40,636,088	(26,618)	40,609,470
Loans and advances to customers at amortised cost	394,034,412	(57,317,609)	336,716,803
Loans and advances to customers at FVTOCI	-	46,473,612	46,473,612
Loans and advances to customers at FVTPL	-	10,996,611	10,996,611
Available-for-sale financial assets	104,886,280	(104,886,280)	-
Held-to-maturity investments	120,547,430	(120,547,430)	-
Receivables investment	10,543,200	(10,543,200)	-
Financial investments:			
Held-for-trading financial assets	-	60,281,191	60,281,191
Debt investments	-	117,712,287	117,712,287
Other debt investments	-	65,148,365	65,148,365
Other equity instrument investments	-	11,500	11,500
Long-term equity investments	1,056,548	-	1,056,548
Fixed assets	5,720,253	-	5,720,253
Construction in progress	290,012	-	290,012
Deferred tax assets	3,406,866	42,421	3,449,287
Held-for-sale assets	47	-	47
Other assets	6,641,990	(26,315)	6,615,675
Total assets	833,712,752	(1,321)	833,711,431

As at 1 January 2019, the impact of the Group's initial application of the above New Standards of Financial Instruments on the Group's assets, liabilities and shareholders' equity is summarized as follows:

Item	As at 31 December 2018	Impact of application of New Standards of Financial Instruments	As at 1 January 2019
LIABILITIES:			
Borrowings from central bank	11,971,000	-	11,971,000
Due to banks and other financial institutions	4,934,243	-	4,934,243
Placements from banks and other financial institutions	21,267,300	-	21,267,300
Financial liabilities at fair value through profit or loss	53,154	-	53,154
Derivative financial liabilities	352,520	-	352,520
Financial assets sold under repurchase agreements	46,466,154	-	46,466,154
Customer deposits	644,907,662	-	644,907,662
Employee benefits payables	2,398,587	-	2,398,587
Taxes payable	1,328,803	-	1,328,803
Debt securities issued	23,375,798	-	23,375,798
Provisions	16,021	129,839	145,860
Other liabilities	11,839,905	-	11,839,905
TOTAL LIABILITIES	768,911,147	129,839	769,040,986
SHAREHOLDERS' EQUITY:			
Share capital	8,680,000	-	8,680,000
Capital reserve	9,173,692	-	9,173,692
Other comprehensive income	1,220,431	(496,049)	724,382
Surplus reserve	14,950,965	-	14,950,965
General risk reserve	9,079,315	-	9,079,315
Retained earnings	20,531,235	368,103	20,899,338
Total shareholders' equity attributable to shareholders of the Bank	63,635,638	(127,946)	63,507,692
Non-controlling interests	1,165,967	(3,214)	1,162,753
TOTAL SHAREHOLDERS' EQUITY	64,801,605	(131,160)	64,670,445
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	833,712,752	(1,321)	833,711,431

2. Debt restructuring

In May 2019, the Ministry of Finance issued the Revised Accounting Standards for Business Enterprises No. 12 - Debt Restructuring (Cai Kuai (2019) No.9, hereinafter referred to as "New Standards on Debt Restructuring"), which is effective from 17 June 2019 and requires the entity to adjust the debt structuring incurred for the period from 1 January 2019 to the date of application of the New Standards on Debt Restructuring. The New Standards on Debt Restructuring revised the definition of debt restructuring, defined the application scope of the standards and revised the accounting treatment of debt restructuring.

The Group have accounted for the debt structuring events incurred since 1 January 2019 in accordance with the New Standards on Debt Restructuring. Revision on such standards has no significant impact on the Group's consolidated financial statement.

3. Presenting format of the financial statements

The Group have prepared the financial statements for the year 2019 in accordance with the Notice of the Revised Format of 2019 Financial Statements for General Business Enterprises (Cai Kuai (2019) No. 6, hereinafter referred to as the "Cai Kuai No.6 Document") released by the Ministry of Finance on 30 April 2019. Cai Kuai No.6 Document revised the presenting accounts in the balance sheet and income statement, revised the presentation of line items of "Other receivables" and "Other payables", adjusted the presenting location of certain line items in income statement and added the disclosure of "Income from derecognition of financial assets at amortized cost" under "Investment income". Figures for 2019 and 2018 in the financial statements have been presented in accordance with Cai Kuai No.6 Document.

In accordance with the "Notice on the Revision and Issuance of the Format of the Financial Statements of the Financial Enterprise for 2018" (Cai Kuai (2018) No.36), except for changes arising from the application of New Standards of Financial Instruments, since 1 January 2019, the accrued interest on financial instruments calculated using effective interest rate method shall be included in the account balance of the relevant financial instruments and reflected in the relevant line items, including: "Cash and balances with central bank", "Due from banks and other financial institutions", "Placements with banks and other financial institutions", "Financial assets purchased under resale agreements", "Loans and advances to customers", "Held-for-trading financial assets", "Debt investments", "Other debt investments", "Due to banks and other financial institutions", "Placements from banks and other financial institutions", "Financial assets sold under repurchase agreements", "Customer deposits", "Debt securities issued". Line items of "Interest receivable" or "Interest payable" can only reflect the interest receivable or payable where the relevant financial instruments have expired but the interest has not yet been received or paid as at the balance sheet, and are presented in items of "Other assets" or "Other liabilities".

Except for the above changes, the application of other revised ASBE has no significant impact on the amounts and/or disclosures presented in the Group's consolidated financial statements.

VI. TAXATION

1. Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
Value-added tax (Note 1)	Taxable income	3%、6%、13%
Enterprise income tax (Note 2)	Taxable profit	15%、25%
Urban maintenance and construction tax(Note 3)	Turnover tax	1%、5%、7%
Education surcharge(Note 4)	Turnover tax	3%
Local education surcharge(Note 5)	Turnover tax	1%、2%
Levy of channel works building and maintenance fee	Turnover tax	1%

Note 1: The Bank is a general value-added tax taxpayer, except that Kunshan sub-branch applied a value-added tax rate of 3%, the tax rate applicable to the main value-added tax taxable income of the Bank is 6%.

The village bank controlled by the bank using simplified method for calculating the value-added tax (VAT) payable, with applied tax rate of 3%.

According to the "Announcement of Relevant Policies for Deepening the Value-Added Tax Reform" jointly issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on 20 March 2019 (Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs 2019 No.39), Yangtze Leasing, a company controlled by the Bank, calculates the output value-added tax at 6% and 13% of its taxable income since 1 April 2019 (inclusive).

Note 2: The enterprise income tax rate applicable to the Bank is 25%.

In accordance with the "Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues Concerning Further Implementing the Western China Development Strategy" (Cai Shui [2011] No.58),

the enterprise income tax rate applicable to some village banks controlled by the Bank is 15%, which is valid until 31 December 2020.

Note 3: Except that the urban maintenance and construction tax rate applicable to Jiashan sub-branch and Xiangtan sub-branch is 5%, the urban maintenance and construction tax rate applicable to others is 7%.

Chongming Village Bank, controlled by the Bank, applied an urban maintenance and construction tax rate of 1%. 17 village banks of Shenzhen, Lianyuan, Liling, HuaiYin, Changqing, Taian, Linqing, Rizhao, Liaocheng, Gejiu, Baoshan, Mengzi, Mile, Ruili, Lincang, Kaiyuan and Ala, which are controlled by the Bank, applied an urban maintenance and construction tax rate of 7%. According to Notice of Ningxiang Local Taxation Bureau on Adjusting the Urban Maintenance and Construction Tax Rate after the Conversion of Ningxiang from County to City (Ning Xiang Di Shui Fa (2018) No.2), the Urban Maintenance and Construction Tax Rate in Ningxiang was adjusted from 5% to 7% since 1 January 2018. The other 16 village banks controlled by the Bank applied the urban maintenance and construction tax rate of 5%.

Yangtze Leasing, controlled by the Bank, applied an urban maintenance and construction tax rate of 7%.

Note 4: Education surcharge applicable to the Group are 3%.

Note 5: For the period from 1 January 2018 to 31 December 2019, local education surcharge applicable to the Bank is 2%; According to the notice from the Shanghai taxation bureau of the State Taxation Administration, the tax rate for the local education surcharge applicable to the Jiashan sub-branch, Xiangtan sub-branch and Kunshan sub-branch controlled by the Bank is 2%, and that for the rest is 1% from 1 July 2018 to 30 June 2019.

Chongming Village Bank, which is controlled by the Bank, applied a local education surcharge rate of 2% for the period from 1 January 2018 to 31 December 2019. According to the notice from the Shanghai Taxation Bureau of the State Taxation Administration, tax rate for local education surcharge is 1% for the period from 1 July 2018 to 30 June 2019. The other 34 village banks controlled by the Bank applied a tax rate of 2%.

Yangtze Leasing, controlled by the Bank, applied a local education surcharge rate of 2%.

VII. SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Subsidiaries through establishment

Full name of the subsidiary	Registration location	Nature of business	As at 31 December 2019		
			Registered capital	Shareholding percentage of the Bank (%)	Total voting right percentage of the Bank (%)
Shanghai Chongming Yangtze River Town Bank Co., Ltd. (Note1)	Shanghai	Financial Industry	105,260	48.45	50.10
Shandong Jinan Huaiyin County Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Jinan Changqing County Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Ningyang County Village Bank Co., Ltd.(Note3)(Note 4)	Shandong	Financial Industry	76,764	68.08	68.08
Shandong Dongping County Village Bank Co., Ltd.(Note 4)	Shandong	Financial Industry	107,970	77.31	77.31
Shandong Linqing County Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Liao City Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Liao City Chiping District Village Bank Co., Ltd. (Note 4)	Shandong	Financial Industry	124,860	80.38	80.38
Shandong Liao City Yanggu District Village Bank Co., Ltd. (Note 4)	Shandong	Financial Industry	69,776	64.89	64.89
Shandong Rizhao Economic Development District Village Bank Co., Ltd. (Note3) (Note 4)	Shandong	Financial Industry	95,315	74.30	74.30
Shandong Taian County Village Bank Co., Ltd. (Note3) (Note 4)	Shandong	Financial Industry	132,166	81.46	81.46
Hunan Ningxiang County Village Bank Co., Ltd.	Hunan	Financial Industry	100,000	51.00	51.00
Hunan Shuangfeng County Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Lianyuan County Village Bank Co., Ltd. (Note 4)	Hunan	Financial Industry	57,284	57.23	57.23
Hunan Liling County Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Shimen Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Cili Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Li County Shanghai Billage Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Linli Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Yongxing Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Guiyang Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Hengyang Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Changsha Xingsha Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	100,000	51.00	51.00
Yunnan Ruili City Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Kaiyuan County Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Baoshan City Longyang District Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Mengzi County Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Gejiu County Village Bank Co., Ltd. (Note 4)	Yunnan	Financial Industry	174,769	85.98	85.98
Yunnan Jianshui County Viullage Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Lincang City Linxiang District Village Bank Co., Ltd. (Note 4)	Yunnan	Financial Industry	188,002	86.97	86.97
Yunnan Mile County Village Bank Co., Ltd. (Note 4)	Yunnan	Financial Industry	80,386	69.52	69.52
Yunnan Songming Shanghai Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Kunming Economic Development District Ala Shanghai Village Bank Co., Ltd.	Yunnan	Financial Industry	100,000	51.00	51.00
Shenzhen Guangming Shanghai Village Bank Co., Ltd. (Note2)	Shenzhen	Financial Industry	200,000	41.65	51.65
Beijing Fangshan Shanghai Village Bank Co., Ltd.	Beijing	Financial Industry	100,000	51.00	51.00

Full name of the subsidiary	Registration location	Nature of business	As at 31 December 2018		
			Registered capital	Shareholding percentage of the Bank (%)	Total voting right percentage of the Bank (%)
Shanghai Chongming Yangtze River Town Bank Co., Ltd. (Note1)	Shanghai	Financial Industry	105,260	48.45	50.10
Shandong Jinan Huaiyin County Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Jinan Changqing County Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Ningyang County Village Bank Co., Ltd.(Note3)(Note 4)	Shandong	Financial Industry	65,490	62.59	62.59
Shandong Dongping County Village Bank Co., Ltd.(Note 4)	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Linqing County Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Liao City Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Liao City Chiping District Village Bank Co., Ltd. (Note 4)	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Liao City Yanggu District Village Bank Co., Ltd. (Note 4)	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Rizhao Economic Development District Village Bank Co., Ltd. (Note3) (Note 4)	Shandong	Financial Industry	77,270	68.29	68.29
Shandong Taian County Village Bank Co., Ltd. (Note3) (Note 4)	Shandong	Financial Industry	100,840	75.70	75.70
Hunan Ningxiang County Village Bank Co., Ltd.	Hunan	Financial Industry	100,000	51.00	51.00
Hunan Shuangfeng County Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Lianyuan County Village Bank Co., Ltd. (Note 4)	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Liling County Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Shimen Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Cili Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Li County Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Linli Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Yongxing Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Guiyang Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Hengyang Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Changsha Xingsha Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	100,000	51.00	51.00
Yunnan Ruili City Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Kaiyuan County Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Baoshan City Longyang District Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Mengzi County Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Gejiu County Village Bank Co., Ltd. (Note 4)	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Jianshui County Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Lincang City Linxiang District Village Bank Co., Ltd. (Note 4)	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Mile County Village Bank Co., Ltd. (Note 4)	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Songming Shanghai Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Kunming Economic Development District Ala Shanghai Village Bank Co., Ltd.	Yunnan	Financial Industry	100,000	51.00	51.00
Shenzhen Guangming Shanghai Village Bank Co., Ltd. (Note2)	Shenzhen	Financial Industry	200,000	41.65	51.65
Beijing Fangshan Shanghai Village Bank Co., Ltd.	Beijing	Financial Industry	100,000	51.00	51.00

Note 1: As at 18 February 2009, the Bank established Shanghai Chongming Yangtze River Village Bank Co., Ltd., owning 51% of its equity and voting rights. In December 2012, this subsidiary changed its name into Shanghai Chongming Village Bank Co., Ltd. As at 31 December 2012, the Bank's shareholding percentage of this subsidiary has dropped to 48.45%. As at 3 May 2012, 14 shareholders of the subsidiary signed an entrustment agreement with the Bank, through which they authorised the Bank to excise their voting rights, totalling 1.65% of this subsidiary's voting rights. Such agreement will be automatically renewed upon the expiration of entrust term if both parties of the agreement have no objection. As the Bank still has actual control over this subsidiary, the Bank includes it in the scope of the consolidated financial statements.

Note 2: In December 2012, the Bank established Shenzhen Guangming Shanghai Village Bank Co., Ltd. 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. BaYanNaoEr HeTao Rural Commercial Bank Co., Ltd. signed an entrustment agreement with the Bank on 4 December 2012, and authorised the Bank to exercise the 10% voting rights held by BaYanNaoEr HeTao Rural Commercial Bank Co., Ltd. The entrustment agreement will be automatically renewed upon the expiration of entrust term if both parties of the agreement have no objection. On 7 December 2012, China Gold Coin Shenzhen Distribution Center signed an agreement of concerted action with the Bank to commit that it will take concerted action with the Bank during the shareholders' meeting when it exercises its 10.00% voting right. The agreement of concerted action will be valid for the duration of the village bank. The Bank still has actual control over this subsidiary, thus including it in the scope of the consolidated financial statements.

Note 3: According to "China Banking Regulatory Commission Shanghai Banking Regulatory Bureau's Approval of the Capital Increase from Shanghai Rural Commercial Bank to Three Shanghai Rural Commercial Village Banks in Shandong Province", as at 30 March 2018, the Ningyang, Rizhao and Taian County Village Bank Co., Ltd. have received the additional capital (paid-in capital) contributed by the Bank in monetary terms, amounting to RMB 15,490,000, RMB 27,270,000 and RMB 50,840,000 respectively. After the change in registered capital (paid-in capital), the Bank's shareholding percentages of the three village banks are 62.59%, 68.29% and 75.70% respectively.

Note 4: According to "the Shanghai Office of the China Banking and Insurance Regulatory Commission's Approval of the Capital Increase from Shanghai Rural Commercial Bank to Ten Village Banks in Shandong, Hunan and Yunnan", as of 17 June 2019, the additional contributions (paid-in capital) paid by the Bank in monetary terms have been received by Shandong Ningyang County Village Bank Co., Ltd., Shandong Dongping County Village Bank Co., Ltd., Shandong Liao City Chiping District Village Bank Co., Ltd., Shandong Liao City Yanggu District Village Bank Co., Ltd., Shandong Rizhao Economic Development District Village Bank Co., Ltd., Shandong Taian County Village Bank Co., Ltd., Hunan Lianyuan County Village Bank Co., Ltd., Yunnan Gejiu County Village Bank Co., Ltd., Yunnan Lincang City Linxiang District Village Bank Co., Ltd. and Yunnan Mile County Village Bank Co., Ltd., amounting to RMB11,274,000, RMB57,970,000, RMB74,860,000, RMB19,776,000, RMB18,045,000, RMB31,326,000, RMB7,284,000, RMB124,769,000, RMB138,002,000 and RMB30,386,000. After that, the Bank owning 68.08%, 77.31%, 80.38%, 64.89%, 74.30%, 81.46%, 57.23%, 85.98%, 86.97% and 69.52% of equity in respect to above subsidiaries.

2. Subsidiaries acquired through business combinations not involving enterprises under common control

Full name of the subsidiary	Registration location	Nature of business	As at 31 December 2019		
			Registered capital	Shareholding percentage of the Bank (%)	Total voting right percentage of the Bank (%)
Yangtze United Financial Leasing Co., Ltd	Shanghai	Financial Industry	2,450,000	51.02	51.02

During the year, Yangtze Leasing was newly acquired through business combinations not involving enterprises under common control, of which the details are set out in Note IX "Changes in Scope of Consolidation" to the financial statements.

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS

1. Cash and balances with central bank

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Cash on hand	1,718,405	1,598,222	1,630,839	1,515,516
Statutory deposit reserves with central bank	63,664,732	72,573,830	60,036,348	70,312,224
Excess reserves with central bank	10,112,256	12,254,628	9,483,523	10,907,151
Other deposits with central bank	630,331	63,667	619,448	57,913
Accrued interest	27,450	N/A	26,461	N/A
Total	76,153,174	86,490,347	71,796,619	82,792,804

Statutory deposit reserve funds are deposited with the People's Bank of China ("PBOC") as required and are not available for the Group's daily operations. At 31 December 2019, the statutory deposit reserve fund of the Bank for eligible RMB deposits is calculated at 9.5% (31 December 2018: 12%), and for foreign currency deposits, the statutory deposit reserve fund is calculated as 5% (31 December 2018: 5%). At 31 December 2019, the statutory deposit reserve funds of subsidiaries are calculated at 6%, 6.5% or 7.5% for eligible RMB deposits (31 December 2018: 8% or 9%). The statutory deposit reserve fund for foreign currency is not interest bearing.

Excess reserves with central bank are mainly for settlement and reallocation purpose.

Other deposits with central bank primarily represent fiscal deposits placed with the PBOC which are made by the Bank in accordance with relevant regulations, including central budget revenue deposits and local treasury deposits. Fiscal deposits placed with the PBOC are non-interest bearing.

2. Due from banks and other financial institutions

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Deposits with domestic financial institutions	9,507,373	10,730,694	4,658,229	3,857,147
Deposits with overseas financial institutions	711,208	506,945	711,208	506,945
Accrued interest	76,810	N/A	20,832	N/A
Sub-total	10,295,391	11,237,639	5,390,269	4,364,092
Less: Loss allowances for deposits with other financial institutions	(17,938)	(2,254)	(9,604)	(2,254)
Total	10,277,453	11,235,385	5,380,665	4,361,838

As at 31 December 2019, credit risk of amounts due from banks and other financial institutions of the Group and the Bank has not increased significantly since initial recognition.

3. Placements with banks and other financial institutions

Item	The Group	The Bank
	As at 31 December 2019	As at 31 December 2019
Placements with banks and other financial institutions at amortised cost	44,072,578	45,072,578
Accrued interest of placements with banks and other financial institutions at amortised cost	565,430	601,416
Less: Loss allowance for placements with banks and other financial institutions at amortised cost	(64,230)	(65,665)
Sub-total	44,573,778	45,608,329
Placements with banks and other financial institutions at FVTOCI	2,214,248	2,214,248
Accrued interest of placements with banks and other financial institutions at FVTOCI	78,029	78,029
Sub-total	2,292,277	2,292,277
Total	46,866,055	47,900,606

3.1 Analysis by the nature of counterparty

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Placements with domestic banks	7,532,603	5,393,511	8,532,603	5,393,511
Placements with overseas banks	299,976	295,117	299,976	295,117
Placements with other domestic financial institutions	38,454,247	34,837,264	38,454,247	34,837,264
Accrued interest	643,459	N/A	679,445	N/A
Sub-total	46,930,285	40,525,892	47,966,271	40,525,892
Less: Loss allowance for placements with banks and other financial institutions	(64,230)	N/A	(65,665)	N/A
Total	46,866,055	40,525,892	47,900,606	40,525,892

3.2 Credit risk and expected credit loss of placements with banks and other financial institutions

Item	The Group			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Placements with banks and other financial institutions at amortised cost	44,638,008	-	-	44,638,008
Less: Allowance for impairment losses	(64,230)	-	-	(64,230)
Carrying amount of placements with banks and other financial institutions at amortised cost	44,573,778	-	-	44,573,778
Placements with banks and other financial institutions at FVTOCI	2,292,277	-	-	2,292,277
Accumulated loss allowance for placements with banks and other financial institutions at FVTOCI	(3,775)	-	-	(3,775)

Item	The Bank			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Placements with banks and other financial institutions at amortised cost	45,673,994	-	-	45,673,994
Less: Allowance for impairment losses	(65,665)	-	-	(65,665)
Carrying amount of placements with banks and other financial institutions at amortised cost	45,608,329	-	-	45,608,329
Placements with banks and other financial institutions at FVTOCI	2,292,277	-	-	2,292,277
Accumulated loss allowance for placements with banks and other financial institutions at FVTOCI	(3,775)	-	-	(3,775)

4. Derivative financial instruments

The Group enters into foreign currency exchange rate and interest rate related derivative financial instruments for purposes of trading, asset and liability management and customer driven business.

The notional amounts of derivative instruments represents the value of the underlying asset or the reference rate, which provide an indication of the volume of business transacted by the Bank, but don't stand for the relevant future cash flow or current fair value, thus, do not indicate the Bank's exposure to credit or market risks. The derivative 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 notional amount and fair value of the Bank's derivative financial instruments are as follows:

Item	The Group and the Bank		
	As at 31 December 2019		
	Notional amount	Fair value	
Asset		Liability	
Exchange rate derivatives	29,344,060	142,536	(271,741)
Interest rate derivatives	103,269,976	172,689	(169,861)
Precious metal derivatives	7,605,852	100,497	(112,425)
Credit risk mitigation	60,000	-	(190)
Total	140,279,888	415,722	(554,217)

Item	The Group and the Bank		
	As at 31 December 2018		
	Notional amount	Fair value	
Asset		Liability	
Exchange rate derivatives	21,344,268	85,619	(151,239)
Interest rate derivatives	37,450,000	140,611	(135,588)
Precious metal derivatives	3,617,206	45,909	(65,693)
Total	62,411,474	272,139	(352,520)

5. Financial assets purchased under resale agreements

Item	The Group and the Bank	
	As at 31 December 2019	As at 31 December 2018
Bonds	34,286,253	40,636,088
Accrued interest	17,090	N/A
Sub-total	34,303,343	40,636,088
Less: Loss allowance	(53,537)	N/A
Total	34,249,806	40,636,088

As at 31 December 2019, credit risk of the Group and the Bank's financial assets purchased under resale agreements has not increased significantly since initial recognition.

6. Loans and advances to customers

6.1 Category of loans and advances to customers

Item	The Group	The Bank
	As at 31 December 2019	As at 31 December 2019
Total loans and advances to customers at amortised cost	393,333,532	379,880,931
Accrued interest of loans and advances to customers at amortised cost	747,417	721,716
Sub-total	394,080,949	380,602,647
Less: Loss allowance for loans	(17,833,288)	(16,754,844)
Carrying amount of loans and advances to customers at amortised cost	376,247,661	363,847,803
Loans and advances to customers at FVTOCI	72,898,519	72,898,519
Loans and advances to customers at FVTPL	636,054	636,054
Total	449,782,234	437,382,376

6.1.1 Loans and advances to customers at amortised cost

Item	The Group	The Bank
	As at 31 December 2019	As at 31 December 2019
Individual loans and advances to customers		
- Individual mortgage loans	98,508,612	92,899,272
- Individual business loans	6,269,576	3,585,018
- Individual consumption loans	16,859,448	15,913,611
- Credit cards	9,336,404	9,336,404
- Others	186,170	2,060
Sub-total	131,160,210	121,736,365
Corporate loans and advances to customers		
- Loans	256,606,859	252,578,103
- Discounted bills	5,566,463	5,566,463
Sub-total	262,173,322	258,144,566
Accrued interest of loans and advances to customers at amortised cost	747,417	721,716
Total loans and advances to customers at amortised cost	394,080,949	380,602,647
Less: Allowance for impairment losses		
Stage 1 (12-month expected credit loss)	(12,071,258)	(11,700,470)
Stage 2 (Lifetime expected credit loss)	(2,286,351)	(1,936,854)
Stage 3 (Lifetime expected credit loss - credit impaired)	(3,475,679)	(3,117,520)
Sub-total	(17,833,288)	(16,754,844)
Carrying amount of loans and advances to customers at amortised cost	376,247,661	363,847,803

Item	The Group	The Bank
	As at 31 December 2018	As at 31 December 2018
Individual loans and advances to customers		
- Individual mortgage loans	90,791,878	87,238,258
- Individual business loans	5,597,705	2,920,242
- Individual consumption loans	3,998,363	3,442,606
- Credit cards	6,477,941	6,477,941
- Others	198,219	5,672
Sub-total	107,064,106	100,084,719
Corporate loans and advances to customers		
- Loans	238,379,671	233,317,075
- Discounted bills	64,463,404	64,463,404
Sub-total	302,843,075	297,780,479
Total loans and advances to customers	409,907,181	397,865,198
Less: Allowance for impairment losses	(15,872,769)	(14,351,550)
Including: Individually assessed	(2,248,044)	(1,872,431)
Collectively assessed	(13,624,725)	(12,479,119)
Carrying amounts of loans and advances to customers	394,034,412	383,513,648

6.1.2 Loans and advances to customers at FVTOCI

Item	The Group and the Bank
	As at 31 December 2019
Corporate loans and advances to customers	
Trade financing	6,523,190
Discounted bills	
- Bank acceptance	42,612,396
- Trade acceptance	23,762,933
Sub-total	66,375,329
Carrying amount of loans and advances to customers at FVTOCI	72,898,519
Loss allowance for loans and advances to customers at FVTOCI	
Stage 1 (12-month expected credit loss)	(360,639)
Stage 2 (Lifetime expected credit loss)	-
Stage 3 (Lifetime expected credit loss - credit impaired)	-
Sub-total	(360,639)

6.1.3 Loans and advances to customers at FVTPL

Item	The Group and the Bank
	As at 31 December 2019
Corporate loans and advances to customers	-
Discounted bills	636,054
Carrying amount of loans and advances to customers at FVTPL	636,054

6.2 Credit risk and expected credit loss of loans and advances to customers

Item	The Group			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Loans and advances to customers at amortised cost	373,490,580	16,258,185	4,332,184	394,080,949
Less: Allowance for impairment losses	(12,071,258)	(2,286,351)	(3,475,679)	(17,833,288)
Account balance of loans and advances to customers at amortised cost	361,419,322	13,971,834	856,505	376,247,661
Loans and advances to customers at FVTOCI	72,898,519	-	-	72,898,519
Loss allowance for loans and advances to customers at FVTOCI	(360,639)	-	-	(360,639)

Item	The Bank			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Loans and advances to customers at amortised cost	361,710,028	15,006,492	3,886,127	380,602,647
Less: Allowance for impairment losses	(11,700,470)	(1,936,854)	(3,117,520)	(16,754,844)
Carrying amount of loans and advances to customers at amortised cost	350,009,558	13,069,638	768,607	363,847,803
Loans and advances to customers at FVTOCI	72,898,519	-	-	72,898,519
Accumulated loss allowance for loans and advances to customers at FVTOCI	(360,639)	-	-	(360,639)

6.3 Analysis by industry distribution (excluding accrued interest)

Industry	The Group			
	As at 31 December 2019	Percentage (%)	As at 31 December 2018	Percentage (%)
Lease and business service	97,118,327	20.80	82,725,101	20.18
Manufacturing industry	58,969,306	12.63	51,549,446	12.58
Wholesale and retail	44,234,329	9.47	39,393,051	9.61
Transportation, warehousing and postal services	15,106,667	3.24	16,273,816	3.97
Transportation, warehousing and postal services	9,717,706	2.08	10,872,778	2.65
Construction industry	9,970,019	2.14	9,406,719	2.29
Hotel and catering industry	3,048,446	0.65	2,522,454	0.62
Agriculture, forestry, animal husbandry and fishery	2,020,458	0.43	2,509,796	0.61
Water, environment and public facilities management	1,013,500	0.22	946,478	0.23
Residential services and other services	814,018	0.17	643,284	0.16
Others	21,117,272	4.52	21,536,748	5.25
Discounted bills	72,577,847	15.55	64,463,404	15.73
Sub-total of corporate loans and advances to customers	335,707,895	71.90	302,843,075	73.88
Sub-total of individual loans and advances to customers	131,160,210	28.10	107,064,106	26.12
Total loans and advances to customers	466,868,105	100.00	409,907,181	100.00

Industry	The Bank			
	As at 31 December 2019	Percentage (%)	As at 31 December 2018	Percentage (%)
Real estate	97,102,340	21.42	82,716,601	20.79
Lease and business service	58,693,466	12.94	51,276,467	12.89
Manufacturing industry	42,916,984	9.47	37,813,436	9.50
Wholesale and retail	14,309,341	3.16	15,118,445	3.80
Transportation, warehousing and postal services	9,619,493	2.12	10,747,359	2.70
Construction industry	9,528,135	2.10	8,893,909	2.24
Hotel and catering industry	2,930,003	0.65	2,426,050	0.61
Agriculture, forestry, animal husbandry and fishery	1,448,111	0.32	1,669,058	0.42
Water, environment and public facilities management	900,860	0.20	822,494	0.21
Residential services and other services	788,551	0.17	615,038	0.15
Others	20,864,008	4.60	21,218,218	5.33
Discounted bills	72,577,847	16.01	64,463,404	16.20
Sub-total of corporate loans and advances to customers	331,679,139	73.16	297,780,479	74.84
Sub-total of individual loans and advances to customers	121,736,365	26.84	100,084,719	25.16
Total loans and advances to customers	453,415,504	100.00	397,865,198	100.00

Note: Analysis of industry distribution risk concentration of loans to customers is determined based on the borrower's industry.

6.4 Analysis by collateral types (excluding accrued interest)

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Unsecured	52,985,037	38,141,814	52,865,498	38,103,452
Guaranteed	48,487,634	48,281,737	45,027,095	44,867,763
Collateral				
Including: Mortgage	277,361,670	240,617,217	267,580,049	232,171,038
Pledge	88,033,764	82,866,413	87,942,862	82,722,945
Total	466,868,105	409,907,181	453,415,504	397,865,198

6.5 Overdue loans (excluding accrued interest)

Item	The Group				
	As at 31 December 2019				
	Overdue 1 - 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue more than 3 years	Total
Unsecured	337,472	246,036	31,154	29,575	644,237
Guaranteed	127,985	125,050	476,134	187,762	916,931
Collateral					
Including: Mortgage	1,176,263	473,897	1,469,769	661,346	3,781,275
Pledge	-	-	-	6,998	6,998
Total	1,641,720	844,983	1,977,057	885,681	5,349,441

Item	The Group				
	As at 31 December 2018				
	Overdue 1- 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue more than 3 years	Total
Unsecured	36,680	104,700	40,072	79,452	260,904
Guaranteed	174,208	407,954	796,372	203,022	1,581,556
Collateral					
Including: Mortgage	714,269	1,350,855	795,012	720,201	3,580,337
Pledge	-	-	1,000	5,998	6,998
Total	925,157	1,863,509	1,632,456	1,008,673	5,429,795

Item	The Bank				
	As at 31 December 2019				
	Overdue 1- 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue more than 3 years	Total
Unsecured	336,362	245,852	28,227	28,033	638,474
Guaranteed	32,045	30,285	403,931	180,303	646,564
Collateral					
Including: Mortgage	1,119,916	352,168	1,394,892	638,644	3,505,620
Pledge	-	-	-	6,998	6,998
Total	1,488,323	628,305	1,827,050	853,978	4,797,656

Item	The Bank				
	As at 31 December 2018				
	Overdue 1- 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue more than 3 years	Total
Unsecured	35,966	103,923	35,113	79,070	254,072
Guaranteed	25,660	181,754	675,640	198,227	1,081,281
Collateral					
Including: Mortgage	586,386	1,159,445	650,649	701,245	3,097,725
Pledge	-	-	1,000	5,998	6,998
Total	648,012	1,445,122	1,362,402	984,540	4,440,076

6.6 Movements in account balance, expected credit loss/impairment provision of loans and advances to customers

6.6.1 Movements in account balance, expected credit loss/impairment provision of loans and advances to customers at amortised cost

6.6.1.1 Movements in account balance of loans and advances to customers at amortised cost

Item	The Group			
	Year ended 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2019	327,280,179	20,468,091	4,808,146	352,556,416
Transferred to:				
- Stage 1	7,308,093	(7,177,527)	(130,566)	-
- Stage 2	(7,377,779)	7,413,581	(35,802)	-
- Stage 3	(897,291)	(530,244)	1,427,535	-
Net amount incurred for the year	47,177,378	(3,915,716)	(581,700)	42,679,962
Write-off for the year	-	-	(1,155,429)	(1,155,429)
As at 31 December 2019	373,490,580	16,258,185	4,332,184	394,080,949

Item	The Bank			
	Year ended 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2019	317,943,486	18,530,129	4,040,817	340,514,432
Transferred to:				
- Stage 1	7,215,051	(7,091,551)	(123,500)	-
- Stage 2	(7,101,224)	7,119,840	(18,616)	-
- Stage 3	(855,726)	(285,000)	1,140,726	-
Net amount incurred for the year	44,508,441	(3,266,926)	(537,785)	40,703,730
Write-off for the year	-	-	(615,515)	(615,515)
As at 31 December 2019	361,710,028	15,006,492	3,886,127	380,602,647

6.6.1.2 Movements in expected credit loss/impairment provision of loans and advances to customers at amortised cost

Item	The Group			
	Year ended 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2019	9,563,245	3,131,980	3,162,655	15,857,880
Transferred to:				
- Stage 1	1,079,547	(1,008,872)	(70,675)	-
- Stage 2	(227,393)	252,587	(25,194)	-
- Stage 3	(47,850)	(143,136)	190,986	-
Provisions/(reversals) for the year	1,703,711	53,791	1,096,531	2,854,033
Recovery of loans previously written off (Note)	-	-	276,804	276,804
Write-offs	-	-	(1,155,429)	(1,155,429)
As at 31 December 2019	12,071,260	2,286,350	3,475,678	17,833,288

Item	The Group		
	Year ended 31 December 2018		
	Individually assessed	Collectively assessed	Total
As at 1 January 2018	2,393,315	9,952,005	12,345,320
Provisions/(reversals) for the year	1,123,503	3,672,250	4,795,753
Recovery of loans previously written off (Note)	126,392	470	126,862
Write-offs	(1,226,366)	-	(1,226,366)
Discounted interest on impairment provisions released for the year	(168,800)	-	(168,800)
As at 31 December 2018	2,248,044	13,624,725	15,872,769

Item	The Bank			
	Year ended 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2019	9,257,701	2,520,510	2,554,653	14,332,864
Transferred to:				
- Stage 1	1,059,546	(994,116)	(65,430)	-
- Stage 2	(209,529)	222,494	(12,965)	-
- Stage 3	(44,743)	(61,278)	106,021	-
Provisions/(reversals) for the year	1,637,495	249,244	963,783	2,850,522
Recovery of loans previously written off (Note)	-	-	186,973	186,973
Write-offs	-	-	(615,515)	(615,515)
As at 31 December 2019	11,700,470	1,936,854	3,117,520	16,754,844

Item	The Bank		
	Year ended 31 December 2018		
	Individually assessed	Collectively assessed	Total
As at 1 January 2018	1,879,229	9,217,410	11,096,639
Provisions/(reversals) for the year	674,275	3,261,239	3,935,514
Recovery of loans previously written off	83,373	470	83,843
Write-offs	(628,336)	-	(628,336)
Discounted interest on impairment provisions released for the year	(136,110)	-	(136,110)
As at 31 December 2018	1,872,431	12,479,119	14,351,550

Note: In 2005, the PBOC issued special bills to the Bank in exchange for certain non-performing assets of the Bank. The Group derecognised these nonperforming assets with total contractual value of RMB 2,120,914,000. The original book value of the derecognised non-performing assets was approximately same as the fair market value of the special Central Bank bills. The special bills issued by the PBOC were negotiated in 1 April 2008. The repayment proceeds received by the Bank was reclassified as allowance for loan impairment. As at 31 December 2019, RMB 730,000 (2018: RMB 470,000) of allowance for loan impairment was recognized by the Bank.

6.6.2 Movements in expected credit loss of loans and advances to customers at FVTOCI

Item	The Group and the Bank
	Year ended 31 December 2019
	Total
As at 1 January 2019	44,803
Provisions for the year	315,836
As at 31 December 2019	360,639

There was no stage change in the credit risk of the Group and the Bank's loans and advances to customers at FVTOCI in 2019.

7. Held-for-trading financial assets

Item	The Group and the Bank
	As at 31 December 2019
Financial assets held for trading:	
Government bonds	41,496
Financial bonds	699,505
Corporate bond	4,059,028
Interbank negotiable certificates of deposit	5,400,795
Equity investments	359,910
Sub-total	10,560,734
Other investments classified as at FVTPL	
Financial bonds	4,163,871
Corporate bond	2,827,713
Fund investments	17,954,060
Assets management plan	12,646,372
Wealth management products issued by other banks	3,218,927
Asset-backed securities	100,781
Sub-total	40,911,724
Total	51,472,458

8. Debt investments

Item	The Group		The Bank
	As at 31 December 2019		
Debt investment	146,161,315		146,011,577
Accrued interest	2,573,796		2,572,534
Sub-total	148,735,111		148,584,111
Less: Loss allowance	(516,284)		(516,284)
Total	148,218,827		148,067,827

8.1 Analysis by product type

Item	The Group		The Bank
	As at 31 December 2019		
Government bonds	69,910,017		69,809,189
Financial bonds	66,395,788		66,345,616
Corporate bond	5,426,796		5,426,796
Asset-backed securities	1,204,956		1,204,956
Trust and asset management plans	5,797,554		5,797,554
Sub-total	148,735,111		148,584,111
Less: Loss allowance			
Stage 1 (12-month expected credit loss)	(243,739)		(243,739)
Stage 2 (Lifetime expected credit loss)	(45,847)		(45,847)
Stage 3 (Lifetime expected credit loss - credit impaired)	(226,698)		(226,698)
Sub-total	(516,284)		(516,284)
Total	148,218,827		148,067,827

8.2 Credit risk and expected credit loss of debt investment

Item	The Group			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Debt investment	147,847,730	650,960	236,421	148,735,111
Less: Loss allowance	(243,739)	(45,847)	(226,698)	(516,284)
Carrying amount of debt investment	147,603,991	605,113	9,723	148,218,827

Item	The Bank			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Debt investment	147,696,730	650,960	236,421	148,584,111
Less: Loss allowance	(243,739)	(45,847)	(226,698)	(516,284)
Carrying amount of debt investment	147,452,991	605,113	9,723	148,067,827

8.3 Movements in expected credit loss and account balance of debt investments

8.3.1 Movements in account balance of debt investments

Item	The Group			
	Year ended 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2019	114,668,512	3,204,274	20,000	117,892,786
Transferred to:				
- Stage 1	1,682,674	(1,682,674)	-	-
- Stage 2	(650,000)	650,000	-	-
- Stage 3	(216,421)	-	216,421	-
Net amount incurred for the year	32,362,965	(1,520,640)	-	30,842,325
Write-offs	-	-	-	-
As at 31 December 2019	147,847,730	650,960	236,421	148,735,111

Item	The Bank			
	Year ended 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2019	114,668,512	3,204,274	20,000	117,892,786
Transferred to:				
- Stage 1	1,682,674	(1,682,674)	-	-
- Stage 2	(650,000)	650,000	-	-
- Stage 3	(216,421)	-	216,421	-
Net amount incurred for the year	32,211,965	(1,520,640)	-	30,691,325
Write-offs	-	-	-	-
As at 31 December 2019	147,696,730	650,960	236,421	148,584,111

8.3.2 Movements in expected credit loss of debt investments

Item	The Group and the Bank			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2019	63,467	97,738	20,000	181,205
Transferred to:				
- Stage 1	49,189	(49,189)	-	-
- Stage 2	(7,552)	7,552	-	-
- Stage 3	(5,071)	-	5,071	-
Provisions/(reversals) for the year	143,706	(10,254)	201,627	335,079
As at 31 December 2019	243,739	45,847	226,698	516,284

9. Other debt investments

Item	The Group and the Bank
	As at 31 December 2019
Other debt investments	76,588,887
Accrued interest	1,414,336
Total	78,003,223

9.1 Analysis of other debt investments by product type

Item	The Group and the Bank
	As at 31 December 2019
Government bonds	17,744,530
Financial bonds	40,064,365
Corporate bond	13,153,886
Interbank negotiable certificates of deposit	6,972,192
Asset-backed securities	68,250
Total	78,003,223

9.2 Credit risk and expected credit loss of other debt investments

Item	The Group and the Bank			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Account balance of other debt investments	78,003,223	-	-	78,003,223
Accumulated loss allowance for other debt investments	(10,486)	-	(70,000)	(80,486)

9.3 Movements in expected credit loss of other debt investments

Item	The Group and the Bank			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2019	20,770	-	70,000	90,770
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provisions/(reversals) for the year	(10,284)	-	-	(10,284)
As at 31 December 2019	10,486	-	70,000	80,486

There was no stage change in the credit risk of the Group and the Bank's other debt investments in 2019.

10. Other equity instrument investments

Item	The Group and the Bank
	As at 31 December 2019
Equity investments	11,500

11. Financial assets at fair value through profit or loss

Item	The Group and the Bank
	As at 31 December 2018
Interbank negotiable certificates of deposit	4,991,241
Corporate bonds	1,087,782
Financial institution bonds	1,185,773
Total	7,264,796

The financial assets at fair value through profit or loss are all financial assets held for trading.

12. Available-for-sale financial assets

12.1 Analysis of available-for-sale financial assets

Item	The Group and the Bank
	As at 31 December 2018
Available-for-sale debt instruments	
- Bonds	
Government bonds	12,141,812
Financial institution bonds	25,865,220
Corporate bonds	16,141,468
Interbank negotiable certificates of deposit	4,649,067
Asset-backed securities	353,804
Available-for-sale equity instruments	
- Equity instruments at fair value	922,714
- Equity instruments at cost	11,500
Available-for-sale other instruments	
- Wealth management products issued by other banks	11,611,142
- Trust and asset management plans	14,484,285
- Securities investment funds	19,024,374
Total	105,205,386
Less: Allowance for impairment of available-for-sale financial assets	(319,106)
Carrying amount	104,886,280

12.2 Available-for sale financial assets at fair value at the end of the year

Item	The Group and the Bank			
	As at 31 December 2018			
	Available-for-sale equity instruments	Available-for-sale debt instruments	Available-for-sale other instruments	Total
Cost/Amortised cost	804,255	58,305,208	44,444,549	103,554,012
Fair value	673,608	59,081,371	45,119,801	104,874,780
Changes in fair value through other comprehensive income	118,459	846,163	675,252	1,639,874
Allowance for impairment	(249,106)	(70,000)	-	(319,106)

13. Held-to-maturity investments

Item	The Group and the Bank
	As at 31 December 2018
Government bonds	57,124,411
Financial institution bonds	54,546,471
Corporate bonds	6,856,523
Interbank negotiable certificates of deposit	199,393
Asset-backed security	1,841,260
Total	120,568,058
Less: Allowance for impairment	(20,628)
Carrying amount	120,547,430

14. Receivables investment

Item	The Group and the Bank
	As at 31 December 2018
Government bonds	96,870
Trust and asset management plans	10,589,295
Total	10,686,165
Less: Allowance for impairment	(142,965)
Carrying amount	10,543,200

15. Finance lease receivables

Item	The Group
	As at 31 December 2019
Finance lease receivables	26,278,146
Accrued interest of finance lease receivables	212,568
Less: Unearned finance income	(2,497,998)
Balance of finance lease receivables	23,992,716
Less: Allowance for impairment	(1,155,458)
Net amount of finance lease receivables	22,837,258

15.1 Minimum lease receivables to be received after the balance sheet date

Item	The Group
	As at 31 December 2019
1st year after the balance sheet date	10,748,747
2nd year after the balance sheet date	7,775,371
3rd year after the balance sheet date	4,486,561
Subsequent years	3,480,035
Total minimum lease receivables	26,490,714
Unearned finance income	(2,497,998)
Total	23,992,716
Less: Allowance for impairment	(1,155,458)
Net finance lease receivables	22,837,258
Including: Finance lease receivables due within one year	9,031,202
Finance lease receivables due over one year	13,806,056

15.2 Industry distribution of finance lease receivables

Industry	The Group	
	As at 31 December 2019	Percentage (%)
Water, environment and public facilities management	9,605,727	36.26
Construction industry	4,737,224	17.88
Production and supply of electricity, heat, gas and water	3,768,221	14.22
Health and social work	2,535,218	9.57
Transportation, warehousing and postal services	1,966,223	7.42
Manufacturing industry	1,036,320	3.91
Financial industry	802,679	3.03
Lease and business service	672,562	2.54
Education industry	468,352	1.77
Information transmission, software and information technology service	348,961	1.32
Agriculture, forestry, animal husbandry and fishery	290,627	1.10
Culture, sports and entertainment industry	258,600	0.98
Total	26,490,714	100.00

15.3 Credit risk and expected credit loss of finance lease receivables

Item	The Group			
	Year ended 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Balance of finance lease receivables	22,879,715	342,207	770,794	23,992,716
Less: Allowance for impairment	411,378	76,220	667,860	1,155,458
Net finance lease receivables	22,468,337	265,987	102,934	22,837,258

There was no stage change in the credit risk of the Group's finance lease receivables from acquisition date to 31 December 2019.

16. Long-term equity investments

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Subsidiaries (Note VII)			3,369,913	1,171,400
Associates	5,173	1,061,721	5,173	1,061,721
Total			3,375,086	2,233,121
Less: Allowance for impairment (Note)	(5,173)	(5,173)	(897,737)	(479,881)
Carrying amount	-	1,056,548	2,477,349	1,753,240

Note: As at 31 December 2019, the impairment provision of long-term equity investment assets includes the total amount of RMB 892,564,000 for the impairment provision of the Bank's investment in some subsidiaries(31 December 2018: RMB 474,708,000).

16.1 Associates

Investments in associates are listed as follows:

Name	The Group and the Bank							
	Accounting method	Initial investment cost	As at 1 January 2019	Increase/ (Decrease) during the year	As at 31 December 2019	Percentage of shareholding (%)	Percentage of voting rights (%)	Allowance for impairment
Shanghai Jingyi Industry Development Co., Ltd.	Equity method	367,000	5,173	-	5,173	18.874	18.87	(5,173)
Yangtze United Financial Leasing Co., Ltd. (Note)	Transferred from equity method to cost method	300,000	1,056,548	(1,056,548)	-	51.02	51.02	-
Total		667,000	1,061,721	(1,056,548)	5,173			(5,173)

Name	The Group and the Bank							
	Accounting method	Initial investment cost	As at 1 January 2018	Increase/ (Decrease) during the year	As at 31 December 2018	Percentage of shareholding (%)	Percentage of voting rights (%)	Allowance for impairment
Shanghai Jingyi Industry Development Co., Ltd.	Equity method	367,000	5,173	-	5,173	18.874	18.87	(5,173)
Yangtze United Financial Leasing Co., Ltd.	Equity method	300,000	947,781	108,767	1,056,548	40.00	40.00	-
Total		667,000	952,954	108,767	1,061,721			(5,173)

Note: Yangtze Leasing is a newly acquired subsidiary by the Bank for the year, for which the long-term equity investment is accounted for under equity method. Refer to Note IX "Changes in scope of consolidation" for details.

17. Fixed assets

Item	The Group					Total
	Building	Transportation equipment	Electronic equipment	Machinery	Office equipment	
Cost						
As at 1 January 2019	8,307,703	94,515	1,771,435	447,553	81,953	10,703,159
Additions arising from changes in scope of consolidation (Note IX)	-	482	1,632	6	113	2,233
Additions	1,755	3,948	23,939	36,798	11,941	78,381
Transfer in from CIP	39,253	-	50,342	11,905	627	102,127
Disposals	(684,436)	(5,628)	(107,863)	(23,121)	(7,666)	(828,714)
As at 31 December 2019	7,664,275	93,317	1,739,485	473,141	86,968	10,057,186
Accumulated depreciation						
As at 1 January 2019	(2,643,098)	(75,145)	(1,405,363)	(314,376)	(59,123)	(4,497,105)
Charge for the year	(370,785)	(5,334)	(109,109)	(38,204)	(8,481)	(531,913)
Disposals	314,063	5,357	102,663	21,844	7,299	451,226
As at 31 December 2019	(2,699,820)	(75,122)	(1,411,809)	(330,736)	(60,305)	(4,577,792)
Provision for impairment						
As at 1 January 2019	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
As at 31 December 2019	(485,801)	-	-	-	-	(485,801)
Net book value						
As at 1 January 2019	5,178,804	19,370	366,072	133,177	22,830	5,720,253
As at 31 December 2019	4,478,654	18,195	327,676	142,405	26,663	4,993,593

Item	The Group					Total
	Building	Transportation equipment	Electronic equipment	Machinery	Office equipment	
Cost						
As at 1 January 2018	6,373,870	95,875	1,669,183	432,825	78,180	8,649,933
Additions	15,265	7,628	105,956	14,918	2,138	145,905
Transfer in from CIP	1,934,333	-	75,325	11,615	4,389	2,025,662
Disposals	(15,765)	(8,988)	(79,029)	(11,805)	(2,754)	(118,341)
As at 31 December 2018	8,307,703	94,515	1,771,435	447,553	81,953	10,703,159
Accumulated depreciation						
As at 1 January 2018	(2,275,529)	(78,307)	(1,368,639)	(286,892)	(54,544)	(4,063,911)
Charge for the year	(381,447)	(5,405)	(111,920)	(38,677)	(7,177)	(544,626)
Disposals	13,878	8,567	75,196	11,193	2,598	111,432
As at 31 December 2018	(2,643,098)	(75,145)	(1,405,363)	(314,376)	(59,123)	(4,497,105)
Provision for impairment						
As at 1 January 2018	-	-	-	-	-	-
Charge for the year	(485,801)	-	-	-	-	(485,801)
As at 31 December 2018	(485,801)	-	-	-	-	(485,801)
Net book value						
As at 1 January 2018	4,098,341	17,568	300,544	145,933	23,636	4,586,022
As at 31 December 2018	5,178,804	19,370	366,072	133,177	22,830	5,720,253

Note: As at 31 December 2019, cost of buildings of the Group that are in use but of which the certificates of title have not been obtained amounted to RMB 1,895,883,000 (31 December 2018: RMB 1,920,766,000).

Item	The Bank					Total
	Building	Transportation equipment	Electronic equipment	Machinery	Office equipment	
Cost						
As at 1 January 2019	8,205,528	72,628	1,728,413	413,367	65,867	10,485,803
Additions	1,755	3,084	20,056	34,074	11,057	70,026
Transfer in from CIP	31,058	-	50,342	11,713	627	93,740
Disposals	(684,436)	(4,664)	(107,285)	(22,584)	(7,270)	(826,239)
As at 31 December 2019	7,553,905	71,048	1,691,526	436,570	70,281	9,823,330
Accumulated depreciation						
As at 1 January 2019	(2,602,207)	(54,648)	(1,370,776)	(285,893)	(46,234)	(4,359,758)
Charge for the year	(366,544)	(5,107)	(106,776)	(35,532)	(7,340)	(521,299)
Disposals	314,063	4,442	102,119	21,337	6,927	448,888
As at 31 December 2019	(2,654,688)	(55,313)	(1,375,433)	(300,088)	(46,647)	(4,432,169)
Provision for impairment						
As at 1 January 2019	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
As at 31 December 2019	(485,801)	-	-	-	-	(485,801)
Net book value						
As at 1 January 2019	5,117,520	17,980	357,637	127,474	19,633	5,640,244
As at 31 December 2019	4,413,416	15,735	316,093	136,482	23,634	4,905,360

Item	The Bank					Total
	Building	Transportation equipment	Electronic equipment	Machinery	Office equipment	
Cost						
As at 1 January 2018	6,271,695	73,988	1,628,204	401,948	62,536	8,438,371
Additions	15,265	7,628	103,829	13,923	1,443	142,088
Transfer in from CIP	1,934,333	-	75,325	8,785	4,389	2,022,832
Disposals	(15,765)	(8,988)	(78,945)	(11,289)	(2,501)	(117,488)
As at 31 December 2018	8,205,528	72,628	1,728,413	413,367	65,867	10,485,803
Accumulated depreciation						
As at 1 January 2018	(2,238,920)	(58,038)	(1,338,215)	(260,684)	(42,801)	(3,938,658)
Charge for the year	(377,166)	(5,177)	(107,688)	(35,965)	(5,810)	(531,806)
Disposals	13,879	8,567	75,127	10,756	2,377	110,706
As at 31 December 2018	(2,602,207)	(54,648)	(1,370,776)	(285,893)	(46,234)	(4,359,758)
Provision for impairment						
As at 1 January 2018	-	-	-	-	-	-
Charge for the year	(485,801)	-	-	-	-	(485,801)
As at 31 December 2018	(485,801)	-	-	-	-	(485,801)
Net book value						
As at 1 January 2018	4,032,775	15,950	289,989	141,264	19,735	4,499,713
As at 31 December 2018	5,117,520	17,980	357,637	127,474	19,633	5,640,244

Note: As at 31 December 2019, cost of buildings of the Bank that are in use but of which the certificates of title have not been obtained amounted to RMB 1,887,688,000 (31 December 2018: RMB 1,887,948,000).

18. Construction in progress

18.1 Details of construction in progress

Item	The Group		
	As at 31 December 2019		
	Account balance	Allowance for impairment	Carrying amount
Business premises of Pudong Branch	392,667	-	392,667
Business premises of Minhang Sub-branch	381,388	-	381,388
Business premises of Fengxian Sub-branch	172,633	-	172,633
Business premises of Jiading Sub-branch	72,673	-	72,673
Zhangjiang business processing Center	62,085	-	62,085
Business premises of Yingzhong Sub-branch	37,075	-	37,075
Business premises of Zhuanghang Sub-branch	11,162	-	11,162
Business premises of Hunan Shuangfeng Village Bank	14,600	-	14,600
Business premises of Cili Shanghai Village Bank	10,948	-	10,948
Others	90,575	-	90,575
Total	1,245,806	-	1,245,806

Item	The Group		
	As at 31 December 2018		
	Account balance	Allowance for impairment	Carrying amount
Business premises of Fengxian Sub-branch	133,333	-	133,333
Business premises of Yingzhong Sub-branch	35,902	-	35,902
Zhangjiang business processing Center	30,553	-	30,553
Business premises of Hunan Shuangfeng Village Bank	14,583	-	14,583
Business premises of Zhuanghang Sub-branch	10,286	-	10,286
Others	65,355	-	65,355
Total	290,012	-	290,012

Item	The Bank		
	As at 31 December 2019		
	Account balance	Allowance for impairment	Carrying amount
Business premises of Pudong Branch	392,667	-	392,667
Business premises of Minhang Sub-branch	381,388	-	381,388
Business premises of Fengxian Sub-branch	172,633	-	172,633
Business premises of Jiading Sub-branch	72,673	-	72,673
Zhangjiang business processing Center	62,085	-	62,085
Business premises of Yingzhong Sub-branch	37,075	-	37,075
Business premises of Zhuanghang Sub-branch	11,162	-	11,162
Others	89,801	-	89,801
Total	1,219,484	-	1,219,484

Item	The Bank		
	As at 31 December 2018		
	Account balance	Allowance for impairment	Carrying amount
Business premises of Fengxian Sub-branch	133,333	-	133,333
Business premises of Yingzhong Sub-branch	35,902	-	35,902
Zhangjiang business processing Center	30,553	-	30,553
Business premises of Zhuanghang Sub-branch	10,286	-	10,286
Others	61,024	-	61,024
Total	271,098	-	271,098

18.2 Movements in construction in progress

Item	The Group			
	Building	Electronic and machinery equipment	Others	Total
As at 1 January 2019	204,318	9,078	76,616	290,012
Additions arising from changes in scope of consolidation (Note IX)	-	221	-	221
Additions	985,081	75,352	62,613	1,123,046
Transfer to fixed assets	(39,253)	(62,247)	(627)	(102,127)
Transfer to other assets	(2,226)	-	(63,120)	(65,346)
As at 31 December 2019	1,147,920	22,404	75,482	1,245,806
Less: Allowance for impairment	-	-	-	-
Net book value	1,147,920	22,404	75,482	1,245,806

Item	The Group			
	Building	Electronic and machinery equipment	Others	Total
As at 1 January 2018	1,732,015	64,620	110,348	1,906,983
Additions	421,670	31,398	66,504	519,572
Transfer to fixed assets	(1,934,333)	(86,940)	(4,389)	(2,025,662)
Transfer to other assets	(15,034)	-	(95,847)	(110,881)
As at 31 December 2018	204,318	9,078	76,616	290,012
Less: Allowance for impairment	-	-	-	-
Net book value	204,318	9,078	76,616	290,012

Item	The Bank			
	Building	Electronic and machinery equipment	Others	Total
As at 1 January 2019	185,490	8,992	76,616	271,098
Additions	967,473	75,160	62,614	1,105,247
Transfer to fixed assets	(31,058)	(62,055)	(627)	(93,740)
Transfer to other assets	-	-	(63,121)	(63,121)
As at 31 December 2019	1,121,905	22,097	75,482	1,219,484
Less: Allowance for impairment	-	-	-	-
Net book value	1,121,905	22,097	75,482	1,219,484

Item	The Bank			Total
	Building	Electronic and machinery equipment	Others	
As at 1 January 2019	1,711,643	63,685	110,348	1,885,676
Additions	408,180	29,417	66,504	504,101
Transfer to fixed assets	(1,934,333)	(84,110)	(4,389)	(2,022,832)
Transfer to other assets	-	-	(95,847)	(95,847)
As at 31 December 2019	185,490	8,992	76,616	271,098
Less: Allowance for impairment	-	-	-	-
Net book value	185,490	8,992	76,616	271,098

19. Deferred tax assets and deferred tax liabilities

19.1 Deferred tax assets and deferred tax liabilities before offsetting

Item	The Group			
	Deductible temporary differences		Deferred tax assets	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Provision for losses/ impairment of assets	17,722,116	13,448,497	4,428,641	3,360,463
Changes in fair value of financial assets at FVTPL and derivative financial instruments	-	68,062	-	17,016
Commission in advance	349,205	N/A	87,301	N/A
Other temporary differences	1,989,825	1,757,741	497,255	439,356
Total	20,061,146	15,274,300	5,013,197	3,816,835

Item	The Group			
	Taxable temporary differences		Deferred tax liabilities	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Changes in fair value of financial assets at FVTPL and derivative financial instruments	(450,565)	-	(112,641)	-
Changes in fair value of financial assets at FVTOCI and derivative financial instruments	(1,648,200)	N/A	(412,050)	N/A
Changes in fair value of available-for-sale financial assets	N/A	(1,639,874)	N/A	(409,969)
Total	(2,098,765)	(1,639,874)	(524,691)	(409,969)

Item	The Bank			
	Deductible temporary differences		Deferred tax assets	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Provision for losses/ impairment of assets	16,485,949	13,140,588	4,121,486	3,285,147
Changes in fair value of financial assets at FVTPL and derivative financial instruments	-	68,062	-	17,016
Other temporary differences	1,938,434	1,731,681	484,609	432,920
Total	18,424,383	14,940,331	4,606,095	3,735,083

Item	The Bank			
	Taxable temporary differences		Deferred tax liabilities	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Changes in fair value of financial assets at FVTPL and derivative financial instruments	(450,565)	-	(112,641)	-
Changes in fair value of financial assets at FVTOCI and derivative financial instruments	(1,648,200)	N/A	(412,050)	N/A
Changes in fair value of available-for-sale financial assets	N/A	(1,639,874)	N/A	(409,969)
Total	(2,098,765)	(1,639,874)	(524,691)	(409,969)

19.2 Deferred tax assets and deferred tax liabilities that are presented at the net amount after offsetting

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Deferred tax assets	4,488,506	3,406,866	4,081,404	3,325,114
Deferred tax liabilities	-	-	-	-
Total	4,488,506	3,406,866	4,081,404	3,325,114

Note: As certain village 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 recognized for the deductible temporary differences and deductible losses.

20. Other assets

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Amounts pending for settlement	1,712	346,136	-	343,287
Other receivables and prepayments	162,256	235,023	97,615	194,288
Capital for debt payment	46,725	34,740	-	-
Long-term prepaid expenses	146,266	151,556	93,197	88,847
Intangible assets	865,111	880,557	858,290	879,582
Interest receivable	24,052	4,993,978	18,830	4,907,865
Total	1,246,122	6,641,990	1,067,932	6,413,869

20.1 Other receivables and prepayments

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Intra-city bills under collection	12,950	29,264	12,950	29,264
Prepaid legal expenses	43,322	47,703	32,417	36,255
Rental deposits	18,313	16,203	16,888	14,719
Other receivables	87,671	141,853	35,360	114,050
Total	162,256	235,023	97,615	194,288

Aging analysis of other receivables:

Aging	The Group			
	As at 31 December 2019	Percentage (%)	As at 31 December 2018	Percentage (%)
Within 1 year	101,482	81.27	166,229	92.62
1 to 2 years	3,546	2.84	3,382	1.88
2 to 3 years	8,920	7.14	5,323	2.97
Above 3 years	10,920	8.75	4,541	2.53
Total	124,868	100.00	179,475	100.00
Less: Loss allowance	(37,197)		(37,622)	
Net book value	87,671		141,853	

Aging	The Bank			
	As at 31 December 2019	Percentage (%)	As at 31 December 2018	Percentage (%)
Within 1 year	50,560	79.22	129,607	90.72
1 to 2 years	820	1.28	3,382	2.37
2 to 3 years	3,190	5.00	5,323	3.73
Above 3 years	9,254	14.50	4,541	3.18
Total	63,824	100.00	142,853	100.00
Less: Allowance for bad debts	(28,464)		(28,803)	
Net book value	35,360		114,050	

20.2 Capital for debt payment

Item	The Group	
	As at 31 December 2019	Percentage (%)
Land use rights	-	-
Buildings	53,357	34,740
Machinery	-	-
Others	-	-
Total	53,357	34,740
Less: Allowance for impairment	(6,632)	-
Net book value	46,725	34,740

20.3 Long-term prepaid expenses

Item	The Group				
	Year ended 31 December 2019				
	Opening balance	Additions arising from changes in scope of consolidation (Note IX)	Increase during the year	Decrease during the year	Closing balance
Leasehold improvement	126,831	-	12,119	42,910	96,040
Prepaid rental expenses	5,852	-	34,603	8,093	32,362
Network construction expenses	1,967	-	-	561	1,406
Others	16,906	1,303	427	2,178	16,458
Total	151,556	1,303	47,149	53,742	146,266

Item	The Group			
	Year ended 31 December 2018			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Leasehold improvement	128,915	41,356	43,440	126,831
Prepaid rental expenses	10,539	742	5,429	5,852
Network construction expenses	2,432	502	967	1,967
Others	18,152	904	2,150	16,906
Total	160,038	43,504	51,986	151,556

Item	The Bank			
	Year ended 31 December 2019			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Leasehold improvement	68,071	7,691	28,895	46,867
Prepaid rental expenses	3,137	34,053	6,183	31,007
Network construction expenses	1,891	-	524	1,367
Others	15,748	-	1,792	13,956
Total	88,847	41,744	37,394	93,197

Item	The Bank			
	Year ended 31 December 2018			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Leasehold improvement	75,045	24,113	31,087	68,071
Prepaid rental expenses	6,545	175	3,583	3,137
Network construction expenses	2,300	503	912	1,891
Others	17,267	241	1,760	15,748
Total	101,157	25,032	37,342	88,847

20.4 Intangible assets

Item	The Group			The Bank		
	Land use rights	Software	Total	Land use rights	Software	Total
Cost						
As at 1 January 2019	573,340	784,934	1,358,274	573,340	783,502	1,356,842
Additions arising from changes in scope of consolidation (Note IX)	-	5,924	5,924			
Additions	962	62,880	63,842	962	62,796	63,758
Disposals	(4,158)	-	(4,158)	(4,158)	-	(4,158)
As at 31 December 2019	570,144	853,738	1,423,882	570,144	846,298	1,416,442
Accumulated amortisation						
As at 1 January 2019	(82,939)	(394,778)	(477,717)	(82,939)	(394,321)	(477,260)
Charge of the year	(13,001)	(69,348)	(82,349)	(13,001)	(69,186)	(82,187)
Disposals	1,295	-	1,295	1,295	-	1,295
As at 31 December 2019	(94,645)	(464,126)	(558,771)	(94,645)	(463,507)	(558,152)
Net book value						
As at 1 January 2019	490,401	390,156	880,557	490,401	389,181	879,582
As at 31 December 2019	475,499	389,612	865,111	475,499	382,791	858,290

Item	The Group			The Bank		
	Land use rights	Software	Total	Land use rights	Software	Total
Cost						
As at 1 January 2018	584,281	730,652	1,314,933	584,281	729,640	1,313,921
Additions	-	54,282	54,282	-	53,862	53,862
Disposals	(10,941)	-	(10,941)	(10,941)	-	(10,941)
As at 31 December 2018	573,340	784,934	1,358,274	573,340	783,502	1,356,842
Accumulated amortisation						
As at 1 January 2018	(70,380)	(330,271)	(400,651)	(70,380)	(329,945)	(400,325)
Charge of the year	(13,821)	(64,507)	(78,328)	(13,821)	(64,376)	(78,197)
Disposals	1,262	-	1,262	1,262	-	1,262
As at 31 December 2018	(82,939)	(394,778)	(477,717)	(82,939)	(394,321)	(477,260)
Net book value						
As at 1 January 2018	513,901	400,381	914,282	513,901	399,695	913,596
As at 31 December 2018	490,401	390,156	880,557	490,401	389,181	879,582

20.5 Interest receivable

Item	The Group	The Bank
	As at 31 December 2018	As at 31 December 2018
Interest of loans and advances to customers	599,355	571,843
Interest of balances and placements with banks and other financial institutions	791,618	733,137
Interest of financial assets at Financial assets at fair value through profit or loss	129,766	129,766
Interest of held-to-maturity investments	2,151,321	2,151,321
Interest of available-for-sale financial assets	1,152,863	1,152,863
Interest of investments classified as loans and advances to customers	38,445	38,325
Other interest receivable	130,610	130,610
Total	4,993,978	4,907,865

As at 31 December 2019, the Group and the Bank's balances of interest receivable represents the interest receivable or payable where the relevant financial instruments have passed due but the interest has not yet been received or paid as at the balance sheet.

21. Provision for loss / impairment of assets

Item	The Group								
	2019								
	Opening balance	Adjustment of changes in accounting policies	Increase due to changes in the scope of consolidation	Charge of the year/(reversal)	Transfer in	Transfer out	Write-off	Recovery of loans previously written off	Closing balance
Due from banks and other financial institutions	(Note IX)	6,845	46	8,793	-	-	-	-	17,938
Placements with banks and other financial institutions measured at amortized cost	N/A	56,358	-	7,872	-	-	-	-	64,230
Financial assets purchased under resale agreements	N/A	26,675	-	26,862	-	-	-	-	53,537
Loans and advances measured at amortized cost	15,872,769	(14,889)	-	2,961,043	-	(107,010)	(1,155,429)	276,804	17,833,288
Loss allowance for debt investments	N/A	181,205	-	335,079	-	-	-	-	516,284
Available-for-sale financial assets	319,106	(319,106)	-	N/A	N/A	N/A	N/A	N/A	N/A
Held-to-maturity investment	20,628	(20,628)	-	N/A	N/A	N/A	N/A	N/A	N/A
Receivables investment	142,965	(142,965)	-	N/A	N/A	N/A	N/A	N/A	N/A
Finance lease receivables	N/A	N/A	1,158,418	(2,960)	-	-	-	-	1,155,458
Long-term equity investments	5,173	-	-	-	-	-	-	-	5,173
Fixed assets	485,801	-	-	-	-	-	-	-	485,801
Other receivables	37,622	-	-	3,957	-	-	(5,640)	1,258	37,197
Other assets	N/A	6,565	12,367	10,973	-	-	-	-	29,905
Total	16,886,318	(219,940)	1,170,831	3,351,619	-	(107,010)	(1,161,069)	278,062	20,198,811

Item	The Group							
	2018							
	Opening balance	Charge of the year/(reversal)	Transfer in	Transfer out	Write-off	Recovery of loans previously written off	Closing balance	
Due from banks and other financial institutions	2,182	72	-	-	-	-	2,254	
Loans and advances to customers	12,345,320	4,795,753	-	(168,800)	(1,226,366)	126,862	15,872,769	
Available-for-sale financial assets	554,142	-	-	(235,036)	-	-	319,106	
Held-to-maturity investment	20,637	(9)	-	-	-	-	20,628	
Receivables investment	142,965	-	-	-	-	-	142,965	
Long-term equity investments	5,173	-	-	-	-	-	5,173	
Other receivables	31,487	10,663	-	-	(5,452)	924	37,622	
Fixed assets	-	-	485,801	-	-	-	485,801	
Construction in progress	485,801	-	-	(485,801)	-	-	-	
Capital for debt payment	4,197	-	-	(4,197)	-	-	-	
Total	13,591,904	4,806,479	485,801	(893,834)	(1,231,818)	127,786	16,886,318	

Item	The Bank							
	2019							
	Opening balance	Adjustment of changes in accounting policies	Charge of the year/(reversal)	Transfer in	Transfer out	Write-off	Recovery of loans previously written off	Closing balance
Due from banks and other financial institutions	2,254	3,112	4,238	-	-	-	-	9,604
Placements with banks and other financial institutions measured at amortized cost	N/A	56,358	9,307	-	-	-	-	65,665
Financial assets purchased under resale agreements	N/A	26,675	26,862	-	-	-	-	53,537
Loans and advances measured at amortized cost	14,351,550	(18,686)	2,939,694	-	(89,172)	(615,515)	186,973	16,754,844
Loss allowance for debt investments	N/A	181,205	335,079	-	-	-	-	516,284
Available-for-sale financial assets	319,106	(319,106)	N/A	N/A	N/A	N/A	N/A	N/A
Held-to-maturity investment	20,628	(20,628)	N/A	N/A	N/A	N/A	N/A	N/A
Receivables investment	142,965	(142,965)	N/A	N/A	N/A	N/A	N/A	N/A
Long-term equity investments	479,881	-	417,856	-	-	-	-	897,737
Fixed assets	485,801	-	-	-	-	-	-	485,801
Other receivables	28,803	-	(339)	-	-	-	-	28,464
Other assets	N/A	6,565	10,534	-	-	-	-	17,099
Total	15,830,988	(227,470)	3,743,231	-	(89,172)	(615,515)	186,973	18,829,035

Item	The Bank							
	2018							
	Opening balance	Charge of the year/(reversal)	Transfer in	Transfer out	Write-off	Recovery of loans previously written off	Closing balance	
Due from banks and other financial institutions	2,182	72	-	-	-	-	2,254	
Loans and advances to customers	11,096,639	3,935,514	-	(136,110)	(628,336)	83,843	14,351,550	
Available-for-sale financial assets	554,142	-	-	(235,036)	-	-	319,106	
Held-to-maturity investment	20,637	(9)	-	-	-	-	20,628	
Receivables investment	142,965	-	-	-	-	-	142,965	
Long-term equity investments	331,837	148,044	-	-	-	-	479,881	
Other receivables	24,211	4,592	-	-	-	-	28,803	
Fixed assets	-	-	485,801	-	-	-	485,801	
Construction in progress	485,801	-	-	(485,801)	-	-	-	
Capital for debt payment	4,197	-	-	(4,197)	-	-	-	
Total	12,662,611	4,088,213	485,801	(861,144)	(628,336)	83,843	15,830,988	

22. Borrowings from the central bank

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Borrowings from the central bank	13,911,000	11,971,000	13,505,000	11,680,000
Accrued interest	95,071	N/A	94,796	N/A
Total	14,006,071	11,971,000	13,599,796	11,680,000

23. Due to banks and other financial institutions

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Deposits from domestic banks	3,317,069	4,638,597	10,469,606	10,444,537
Deposits from other domestic financial institutions	579,057	295,646	579,057	295,646
Accrued interest	54,480	N/A	54,480	N/A
Total	3,950,606	4,934,243	11,103,143	10,740,183

24. Placements from banks and other financial institutions

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Placements from domestic banks	29,599,218	18,179,895	12,748,628	18,179,895
Placements from overseas banks	2,162,615	3,087,405	2,162,614	3,087,405
Accrued interest	197,419	N/A	22,845	N/A
Total	31,959,252	21,267,300	14,934,087	21,267,300

25. Financial assets sold under repurchase agreements

Item	The Group and the Bank	
	As at 31 December 2019	As at 31 December 2018
Securities	36,604,600	33,744,882
Bills	17,818,850	12,721,272
Accrued interest	13,145	N/A
Total	54,436,595	46,466,154

26. Customer deposits

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Demand deposits				
Corporate	207,597,310	215,778,734	196,678,370	205,340,252
Individual	54,140,313	50,259,781	51,631,130	47,692,638
Time deposits				
Corporate	108,602,776	100,746,041	106,402,140	97,664,776
Individual	270,427,290	238,206,777	261,651,100	230,486,151
Pledged deposits held as collateral	6,532,211	5,494,054	6,170,219	5,138,930
Other deposits	31,726,012	34,422,275	31,716,032	34,417,017
Accrued interest	13,322,804	N/A	12,825,668	N/A
Total	692,348,716	644,907,662	667,074,659	620,739,764

27. Employee benefits payables

27.1 Employee benefits payables are listed as follows:

Item	The Group				
	2019				
	Opening balance	Increase due to changes in the scope of consolidation (Note IX)	Increase during the year	Decrease during the year	Closing balance
Short-term benefits	2,381,016	67,001	3,538,603	3,230,072	2,756,548
Post-employment benefits - defined contribution plan	317	6,143	493,756	499,686	530
Defined benefit plan	17,254	-	-	17,254	-
Total	2,398,587	73,144	4,032,359	3,747,012	2,757,078

Item	The Group				
	2018				
	Opening balance	Increase during the year	Decrease during the year	Closing balance	
Short-term benefits	2,293,240	3,351,400	3,263,624		2,381,016
Post-employment benefits - defined contribution plan	289	492,803	492,775		317
Defined benefit plan	75,371	99,947	158,064		17,254
Total	2,368,900	3,944,150	3,914,463		2,398,587

Item	The Bank				
	2019				
	Opening balance	Increase during the year	Decrease during the year	Closing balance	
Short-term benefits	2,353,373	3,256,329	3,015,460		2,594,242
Post-employment benefits - defined contribution plan	-	474,508	474,508		-
Defined benefit plan	17,254	-	17,254		-
Total	2,370,627	3,730,837	3,507,222		2,594,242

Item	The Bank			
	2018			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Short-term benefits	2,267,866	3,159,471	3,073,964	2,353,373
Post-employment benefits - defined contribution plan	-	473,565	473,565	-
Defined benefit plan	75,371	99,947	158,064	17,254
Total	2,343,237	3,732,983	3,705,593	2,370,627

27.2 Short-term benefits are listed as follows:

Item	The Group				
	2019				
	Opening balance	Increase due to changes in the scope of consolidation (Note IX)	Increase during the year	Decrease during the year	Closing balance
Wages or salaries, bonuses, allowances and subsidies	2,380,906	66,802	2,962,696	2,654,708	2,755,696
Employee services and benefits	-	-	127,670	127,670	-
Social insurance	65	199	174,065	173,982	347
Including: Medical insurance	60	177	147,421	147,347	311
Work-related injury insurance	1	3	2,384	2,383	5
Maternity insurance	4	19	15,392	15,384	31
Others	-	-	8,868	8,868	-
Housing funds	45	-	191,241	190,781	505
Labour union fee and staff education expenses	-	-	82,931	82,931	-
Total	2,381,016	67,001	3,538,603	3,230,072	2,756,548

Item	The Group			
	2018			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Wages or salaries, bonuses, allowances and subsidies	2,293,043	2,841,348	2,753,485	2,380,906
Employee services and benefits	-	104,578	104,578	-
Social insurance	184	172,805	172,924	65
Including: Medical insurance	179	148,033	148,152	60
Work-related injury insurance	1	2,401	2,401	1
Maternity insurance	4	14,180	14,180	4
Others	-	8,191	8,191	-
Housing funds	13	171,478	171,446	45
Labour union fee and staff education expenses	-	61,191	61,191	-
Total	2,293,240	3,351,400	3,263,624	2,381,016

Item	The Bank			
	2019			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Wages or salaries, bonuses, allowances and subsidies	2,353,373	2,725,171	2,484,764	2,593,780
Employee services and benefits	-	113,389	113,389	-
Social insurance	-	162,666	162,666	-
Including: Medical insurance	-	137,315	137,315	-
Work-related injury insurance	-	2,054	2,054	-
Maternity insurance	-	14,429	14,429	-
Others	-	8,868	8,868	-
Housing funds	-	176,472	176,010	462
Labour union fee and staff education expenses	-	78,631	78,631	-
Total	2,353,373	3,256,329	3,015,460	2,594,242

Item	The Bank			
	2018			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Wages or salaries, bonuses, allowances and subsidies	2,267,736	2,690,253	2,604,616	2,353,373
Employee services and benefits	-	91,083	91,083	-
Social insurance	130	162,248	162,378	-
Including: Medical insurance	130	138,845	138,975	-
Work-related injury insurance	-	1,969	1,969	-
Maternity insurance	-	13,243	13,243	-
Others	-	8,191	8,191	-
Housing funds	-	158,106	158,106	-
Labour union fee and staff education expenses	-	57,781	57,781	-
Total	2,267,866	3,159,471	3,073,964	2,353,373

27.3 Defined contribution plan

Item	The Group				
	2019				
	Opening balance	Increase due to changes in the scope of consolidation (Note IX)	Increase during the year	Decrease during the year	Closing balance
Pension insurance	314	6,133	485,868	491,800	515
Unemployment insurance	3	10	7,888	7,886	15
Total	317	6,143	493,756	499,686	530

Item	The Group			
	2018			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Pension insurance	284	485,560	485,530	314
Unemployment insurance	5	7,243	7,245	3
Total	289	492,803	492,775	317

Item	The Bank			
	2019			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Pension insurance	-	467,229	467,229	-
Unemployment insurance	-	7,279	7,279	-
Total	-	474,508	474,508	-

Item	The Bank			
	2018			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Pension insurance	-	466,907	466,907	-
Unemployment insurance	-	6,658	6,658	-
Total	-	473,565	473,565	-

27.4 Defined benefit plan

Item	The Group				
	2019				
	Opening balance	Increase due to changes in the scope of consolidation (Note IX)	Increase during the year	Decrease during the year	Closing balance
Retirement benefit plan	17,254	-	-	17,254	-

Item	The Group			
	2018			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Retirement benefit plan	75,371	99,947	158,064	17,254

Item	The Bank			
	2019			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Retirement benefit plan	17,254	-	17,254	-

Item	The Bank			
	2018			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Retirement benefit plan	75,371	99,947	158,064	17,254

28. Tax payables

Item	The Group				
	2019				
	Opening balance	Increase due to changes in the scope of consolidation (Note IX)	Taxes payable during the year	Taxes paid during the year	Closing balance
Enterprise income tax	978,123	14,740	2,726,303	2,484,039	1,235,127
Individual income tax	35,944	1,033	342,957	357,085	22,849
VAT	283,403	(659)	1,371,683	1,356,689	297,738
Surcharges	31,229	-	147,597	142,883	35,943
Property tax	17	-	47,114	47,114	17
Land use tax	1	-	1,014	1,014	1
Vehicle and vessel use tax	-	-	191	191	-
Others	86	-	71,773	71,518	341
Total	1,328,803	15,114	4,708,632	4,460,533	1,592,016

Item	The Group			
	2018			
	Opening balance	Taxes payable during the year	Taxes paid during the year	Closing balance
Enterprise income tax	1,115,233	2,304,901	2,442,011	978,123
Individual income tax	32,428	448,483	444,967	35,944
VAT	257,128	1,166,191	1,139,916	283,403
Surcharges	30,382	132,824	131,977	31,229
Property tax	17	53,945	53,945	17
Land use tax	1	1,967	1,967	1
Vehicle and vessel use tax	-	224	224	-
Others	132	19,580	19,626	86
Total	1,435,321	4,128,115	4,234,633	1,328,803

Item	The Bank			
	2019			
	Opening balance	Taxes payable during the year	Taxes paid during the year	Closing balance
Enterprise income tax	958,410	2,580,803	2,406,260	1,132,953
Individual income tax	35,266	334,113	348,736	20,643
VAT	277,782	1,347,165	1,333,530	291,417
Surcharges	30,681	145,532	140,891	35,322
Property tax	-	46,220	46,220	-
Land use tax	-	992	992	-
Vehicle and vessel use tax	-	139	139	-
Others	-	70,723	70,723	-
Total	1,302,139	4,525,687	4,347,491	1,480,335

Item	The Bank			
	2018			
	Opening balance	Taxes payable during the year	Taxes paid during the year	Closing balance
Enterprise income tax	1,047,189	2,217,406	2,306,185	958,410
Individual income tax	30,662	436,866	432,262	35,266
VAT	250,647	1,141,771	1,114,636	277,782
Surcharges	29,743	130,584	129,646	30,681
Property tax	-	53,022	53,022	-
Land use tax	-	1,952	1,952	-
Vehicle and vessel use tax	-	171	171	-
Others	-	18,829	18,829	-
Total	1,358,241	4,000,601	4,056,703	1,302,139

29. Debt securities issued

Item	The Group and the Bank	
	As at 31 December 2019	As at 31 December 2018
Financial bonds (Note 1)	10,000,000	10,000,000
Interbank negotiable certificates of deposit (Note 2)	37,674,848	13,375,798
Accrued interest	271,948	N/A
Total	47,946,796	23,375,798

Note 1: The Bank issued RMB3 billion 10-year fixed rate subordinated bond with interest rate of 4.80% on 15 August 2017, redeemable at the end of year 5.

The Bank issued RMB4 billion 10-year fixed rate subordinated bond with interest rate of 4.70% on 7 March 2017, redeemable at the end of year 5.

The Bank issued RMB3 billion 10-year fixed rate subordinated bond with interest rate of 3.95% on 23 June 2016, redeemable at the end of year 5.

Note 2: The interbank negotiable certificates of deposit was issued at National Interbank Funding Center, measured at amortised cost. As at 31 December 2019, the outstanding interbank negotiable certificates of deposit is 52 with carrying amount of RMB 38.1 billion, and the interest rate of which is ranging from 2.83% to 3.20%. As at the end of 2018, the outstanding interbank negotiable certificates of deposit is 35 with carrying amount of RMB 13.5 billion, and the interest rate of which is ranging from 3.05% to 4.97%.

30. Provisions

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Provision for expected credit loss in off-balance sheet	403,718	N/A	403,718	N/A
Pending litigation (Note)	-	16,021	-	-
Total	403,718	16,021	-	-

Note: The pending litigation is mainly related to the holding subsidiary of the Bank, Yunnan Kunming Economic Development District Ala Shanghai Village Bank Co., Ltd., as the defendant in the case of deposit disputes. See Notes XI.1 for details.

30.1 Three stages of expected credit loss in off-balance sheet

Item	The Group and the Bank			
	2019			
	Stage 1(12 months expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss -credit impaired)	Total
Opening balance	114,792	6,528	8,519	129,839
Accrued/(Reversed)	221,957	60,434	(8,512)	273,879
Closing balance	336,749	66,962	7	403,718

There is no stage movement during the 2019.

31. Other liabilities

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
For settlement and transfer payments	3,355,470	317,222	-	10,732,074
Lease deposits	1,769,668	-	-	-
Service fee received in advance	349,205	-	-	-
Interest payable	-	11,178,359	3,337,703	308,656
Others	547,837	344,324	491,414	332,824
Total	6,022,180	11,839,905	3,829,117	11,373,554

31.1 Interest payable

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Customer deposits, banks and other financial institutions	-	10,637,674	-	10,191,724
Debt securities issued	-	271,108	-	271,108
Others	-	269,577	-	269,242
Total	-	11,178,359	-	10,732,074

32. Share capital

Name of shareholders	As at 1 January 2019		Increase during the year	Decrease during the year	As at 31 December 2019	
	Amount invested	Percentage (%)			Amount invested	Percentage (%)
Shanghai State-owned Assets management Co., Ltd.	800,000	9.22	-	-	800,000	9.22
China Ocean Shipping Group Co. Ltd.	800,000	9.22	-	-	800,000	9.22
Baoshan Iron & Steel Co., Ltd.	800,000	9.22	-	-	800,000	9.22
China Pacific Life Insurance Co., Ltd.	560,000	6.45	-	-	560,000	6.45
Shanghai International (Group) Co., Ltd.	481,474	5.55	-	-	481,474	5.55
Shanghai Guosheng Group	474,048	5.46	-	-	474,048	5.46
Zhejiang Expressway Co., Ltd.	465,500	5.36	-	-	465,500	5.36
Taiping Life Insurance Co., Ltd.	-	-	414,904	-	414,904	4.78
Shenzhen Lenovo Science and Technology Park Co., Ltd.	458,486	5.28	-	(414,904)	43,582	0.50
Others	3,840,492	44.24	-	-	3,840,492	44.24
Total	8,680,000	100.00	414,904	(414,904)	8,680,000	100.00

Name of shareholders	As at 1 January 2018		Increase during the year	Decrease during the year	As at 31 December 2018	
	Amount invested	Percentage (%)			Amount invested	Percentage (%)
Shanghai State-owned Assets management Co., Ltd.	800,000	10.00	-	-	800,000	9.22
China Ocean Shipping Group Co. Ltd.	800,000	10.00	-	-	800,000	9.22
Baoshan Iron & Steel Co., Ltd.	800,000	10.00	-	-	800,000	9.22
China Pacific Life Insurance Co., Ltd.	560,000	7.00	-	-	560,000	6.45
Shanghai International (Group) Co., Ltd.	481,474	6.02	-	-	481,474	5.55
Shenzhen Lenovo Science and Technology Park Co., Ltd.	458,486	5.73	-	-	458,486	5.28
Shanghai Guosheng Group	357,678	4.47	116,370	-	474,048	5.46
Zhejiang Expressway Co., Ltd.	-	-	465,500	-	465,500	5.36
Others	3,742,362	46.78	490,130	(392,000)	3,840,492	44.24
Total	8,000,000	100.00	1,072,000	(392,000)	8,680,000	100.00

In August 2005, with the approval of Reply of China Banking Regulatory Commission on the Opening of Shanghai Rural Commercial Bank Co., Ltd (Yin Jian Fu [2015] No.217) issued by China Banking Regulatory Commission and Reply on the Approval of the Establishment of Shanghai Rural Commercial Bank Co., Ltd (Hu Fu Fa Gai Shen [2005] No. 005) issued by Shanghai Municipal Government, the Bank was registered and incorporated in Shanghai with registered capital of RMB 3,000,294,306.00. The above capital contribution has been verified by Wanlong Certified Public Accountants Co., Ltd with the capital verification report (Wang Kuai Ye Zi [2005] No.1738).

In September 2007, with the approval of Reply of China Banking Regulatory Commission on Investment in Capital from Australia and New Zealand Banking Group Limited to Shanghai Rural Commercial Bank Co., Ltd (Yin Jian Fu [2007] No.356) and Reply of China Banking Regulatory Commission on Changes in Registered Capital of Shanghai Rural Commercial Bank Co., Ltd (Yin Jian Fu [2007] No.474), the Bank has received RMB1,982,741,310.20 contributed by Australia and New Zealand Banking Group Limited (hereinafter referred as "ANZ Bank"), of which RMB 745,391,470.00 was included in share capital and RMB 1,237,349,840.20 was included in capital reserve. Therefore, the registered capital of the Bank has increased from RMB 3,000,294,306.00 to RMB 3,745,685,776.00. The above capital increase has been verified by Shanghai Wanlong Certified Public Accountants Co., Ltd with the capital verification report (Wang Kuai Ye Zi [2007] No.1149).

In December 2010, with the approval of Reply on Approval of Targeted Additional Shares Issuance Plan of Shanghai Rural Commercial Bank Co., Ltd and Approval of the Relevant Shareholder Qualifications (Hu Yin Jian Fu [2010] No. 947) and Reply on Approval of Changes in Registered Capital of Shanghai Rural Commercial Bank Co., Ltd issued by Shanghai Banking Regulatory Bureau (Hu Yin Jian Fu [2011] No.55), the Bank received a total of RMB 8,127,956,171.52 contributed by ANZ Bank, Shanghai International (Group) Co., Ltd., Shanghai State-owned Assets Management Co., Ltd., SIG Asset Management Co., Ltd., Shenzhen Lenovo Science and Technology Park Co., Ltd., Rizhao Steel Holding Group Co., Ltd., China Pacific Life Insurance Co., Ltd., and Qingpu County Supply&Marketing Cooperation Union, of which RMB 1,254,314,224.00 was included in share capital and RMB 6,873,641,947.52 was included in capital reserve. Therefore, the registered capital of the Bank has increased from RMB 3,745,685,776.00 to RMB 5,000,000,000.00. The above capital increase has been verified by PricewaterhouseCoopers Zhong Tian LLP with the capital verification report (PricewaterhouseCoopers Zhong Tian Ye Zi [2010] No. 426).

In June 2017, with the approval of Reply of Shanghai Banking Regulatory Bureau on Approval of the Transfer of Capital Reserve to Share Capital of Shanghai Rural Commercial Bank Co., Ltd (Hu Yin Jian Fu [2017] No. 254) issued by Shanghai Banking Regulatory Bureau, the Bank transferred 3,000,000,000 shares of capital reserve to all shareholders at a par value of RMB1.00 each. Therefore, the registered capital of the Bank has increased from RMB 5,000,000,000.00 to RMB 8,000,000,000.00. The above transfer has been verified by Deloitte Touche Tohmatsu Certified Public Accountants (LLP) with the capital verification report De Shi Bao (Yan) Zi (17) No. 00310.

In September 2017, Australia and New Zealand Banking Group Limited entered into a share transfer agreement with China Ocean Shipping Group Co. Ltd. and Baoshan Iron & Steel Co., Ltd. to sell its 20% shares of the Bank. The transfer was approved by (Hu Yin Jian Fu [2017] No.499) issued by Shanghai Banking Regulatory Bureau on 31 October 2017 and the change of equity was completed on 16 December 2017.

In December 2018, the Shanghai State-owned Assets Supervision and Administration Commission on approving Shanghai Rural Commercial Bank's non-public agreement to increase capital (SASAC Property Rights [2018] No. 341), Bank of China Insurance Supervision and Administration Commission Shanghai Regulatory Authority on approving Shanghai Rural Commercial Bank's directional share offering plan and approving the relevant shareholder qualifications (Hu Yin Bao Jian (Chou)Fu [2018] No. 52) and China Securities Regulatory Commission on approving Shanghai Rural Commercial Bank Reply of the Company's Direct Issuance of Stocks (Zheng Jian [2018] No. 2014), issued by the Deloitte Touche Tohmatsu Certified Public Accountants, the Capital Verification Report (De Shi Bao(Yan) (18) No. 00545), the Bank received Shanghai Shendi (Group) Co., Ltd., Shanghai Guosheng Group Asset Co., Ltd., Zhejiang Expressway

Co., Ltd., Shanghai Light Industry Foreign Economic and Technical Cooperation Co., Ltd., Shanghai Shanxin Real Estate Co., Ltd., Oriental International (Group) Co., Ltd., Shanghai Weilong Enterprise Co., Ltd., Shanghai Shunmai Trading Co., Ltd. and Shanghai Social Welfare Development Co., Ltd. The total amount of funds paid by these shareholders was RMB 4,739,600,000.00, which was included in the share capital of RMB 680,000,000.00, which was included in the capital reserve of RMB 4,059,600,000.00. The registered capital of the Bank increased from RMB 8,000,000,000.00 to RMB 8,680,000,000.00.

In March 2019, Shenzhen Lenovo Science and Technology Park Co., Ltd. entered into a share transfer agreement with Taiping Life Insurance Co., Ltd. to sell its 414,904,000 shares or 4.78% shares of the Bank. The transfer has been filed with the Shanghai Banking Regulatory Bureau on 12 April 2019.

33. Capital reserve

Item	The Group							
	2019				2018			
	Opening balance	Increase during the year	Decrease during the year	Closing balance	Opening balance	Increase during the year	Decrease during the year	Closing balance
Capital premium	9,173,626	-	(225,753)	8,947,873	5,110,992	4,108,916	(46,282)	9,173,626
Others	66	-	-	66	66	-	-	66
Total	9,173,692	-	(225,753)	8,947,939	5,111,058	4,108,916	(46,282)	9,173,692

Item	The Bank							
	2019				2018			
	Opening balance	Increase during the year	Decrease during the year	Closing balance	Opening balance	Increase during the year	Decrease during the year	Closing balance
Capital premium	9,219,908	-	-	9,219,908	5,110,992	4,108,916	-	9,219,908
Others	66	-	-	66	66	-	-	66
Total	9,219,974	-	-	9,219,974	5,111,058	4,108,916	-	9,219,974

Note: In 2019, the difference between the consideration paid by the Bank for the capital increase in the ten village banks and the change in non-controlling interests is RMB 225,753,000, offsetting the capital reserve of the Bank.

In 2018, the capital reserve increase RMB 4,059,600,000 due to capital increase, please refer to Note VIII 33 for details. The difference between the consideration paid by the bank to the capital increase of the three controlling village banks and the change in non-controlling interests is RMB 46,282,000, offsetting the capital reserve of the Bank.

34. Other comprehensive income

34.1 Other comprehensive income items

Item	The Group		
	2019		
	Before tax	Income tax	Net of tax
I. Other comprehensive income items which will not be reclassified to profit and loss			
Changes of net liability or net assets in remeasurement of defined benefit plan	-	-	-
II. Other comprehensive income items which will be reclassified subsequently to profit or loss			
Changes in fair value of financial assets classified as at FVTOCI	363,015	(90,754)	272,261
Accumulated credit loss allowance for financial assets classified as at FVTOCI	306,711	(76,678)	230,033
Total	669,726	(167,432)	502,294
Including: Other comprehensive loss attributable to the Bank's shareholders	669,726	(167,432)	502,294
Other comprehensive income attributable to non-controlling interests	-	-	-

Item	The Group		
	2018		
	Before tax	Income tax	Net of tax
I. Other comprehensive income items which will not be reclassified to profit and loss			
Changes of net liability or net assets in remeasurement of defined benefit plan	26,651	(6,663)	19,988
II. Other comprehensive income items which will be reclassified subsequently to profit or loss			
Changes in fair value of available-for-sale financial assets	1,548,651	(387,164)	1,161,487
Total	1,575,302	(393,827)	1,181,475
Including: Other comprehensive income attributable to the Bank's shareholders	1,576,975	(394,245)	1,182,730
Other comprehensive loss attributable to non-controlling interests	(1,673)	418	(1,255)

Item	The Bank		
	2019		
	Before tax	Income tax	Net of tax
I. Other comprehensive income items which will not be reclassified to profit and loss			
Changes of net liability or net assets in remeasurement of defined benefit plan	-	-	-
II. Other comprehensive income items which will be reclassified subsequently to profit or loss			
Changes in fair value of financial assets classified as at FVTOCI	363,015	(90,754)	272,261
Accumulated credit loss allowance for financial assets classified as at FVTOCI	306,711	(76,678)	230,033
Total	669,726	(167,432)	502,294

Item	The Bank		
	2018		
	Before tax	Income tax	Net of tax
I. Other comprehensive income items which will not be reclassified to profit and loss			
Changes of net liability or net assets in remeasurement of defined benefit plan	26,651	(6,663)	19,988
II. Other comprehensive income items which will be reclassified subsequently to profit or loss			
Changes in fair value of available-for-sale financial assets	1,551,895	(387,974)	1,163,921
Total	1,578,546	(394,637)	1,183,909

34.2 Movements of other comprehensive income

Item	The Group				
	2019				
	Closing balance of prior year	Adjustment of changes in accounting policies	Opening balance	Increase / (Decrease) during the year	Closing balance
Changes of net liability or net assets in remeasurement of defined benefit plan	(9,474)	-	(9,474)	-	(9,474)
Changes in fair value of available-for-sale financial assets	1,229,905	(1,229,905)	N/A	N/A	N/A
Changes in fair value of financial assets classified as at FVTOCI	N/A	630,216	630,216	272,261	902,477
Accumulated credit loss allowance for financial assets classified as at FVTOCI	N/A	103,640	103,640	230,033	333,673
Total	1,220,431	(496,049)	724,382	502,294	1,226,676
Including: Other comprehensive income attributable to the Bank's shareholders	1,220,431	(496,049)	724,382	502,294	1,226,676
Other comprehensive income attributable to non-controlling interests	-	-	-	-	-

Item	The Group		
	2018		
	Opening balance	Increase/(Decrease) during the year	Closing balance
Changes of net liability or net assets in remeasurement of defined benefit plan	(29,462)	19,988	(9,474)
Changes in fair value of available-for-sale financial assets	68,418	1,161,487	1,229,905
Total	38,956	1,181,475	1,220,431
Including: Other comprehensive income attributable to the Bank's shareholders	37,701	1,182,730	1,220,431
Other comprehensive income attributable to non-controlling interests	1,255	(1,255)	-

Item	The Bank				
	2019				
	Closing balance of prior year	Adjustment of changes in accounting policies	Opening balance	Increase/(Decrease) during the year	Closing balance
Changes of net liability or net assets in remeasurement of defined benefit plan	(9,474)	-	(9,474)	-	(9,474)
Changes in fair value of available-for-sale financial assets	1,229,905	(1,229,905)	N/A	N/A	N/A
Changes in fair value of financial assets classified as at FVTOCI	N/A	630,216	630,216	272,261	902,477
Accumulated credit loss allowance for financial assets classified as at FVTOCI	N/A	103,640	103,640	230,033	333,673
Total	1,220,431	(496,049)	724,382	502,294	1,226,676

Item	The Bank		
	2018		
	Opening balance	Increase/(Decrease) during the year	Closing balance
Changes of net liability or net assets in remeasurement of defined benefit plan	(29,462)	19,988	(9,474)
Changes in fair value of available-for-sale financial assets	65,984	1,163,921	1,229,905
Total	36,522	1,183,909	1,220,431

35. Surplus reserve

Item	The Group				
	2019				
	Opening balance	Increase due to changes in the scope of consolidation (Note IX)	Provision during the year	Decrease during the year	Closing balance
Statutory surplus reserve	4,560,178	34,492	751,260	-	5,345,930
Discretionary surplus reserve	10,390,787	17,368	1,961,390	-	12,369,545
Total	14,950,965	51,860	2,712,650	-	17,715,475

Item	The Group			
	2018			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
Statutory surplus reserve	3,891,247	668,931	-	4,560,178
Discretionary surplus reserve	8,771,895	1,618,892	-	10,390,787
Total	12,663,142	2,287,823	-	14,950,965

Item	The Bank			
	2019			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
Statutory surplus reserve	4,471,490	740,244	-	5,211,734
Discretionary surplus reserve	10,316,380	1,932,313	-	12,248,693
Total	14,787,870	2,672,557	-	17,460,427

Item	The Bank			
	2018			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
Statutory surplus reserve	3,812,937	658,553	-	4,471,490
Discretionary surplus reserve	8,726,626	1,589,754	-	10,316,380
Total	12,539,563	2,248,307	-	14,787,870

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. The Bank appropriated 10% of net profit of 2018 to the statutory surplus reserve, amounting to RMB 740,244,000 for the year 2019 to the statutory reserve. (2018: RMB 658,553,000)。

The Bank makes appropriations to discretionary reserve after making appropriation to statutory reserve. Approved by the General Meeting of Shareholders, discretionary reserve could be used to make up for prior year's loss or increase the paid-in capital upon approval by Shareholders. In 2019, the Bank appropriated RMB 1,932,313,000 to discretionary surplus reserve. (2018: RMB 1,589,754,000)。

36. General risk reserve

Item	The Group				
	2019				
	Opening balance	Increase due to changes in the scope of consolidation (Note IX)	Provision during the year	Decrease during the year	Closing balance
General risk reserve	9,079,315	181,279	380,482	-	9,641,076

Item	The Group			
	2018			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
General risk reserve	8,197,253	882,062	-	9,079,315

Item	The Bank			
	2019			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
General risk reserve	8,849,095	366,860	-	9,215,955

Item	The Bank			
	2018			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
General risk reserve	7,988,262	860,833	-	8,849,095

Pursuant to the "Regulation on management of Financial Institutions for Reserves" (Cai Jin [2012] No.20) by MOF, the balance of general risk reserve should not be less than 1.5% of the aggregate amount of all risk assets in principle.

37. Retained earnings

Item	The Group	
	2019	2018
Retained earnings at the end of prior year	20,531,235	17,672,971
Effect of changes in accounting policies (Note X)	368,103	-
Opening balance	20,899,338	17,672,971
Add: Net profit attributable to the Bank's shareholders	8,845,647	7,308,149
Increase due to changes in the scope of consolidation (Note IX)	(233,139)	N/A
Less: Appropriation to statutory surplus reserve	(751,260)	(668,931)
Appropriation to discretionary surplus reserve	(1,961,390)	(1,618,892)
Appropriation to general risk reserve	(380,482)	(882,062)
Dividends paid	(1,480,000)	(1,280,000)
Closing balance	24,938,714	20,531,235

Item	The Bank	
	2019	2018
Retained earnings at the end of prior year	20,430,231	17,416,928
Effect of changes in accounting policies	371,512	-
Opening balance	20,801,743	17,416,928
Add: Net profit	8,311,891	7,402,443
Less: Appropriation to statutory surplus reserve	(740,244)	(658,553)
Appropriation to discretionary surplus reserve	(1,932,313)	(1,589,754)
Appropriation to general risk reserve	(366,860)	(860,833)
Dividends paid	(1,480,000)	(1,280,000)
Closing balance	24,594,217	20,430,231

In accordance with the resolution at the 22nd Meeting of the third Board of Directors' meeting dated on 28 March 2019 and general meeting of shareholders dated on 25 March 2019, based on the total shares of 8,000,000,000 common shares as at 31 December 2018, the Bank declares a cash dividend in the amount of RMB 1,480,000 thousand of RMB 1.85 for every 10 common shares.

In accordance with the resolution at the Board of Directors' meeting dated on 28 March 2018 and general meeting of shareholders dated on 27 April 2018, based on the total shares of 8,000,000,000 common shares as at December 31, 2017, the Bank declares a cash dividend in the amount of RMB 1,280,000 thousand of RMB 1.60 for every 10 common shares.

38. Net interest income

Item	The Group		The Bank	
	2019	2018	2019	2018
Interest income				
Due from banks and other financial institutions	233,541	434,062	80,597	136,542
Deposits with central bank	1,070,826	1,318,391	1,035,441	1,277,183
Placements with banks and other financial institutions and financial assets purchased under resale agreements	2,964,476	2,982,394	2,964,476	2,982,394
Loans and advances to customers				
Including: Corporate loans and advances	12,019,374	10,866,306	11,724,535	10,465,362
Individual loans	5,568,177	4,336,716	5,087,592	3,924,779
Discount bills	2,268,838	2,902,145	2,268,838	2,902,145
Financial investment (Note)	7,493,326	7,050,729	7,446,141	7,050,729
Including: Debt investments	5,058,727	N/A	5,011,542	N/A
Other debt investments	2,434,599	N/A	2,434,599	N/A
Interest income from finance leases	14,482	N/A		
Sub-total	31,633,040	29,890,743	30,607,620	28,739,134
Interest expenses				
Loans from the central bank	(374,898)	(249,376)	(368,334)	(242,783)
Due to banks and other financial institutions	(42,020)	(50,768)	(271,962)	(295,689)
Placements from banks and other financial institutions and financial assets sold under repurchase agreement	(2,206,008)	(2,407,493)	(2,194,250)	(2,407,493)
Customer deposits	(12,798,205)	(10,452,423)	(12,378,555)	(10,053,694)
Debt securities issued	(1,152,697)	(1,456,322)	(1,152,697)	(1,456,322)
Others	-	(245,180)	-	(245,180)
Sub-total	(16,573,828)	(14,861,562)	(16,365,798)	(14,701,161)
Net interest income	15,059,212	15,029,181	14,241,822	14,037,973
Including: Interest income from impaired financial assets	107,010	168,800	89,172	136,110

Note: After the implementation of the New Standards of Financial Instruments since 1 January 2019, the Group recognizes interest income of held-for-trading financial assets and interest expenses of financial liabilities at fair value through other comprehensive income as investment profit or loss. For details, refer to Note VIII, 40.

In 2019, the interest income of financial investments of the Group includes interest income from the bonds measured at amortized cost and at fair value through other comprehensive income. In 2018, the interest income of financial investments of the Group includes interest income from the bonds classified as financial assets at fair value through profit or loss, available-for-sale financial assets. Held-to-maturity investments and receivables investment.

39. Net fee and commission income

Item	The Group		The Bank	
	2019	2018	2019	2018
Fee and commission income				
Agency services	1,523,154	1,527,039	1,520,599	1,522,591
Consultancy and advisory services	498,850	481,278	498,796	481,219
Bank card services	662,877	664,213	662,831	664,165
Settlement and clearing services	305,414	258,679	305,304	258,543
Electronic banking services	148,904	437,929	148,671	437,673
Guarantee and commitment services	19,174	20,027	19,174	20,025
Asset trusteeship	359	1,124	359	1,124
Others	69,411	85,863	123,385	147,134
Sub-total	3,228,143	3,476,152	3,279,119	3,532,474
Fee and commission expenses				
Settlement and clearing expenses	(101,815)	(83,364)	(97,231)	(77,512)
Agency charges	(72,018)	(66,912)	(72,018)	(66,912)
Others	(292,196)	(84,926)	(289,478)	(83,486)
Sub-total	(466,029)	(235,202)	(458,727)	(227,910)
Net fee and commission income	2,762,114	3,240,950	2,820,392	3,304,564

40. Investment income

Item	The Group		The Bank	
	2019	2018	2019	2018
Financial assets at fair value through profit or loss ("FVTPL") and derivative financial instruments	2,935,822	(406,939)	2,935,822	(406,939)
Available-for-sale financial assets	N/A	1,829,733	N/A	1,810,833
Receivables investment	N/A	35,547	N/A	35,547
Financial assets at fair value through other comprehensive income	(156,225)	N/A	(156,225)	N/A
Profit or loss arising from derecognition of financial assets measured at amortized cost	(144)	N/A	(144)	N/A
Long-term equity investment recognised under equity method	57,175	108,767	57,175	108,767
Precious metals			25,500	30,983
Total	(15,827)	(17,679)	(15,827)	(17,679)
Total	2,820,801	1,549,429	2,846,301	1,561,512

41. Other income

Item	The Group		The Bank	
	2019	2018	2019	2018
Government grants	24,853	27,650	19,036	1,692

Note: The government grants mainly include the reward fund for the loans of small and micro enterprises, and subsidies for employment stabilization received by the Bank, and the incremental grants for agricultural loans and targeted grants of rural financial institutions received by the village banks controlled by the Bank.

42. Gain/(Loss) from changes in fair value

Item	The Group and the Bank	
	2019	2018
Held-for-trading financial assets	(386,417)	N/A
Derivative financial instruments	(56,238)	424,132
Loans and advances at fair value through profit or loss ("FVTPL")	19,421	N/A
Financial assets at fair value through profit or loss	N/A	21,553
Precious metals	(80)	(2,478)
Total	(423,314)	443,207

43. Foreign exchange gain/(loss)

Item	The Group and the Bank	
	2019	2018
Derivative financial instruments	167,073	(292,653)
Other exchange gains or losses	10,732	34,873
Total	177,805	(257,780)

44. Gains from disposal of assets

Item	The Group		The Bank	
	2019	2018	2019	2018
Gains from disposal of fixed assets (Note)	802,043	85,767	801,944	85,767
Gains from disposal of capital for debt payment	9,880	-	9,880	-
Total	811,923	85,767	811,824	85,767

Note: On 29 July 2019, the Bank disposed part of the original head office building at a disposal price of RMB 1,252,200,000 and obtained gains on disposal of assets of RMB 789,388,000.

45. Taxes and levies

Item	The Group		The Bank	
	2019	2018	2019	2018
Urban construction tax and education surcharge	147,597	132,824	145,532	130,584
Others	63,895	62,145	61,877	60,402
Total	211,492	194,969	207,409	190,986

46. General and administrative expenses

Item	The Group		The Bank	
	2019	2018	2019	2018
Staff costs	4,032,359	3,964,138	3,730,837	3,752,971
Office and administrative expense	1,041,021	1,116,985	998,395	1,030,445
Depreciation of fixed assets	531,913	544,626	521,299	531,806
Rental expenses	237,243	229,841	199,284	193,461
Deposit insurance expenses	149,901	115,444	141,266	108,804
Electronic equipment operating expenses	308,887	335,192	287,145	308,728
Amortisation of intangible assets	82,349	78,328	82,187	78,197
Amortisation of long-term prepaid expenses	53,742	51,986	37,394	37,342
Total	6,437,415	6,436,540	5,997,807	6,041,754

47. Losses of credit impairment

Item	The Group	The Bank
	2019	2019
Loans and advances measured at amortized cost	2,961,043	2,939,694
Loans and advances at fair value through other comprehensive income	315,836	315,836
Debt investments	335,079	335,079
Other debt investments	(10,284)	(10,284)
Finance lease receivables	(2,960)	
Expected impairment losses of credit in off-balance sheet	273,879	273,879
Others	59,617	51,762
Total	3,932,210	3,905,966

48. Impairment losses of assets

Item	The Group	The Bank	
	2018	2019	2018
Loans and advances to customers	4,795,753	N/A	3,935,514
Held-to-maturity investment	(9)	N/A	(9)
Long-term equity investments		417,856	148,044
Others	10,735	-	4,664
Total	4,806,479	417,856	4,088,213

49. Non-operating income

Item	The Group		The Bank	
	2019	2018	2019	2018
Proceeds from security companies	17,450	10,906	17,450	10,906
Gain on disposal of long-term unclaimed deposits	18,053	5,670	18,053	5,670
Penalty	10,463	2,003	10,463	2,003
Others(Note)	31,744	27,476	30,620	25,467
Total	77,710	46,055	76,586	44,046

Note: Shanghai Municipal Government injected cash and land use rights to the Bank in exchange for the Bank's non-performing assets with the contract value of 5,510,577,000 in 2005, equal to the sum of cash and land use rights basically. The Bank recognized such non-operating income in the amount of RMB 5,094,000 for the year ended 31 December 2019 (Year ended 31 December 2018: RMB 370,000).

50. Non-operating expenses

Item	The Group		The Bank	
	2019	2018	2019	2018
Donation expenditure	17,728	4,254	17,492	3,934
Losses on physical inspection and disposal of fixed assets	6,371	1,703	6,304	1,604
Overdue withdrawal refunds expenditure	1,037	142	1,037	142
Payment for breach of contract	2,213	1,152	662	1,152
Others	26,178	11,196	22,462	8,072
Total	53,527	18,447	47,957	14,904

51. Income tax expenses

Item	The Group		The Bank	
	2019	2018	2019	2018
Current income tax	2,726,303	2,304,901	2,580,803	2,217,406
Deferred income tax	(972,133)	(703,759)	(882,209)	(717,125)
Total	1,754,170	1,601,142	1,698,594	1,500,281

Reconciliation of income tax expenses to accounting profit is as follows:

Item	The Group		The Bank	
	2019	2018	2019	2018
Profit before tax	10,692,517	8,725,850	10,010,485	8,902,724
Tax calculated at applicable tax rate	2,562,641	2,187,629	2,502,621	2,225,681
Tax effect arising from income not subject to tax	(919,008)	(710,076)	(919,008)	(710,076)
Tax effect of expenses not deductible for tax purposes	89,559	33,030	88,174	31,227
Tax effect of deductible loss of unrecognised deferred income tax assets or deductible temporary difference	-	136,267		
Effect of utilizing deductible losses and deductible temporary differences not recognized for deferred tax assets for prior year	(6,083)	-		
Tax effect arising from tax filing of prior year	27,061	(45,708)	26,807	(46,551)
Income tax expenses	1,754,170	1,601,142	1,698,594	1,500,281

52. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Item	The Group		The Bank	
	2019	2018	2019	2018
I. Reconciliation of net profit to cash flows from operating activities:				
Net profit	8,938,347	7,124,708	8,311,891	7,402,443
Adjustment: Expected credit loss	3,932,210	N/A	3,905,966	N/A
Impairment losses of assets	-	4,806,479	417,856	4,088,213
Depreciation of fixed assets	531,913	544,626	521,299	531,806
Amortisation of intangible assets	82,349	78,328	82,187	78,197
Amortisation of long-term prepaid expenses	53,742	51,986	37,394	37,342
Gains on disposal of fixed assets, intangible asset and capital for debt payment	(811,923)	(85,767)	(811,824)	(85,767)
Losses/(gains) on changes in fair value	423,314	(443,207)	423,314	(443,207)
Interest income from securities and other investments	(7,493,326)	(7,050,729)	(7,446,141)	(7,050,729)
Investment income	(2,820,801)	(1,549,429)	(2,846,301)	(1,561,512)
Interest expenses of issued debt securities	1,152,697	1,456,322	1,152,697	1,456,322
Increase in deferred tax assets	(972,133)	(703,759)	(882,209)	(717,125)
Increase in operating receivables	(39,254,133)	(36,530,092)	(35,309,317)	(39,286,793)
Increase in operating payables	43,375,613	27,007,348	43,078,542	31,503,135
Net Cash Flow from Operating Activities	7,137,869	(5,293,186)	10,635,354	(4,047,675)
II. Net increase in cash and cash equivalents				
Cash and cash equivalents at the end of the year	17,325,823	19,523,154	16,003,247	15,444,671
Less: Cash and cash equivalents at the beginning of the year	19,523,154	15,828,714	15,444,671	11,206,924
Net increase/(decrease) in cash and cash equivalents	(2,197,331)	3,694,440	558,576	4,237,747

(2) Composition of cash and cash equivalents

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Cash on hand	1,718,405	1,598,222	1,630,839	1,515,516
Deposits with the central bank	10,742,587	12,318,295	10,102,971	10,965,064
Due from banks and other financial institutions (maturity date within three months)	4,864,831	5,606,637	4,269,437	2,964,091
Total	17,325,823	19,523,154	16,003,247	15,444,671

53. Collaterals

53.1 Assets pledged

Certain assets are pledged as collateral under repurchase agreements ("repo") with other Banks and financial institutions. For open repo pledged by discounts bills and securities, acceptors are entitled to sell or to re-pledge related assets again. For term repo pledged by discounts bills and securities, acceptors are not entitled to sell or re-pledge the underlying assets.

Item	The Group and the Bank	
	As at 31 December 2019	As at 31 December 2018
Securities	40,625,761	36,038,762
Bills	17,818,850	12,721,272
Total	58,444,611	48,760,034

53.2 Collateral accepted

As at 31 December 2019, the amount of collateral that can be sold or re-pledged for security without default of owners is RMB 507,411,000. The Group and the Bank are obliged to return the collateral on the agreed resale date. The Group and the Bank did not resell or repledge any collateral accepted as at 31 December 2019 (The Group and the Bank as at 31 December 2018: Nil).

54. Transfer of financial assets

54.1 Financial assets sold under repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. Since the repurchase prices are fixed, the Group is still exposed to substantially all the credit risks and market risks and rewards of those securities sold. These securities, which the Group does not have the ability to use during the term of the arrangements, are not derecognised from the financial statements but regarded as "collateral" for the secured lending from these because the Group retains substantially all the risks and rewards of these securities. In addition, it recognises a financial liability for cash received. For all these arrangements, the counterparties have recourse not only to the transferred financial assets.

As at 31 December 2019, the Group enters into repurchase agreements with certain counterparties. The proceeds from selling such securities are presented as "financial assets sold under repurchase agreements" (see Note VIII, 25).

The following table provides a summary of carrying amounts related to transferred financial assets that are not derecognised and associated liabilities in the repurchase agreements:

Item	The Group and the Bank				
	As at 31 December 2019				
	Held-for-trading financial assets	Debt investments	Other debt investments	Loans and advances to customers	Total
Carrying amount of transferred assets	5,599,870	35,025,891	-	17,607,533	58,233,294
Carrying amounts of associated liabilities	5,020,065	31,597,680	-	17,818,850	54,436,595

Item	The Group and the Bank				
	As at 31 December 2018				
	Available-for-sale financial assets	Held-to-maturity investment	Financial assets at fair value through profit or loss	Loans and advances to customers	Total
Carrying amount of transferred assets	527,219	35,511,543	-	12,721,272	48,760,034
Carrying amounts of associated liabilities	498,750	33,246,132	-	12,721,272	46,466,154

55. Interests in structured entities

55.1 Consolidated structured entities

The Group has consolidated certain structured entities which mainly are wealth management products. When assessing whether to consolidate structured entities, the Group reviews all facts and circumstances to determine whether the Group, as manager, is acting as agent or principal. These factors considered include scope of the manager's decision-making authority, rights held by other parties, remuneration to which it is entitled and exposure to variability of returns. For those wealth management products where the Group provides financial guarantee, the Group therefore has obligation to fund the losses, if any, in accordance with the guarantee agreements, the Group concludes that these structured entities shall be consolidated.

As at 31 December 2019, the wealth management products managed and consolidated by the Group amounted to RMB 18,363,984,000. The financial impact of any individual wealth management products on the Group's financial performance is not significant. Interests held by other interest holders are included in Customer deposits.

55.2 Unconsolidated structured entities

The Group sponsors structured entities that provide specialised investment opportunities. The nature and purpose of those structured entities are generally managing assets of investors to earn management fee by issuing units of investment products to investors. The Group did not control those structured entities and thus these structured entities were not consolidated.

Those structured entities sponsored by the Group are wealth management products. The Group earned commission income by providing management services to the investors of those structured entities, which was not material to the Group. Meanwhile, the Group involved in certain structured entities sponsored by the Group or third-party independent institutions through investments.

The following table summarises the scale of these unconsolidated structured entities sponsored by the Group:

Item	The Group and the Bank		
	As at 31 December 2019	As at 31 December 2018	Type of income
Wealth management products	112,491,581	85,158,666	Commission income

The Group's equity in structured entities by directly holding the investment is shown in the relevant asset items on the balance sheet:

Item	The Group			
	As at 31 December 2019			
	Held-for-trading financial assets	Debt investments	Other debt investments	Major income type
Trusts and asset management products	12,646,372	5,797,554	-	Investment income and interest income
Wealth management products	3,218,927	-	-	Investment income
Securities investment funds	17,954,060	-	-	Investment income
Asset-backed securities	100,781	1,204,956	68,250	Investment income and interest income
Total	33,920,140	7,002,510	68,250	

Item	The Group			
	As at 31 December 2018			
	Held-for-trading financial assets	Debt investments	Other debt investments	Major income type
Trusts and asset management products	14,484,285	-	10,446,330	Investment income and interest income
Wealth management products	11,611,142	-	-	Investment income
Securities investment funds	19,024,374	-	-	Investment income
Asset-backed securities	353,804	1,841,260	-	Investment income and interest income
Total	45,473,605	1,841,260	10,446,330	

Item	The Bank			
	As at 31 December 2019			
	Held-for-trading financial assets	Debt investments	Other debt investments	Major income type
Trusts and asset management products	12,646,372	5,797,554	-	Investment income and interest income
Wealth management products	3,218,927	-	-	Investment income
Securities investment funds	17,954,060	-	-	Investment income
Asset-backed securities	100,781	1,204,956	68,250	Investment income and interest income
Total	33,920,140	7,002,510	68,250	

Item	The Bank			
	As at 31 December 2018			
	Held-for-trading financial assets	Debt investments	Other debt investments	Major income type
Trusts and asset management products	14,484,285	-	10,446,330	Investment income and interest income
Wealth management products	11,611,142	-	-	Investment income
Securities investment funds	19,024,374	-	-	Investment income
Asset-backed securities	353,804	1,841,260	-	Investment income and interest income
Total	45,473,605	1,841,260	10,446,330	

IX. CHANGES IN SCOPE OF CONSOLIDATION

1. Business combination involving enterprises not under common control

On 8 August 2019, Yangtze United Financial Leasing Co, Ltd., (hereinafter referred to as "Yangtze Leasing") held an interim shareholders' meeting, at which the Proposal on Capital Injection and Stock Expansion Plans and Amendment of the Company's Articles of Association was adopted, deciding to adopt a non-public agreement to raise capital for targeted additional issuance. The Bank shall subscribe for RMB 450 million of new registered capital from Yangtze Leasing, and the share price of the capital increase shall be subject to the results of the state-owned assets appraisal and record-keeping. On 13 November 2019, the Bank received the Reply of Shanghai Banking Regulatory Bureau on Approval of Capital Injection of the Shanghai Rural Commercial Bank to the Yangtze United Financial Leasing Co, Ltd. (Hu Yin Bao Jian Fu [2019] No. 943), and was approved to inject the capital to the Yangtze Leasing, including registered capital of RMB 450 million, and invested amount no more than RMB 611.1 million. On 9 December 2019, Yangtze Leasing received the Reply of Shanghai China Banking and Insurance Regulatory Commission on Approval of the Change of Registered Capital and the Adjustment of Equity Structure of Yangtze United Financial Leasing Co., Ltd. (Hu Yin Bao Jian Fu [2019] No. 1009) which approves the change of registered capital and the adjustment of equity structure of Yangtze Leasing.

On 16 December 2019, Yangtze Leasing received RMB 611.1 million of monetary investment, including RMB 450 million of new registered capital and RMB 161.1 million of share capital premium. On 17 December 2019, the verification of the capital increase has been completed. The Bank's share in Yangtze Leasing increased from 40.00% to 51.02%. In accordance with the provisions of capital increase plan and articles of association of the Yangtze Leasing, the actual time of capital increase contribution shall be subject to the regulatory approval and the change time of Industrial and Commercial Registration. At the same time, the Bank modifies the information of investors of the company, according to the evaluation record results of State-owned Assets Supervision and Administration Commission of the State Council, and approval results issued by regulatory departments and industrial and commercial departments. On 25 December 2019, the Bank took full control over the Yangtze Leasing with the completion of business registration change. Therefore, since 25 December 2019, the Yangtze Leasing was included in the scope of the consolidated financial statements. Due to changes in scope of consolidation, the statutory reserve, discretionary reserve and general risk reserve of the Group increase RMB 34,492,999, RMB 17,368,000 and RMB 181,279,000 respectively.

1.1 Business combination involving enterprises not under common control of the current year

Name of acquiree	Acquisition date	Acquisition cost	Proportion of equity acquired by business combination (%)	Acquisition method	Acquisition date	Basis for determining the acquisition date	Revenue of acquiree from purchase date to the end of the year	Net profit of the buyer from purchase date to the end of the year
Yangtze United Financial Leasing Co., Ltd.	25 December 2019	1,697,500	51.02	Business combination involving enterprises not under common control	25 December 2019	Transfer of control right	6,910	11,996

1.2 The key financial information of the acquiree

Item	Carrying amount at acquisition date	Fair value at acquisition date
Identifiable assets:		
Cash and balances with central bank	108,927	108,927
Due from banks and other financial institutions	576,996	576,996
Finance lease receivables	22,754,099	22,754,099
Fixed assets	2,233	2,233
Construction in progress	221	221
Deferred tax assets	234,518	234,518
Other assets	42,541	42,541
Sub-total	23,719,535	23,719,535
Identifiable liabilities:		
Placements from banks and other financial institutions	18,126,801	18,126,801
Employee benefits payables	73,143	73,143
Taxes payable	15,113	15,113
Other liabilities	2,177,129	2,177,129
Sub-total	20,392,186	20,392,186
Total net assets	3,327,349	3,327,349
Less: Non-controlling interests	1,629,736	1,629,736
Equity attributable to the Bank's shareholders	1,697,613	1,697,613
Less: Acquisition consideration		1,697,500
- Cash		611,100
- Fair value of equity interest held prior to the acquisition date at the acquisition date		1,086,400
Purchase discount		(113)

Note: The management of the Bank believes that the fair value of the identifiable assets and liabilities of the acquiree is close to the book value.

1.3 Gains or losses raising from remeasurement of fair value of equity interest held prior to the acquisition date

Name of acquiree	Carrying amount of equity interest held prior to the acquisition date at the acquisition date	Fair value of equity interest held prior to the acquisition date at the acquisition date	Gains or losses raising from remeasurement of fair value of equity interest held prior to the acquisition date	Determination method and key assumptions of fair value of the equity interest held prior to the acquisition date at the acquisition date
Yangtze United Financial Leasing Co., Ltd.	1,073,723	1,086,400	12,677	According to the assessment report issued by Shanghai Shenwei Asset Assessment Company, the determination method of fair value is income method. The key assumptions are: Using free cash flow for equity method to forecast the cash flow, assuming the 6 th year earning maintained the amount of the 5 th year.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Related party relationships

(1) Changes in the shareholding percentage of the Group's major shareholders during the reporting period

Name of shareholders	Percentage interest held in the Bank (%)	
	As at 31 December 2019	As at 31 December 2018
Shanghai State-owned Assets Management Co., Ltd. ("Shanghai State-owned Assets Management")	9.22	9.22
China Ocean Shipping Group Co. Ltd. ("China Ocean Shipping")	9.22	9.22
Baoshan Iron & Steel Co., Ltd. ("Baoshan Iron & Steel")	9.22	9.22
China Pacific Life Insurance Co., Ltd. ("China Pacific Life Insurance")	6.45	6.45
Shanghai International (Group) Co., Ltd. ("Shanghai International")	5.55	5.55
Shanghai Guosheng Group ("Shanghai Guosheng")	5.46	5.46
Zhejiang Huhangyong Expressway Co., Ltd. ("Huhangyong")	5.36	5.36
Shenzhen Lenovo Science and Technology Park Co., Ltd. ("Shenzhen Lenovo")	0.50	5.28

Note: On March 29, 2019, Shenzhen Lenovo Science and Technology Park Co., Ltd. transferred its 414,904,000 shares of the Bank held by it, declining its shareholding ratio to 0.50%. According to the Guidelines for the Implementation of Related Party Transactions of SSE Listed Companies, within 12 months after March 29, 2019, Shenzhen Lenovo Technology Park Co., Ltd. was disclosed as a related party of the Group.

In addition to the major shareholders identified in accordance with the Accounting Standards for Business Enterprises and the Administrative Measures for Listed Companies' Information Disclosure, the above companies also include the major shareholders identified in accordance with the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks issued by the original CBRC on 5 January 2018.

Pursuant to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, the major shareholders of commercial banks represent the shareholders who hold or control more than 5% of the shares or voting rights of commercial banks, or shareholders who hold less than 5% of the total capital or the total amount of shares but have a significant impact on the operation and management of commercial banks. Significant impact includes but not limited to the presence of directors, supervisors or senior management of commercial banks, through agreements or other ways to influence the financial and operational management decisions of commercial banks.

(2) General information of major shareholders of the Group

Name of shareholders	Legal representatives	Place of incorporation	Registered costs at the end of 2019
Shanghai State-owned Assets management Co., Ltd.	Zhou Lei	Shanghai	RMB 5.5 Billion
China Ocean Shipping Group Co. Ltd.	Xu Lirong	Shanghai	RMB 11 Billion
Baoshan Iron & Steel Co., Ltd.	Zou Duanxin	Shanghai	RMB 22.3 Billion
China Pacific Life Insurance Co., Ltd.	Pan Yanhong	Shanghai	RMB 8.4 Billion
Shanghai International (Group) Co., Ltd.	Yu Beihua	Shanghai	RMB 10.6 Billion
Shanghai Guosheng Group	Chen Yin	Shanghai	RMB 7 Billion
Zhejiang Huhangyong Expressway Co., Ltd.	Yu Zhihong	Zhenjiang	RMB 4.3 Billion
Shenzhen Lenovo Science and Technology Park Co., Ltd.	Ning Min	Guangdong	RMB 216.2 Million

Main businesses of the major shareholders of the Group are set 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.

Baoshan Iron & Steel Co., Ltd.: Mainly engaged in steel smelting, processing, power, coal, industrial gas production, wharf, warehousing, transportation and other steel-related business; technology development, transfer, services and management consulting services; vehicle repair; imports and exports of goods and technologies; [Non-ferrous metal smelting and calendaring, industrial kilns, production and sales of chemical raw materials and products, handling of metal ores, coal, iron, steel, and non-metal ores; port services; waterway freight agency; waterway cargo loading and unloading combined transportation; shipping agency; foreign contract engineering labour cooperation; international bidding; engineering bidding agency; domestic trading; countertrade and re-export trading; scrap steel; coal; fuel oil; chemical dangerous goods (limited wholesale)] (limited branch operation); motor vehicle safety inspection, production and sales of chemical raw materials and products.

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.

Shanghai International (Group) Co., Ltd.: Mainly engaged in financial and non-financial investment, capital operation and asset management, financial research, and socio-economic consulting.

Shanghai Guosheng Group : Mainly engaged in industrial investment, real estate and its related industries investment, urban infrastructure investment, capital operation, asset acquisition, packaging and transfer, enterprise and asset custody, debt restructuring, entrusted investment, investment advisory, financial consulting, M&A consulting and agency, corporate finance consulting, and business scope-related advisory services.

Zhejiang Huhanyong Expressway Co., Ltd.: Mainly engaged in the construction, designing, charges, maintenance, management, technical advisory and supporting services of Shanghai and Hangzhou-Ningbo Expressway; the gas stations, automobile assistance, vehicle flushing, warehousing (excluding hazardous goods), food and beverage (limited branch operation) along the Shanghai and Hangzhou-Ningbo Expressway.

Shenzhen Lenovo Science and Technology Park Co., Ltd.: Mainly engaged in property intelligent information research; the development of information network technology, communication electronic technology research (excluding restriction items); self-owned property leasing.

(3) Subsidiaries

Please refer to Note VII for the subsidiary information.

(4) Associates

Please refer to Note VIII, 16 for the associate information.

(5) Other related parties

Other related parties include key management personnel (including directors, supervisors and senior management) and family members with close ties, as well as key management personnel and family members with close ties to control, jointly control or may exert significant influence, and corporation or other institutions serve as directors, senior management personnel.

2. Related party transaction

The Group's transactions with related parties are conducted in accordance with normal commercial terms and normal business procedures, and the pricing principles are consistent with independent third party transactions.

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:

Item	Shanghai State-owned Assets management, Shanghai International and their subsidiaries	China Ocean Shipping and its subsidiaries	Baoshan Iron & Steel and its subsidiaries	China Pacific Life Insurance and its subsidiaries	Shanghai Guosheng and its subsidiaries	Huhangyong Expressway and its subsidiaries	Shenzhen Lenovo and its subsidiaries	Connected natural persons	Other connected legal person	Total of others	Ratio to amount / balance of related transactions (%)
The amount of significant transactions in 2019:											
Interest income	3,304	4,094	29,204	-	-	-	-	902	153,255	190,759	0.60
Interest expenses	37,017	4,293	17,295	22	39,093	15	3,257	1,642	97,635	200,269	1.21
Fee and commission income	6	9	2	-	4	1	3	1	319	345	0.01
General and administrative expenses	-	-	-	-	240	-	-	-	16,956	17,196	0.29
As at 31 December 2019, the balance of significant transactions is set as follows:											
Due to banks and other financial institutions	-	-	-	-	-	-	-	-	3,111,295	3,111,295	57.82
Placements with banks and other financial institutions	-	-	-	-	-	-	-	-	966,894	966,894	2.02
Loans and advances to customers	200,239	423,987	-	-	300,359	-	-	19,109	2,388,093	3,331,787	0.76
Due to banks and other institutions	-	67	10	-	-	-	-	-	49	126	0.00
Placements from banks and other financial institutions	-	-	-	-	-	-	-	-	438,317	438,317	2.94
Customer deposits	1,992,108	1,313	24	239,113	1,082,280	34	2,695	31,359	442,815	3,791,741	0.57
Capital preservation wealth management	-	-	-	-	6,010	-	-	376	-	6,386	0.04
As at 31 December 2019, significant off-balance sheet items are set as follows:											
Letters of guarantee	-	-	-	-	-	-	-	-	3,000	3,000	0.09
Letters of credit	-	-	-	-	-	-	-	-	59,679	59,679	2.96
Acceptances	-	-	-	-	-	-	-	-	61,857	61,857	0.71
Non-capital preservation wealth management	-	-	-	-	-	-	5,040	33,391	-	38,431	0.03

Item	Shanghai State-owned Assets management, Shanghai International and their subsidiaries	China Ocean Shipping and its subsidiaries	Baoshan Iron & Steel and its subsidiaries	China Pacific Life Insurance and its subsidiaries	Shanghai Guosheng and its subsidiaries	Huhangyong Expressway and its subsidiaries	Shenzhen Lenovo and its subsidiaries	Connected natural persons	Other connected legal person	Total of others	Ratio to amount / balance of related transactions (%)
The amount of significant transactions in 2018:											
Interest income	-	-	48,111	-	-	-	-	1,062	35,051	84,224	0.28
Interest expenses	308	271	26,663	3	29,692	-	99	761	3,785	61,582	0.41
Fee and commission income	2	2	1	-	3	2,713	2	-	89	2,812	0.08
General and administrative expenses	-	-	-	-	25	-	-	-	-	25	0.00
As at 31 December 2018, the balance of significant transactions is set as follows:											
Due to banks and other financial institutions	-	-	-	-	-	-	-	-	1,174,455	1,174,455	10.45
Placements with banks and other financial institutions	-	-	-	-	-	-	-	-	905,942	905,942	2.24
Loans and advances to customers	-	731,833	-	-	-	-	-	28,474	744,750	1,505,058	0.37
Interest receivable	-	1,621	-	-	-	-	-	40	797	2,459	0.05
Due to banks and other institutions	-	-	11	-	-	-	-	-	51	63	0.00
Placements from banks and other financial institutions	-	-	-	-	-	-	-	-	319,699	319,699	1.50
Customer deposits	66,729	74,952	2	200,020	589	-	717	18,669	549,540	911,219	0.14
Capital preservation wealth management	-	-	-	-	123,530	-	-	-	1,106,000	1,229,530	4.99
Interest payable	4	46	-	29,691	-	-	-	212	137	30,090	0.27
As at 31 December 2018, significant off-balance sheet items are set as follows:											
Acceptances	-	-	-	-	-	-	-	-	61,445	61,445	0.78
Non-capital preservation wealth management	-	-	-	-	-	-	53,000	-	745,800	798,800	0.94

3. The transactions between the Group and key management personnel

Emoluments of key management personnel in all periods are set out as follows:

Item	2019	2018
Emoluments of key management personnel	16,490	11,999

Key management personnel include directors, supervisors and senior management personnel who have the authority and responsibility to plan, direct and control the activities of the Group directly or indirectly. According to the regulations of the relevant departments of the State, the final total amount of emoluments for such key management personnel in 2019 is pending for the final confirmation by the relevant departments of the State. However, the unrecognized emoluments is not expected to have a significant impact on the Group's and the Bank's financial statements for the year 2019.

4. The transactions between the Bank and subsidiaries and associates

Significant transactions during the reporting period are set out as follows:

Item	2019	2018
Interest income	36,808	35,593
Interest expenses	231,152	244,691
Fee and commission income	43,012	61,752

The balance of significant transactions as at the balance sheet date is as follows:

Item	2019	2018
Due to banks and other financial institutions	-	60,000
Placements with banks and other financial institutions	1,035,986	-
Due to banks and other institutions	6,651,296	4,638,798
Customer deposits	6,513	63,763
Capital preservation wealth management	500,000	1,180,000
Interest payable	-	20,378

XI. CONTINGENCIES

1. Legal proceedings

Kunming Ala SRCB Rural Commercial Bank Co., Ltd. (the "Ala Rural Bank"), one of the Bank's subsidiaries was a defendant in certain litigations with gross claims of RMB15,800,000 arising from its bank due to customer business. Pursuant to the Second Instance Decision [2017] Yun Min Zhong No. 78 issued by the Higher People's Court of Yunnan Province on 5 June 2017, the Ala Rural Bank lost the case and was required to return RMB 15,800,000 and pay interest from 26 November 2013 to 21 January 2014 calculated on the basis of RMB 800,000 at the current deposit rate of the People's Bank of China for the same period, and the interest from 22 January 2014 until the date of repayment calculated on the basis of RMB 15,800,000 at the current deposit rate of the People's Bank of China for the same period. The Ala Rural Bank appealed from the judgement and filed an appeal to the Supreme People's Court of the PRC. Pursuant to the Civil Verdict [2017] Zui Gao Fa Min Shen No. 4099 issued by the Supreme People's Court of the PRC on 24 November 2017, the Supreme People's Court of the PRC has ordered the Higher People's Court of Yunnan Province a retrial and a hold on the execution of previous decision. The Higher People's Court of Yunnan Province accepted the case on 7 May 2018 and completed the final judgment on 8 July 2019. On the basis of civil ruling paper (2018) Yu Min Zai No. 26 issued by the Higher People's Court of Yunnan Province, and the final judgment upheld civil judgment [2017] Yun Min Zhong No. 78 issued by the Higher People's Court of Yunnan Province. On 10 December 2019, the Ala Rural Bank has made the payment in accordance with the civil ruling paper.

As at 31 December 2019, there are no possible provisions for legal proceedings of the Group.

XII. Commitments

1. Credit-related commitments

Item	The Group and the Bank			
	As at 31 December 2019			
	Stage 1	Stage 2	Stage 3	Total
Credit-related commitments	34,468,863	711,031	-	35,179,894
Issued bank acceptance	8,665,741	14,100	-	8,679,841
Issued letters of guarantee	3,285,986	33,761	20	3,319,767
Issued letters of credit	2,015,941	-	-	2,015,941
Total	48,436,531	758,892	20	49,195,443

Item	The Group and the Bank	
	As at 31 December 2019	As at 31 December 2018
Credit-related commitments	35,179,894	19,933,146
Issued bank acceptance	8,679,841	7,833,607
Issued letters of guarantee	3,319,767	3,594,610
Letters of financing guarantee outstanding	857,255	937,445
Letters of non-financing guarantee outstanding	2,462,512	2,657,165
Issued letters of credit	2,015,941	1,980,154
Spot letters of credit outstanding	89,869	115,126
Forward letters of credit outstanding	1,926,072	1,865,028
Total	49,195,443	33,341,517

In 2019, there is no stage change in credit-related commitments of the Group and the Bank.

2. Capital commitments

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Authorised but not contracted for	88,381	35,723	88,296	35,723
Contracted but not provided for	18,852	184,729	14,713	180,777
Total	107,233	220,452	103,009	216,500

3. Operating lease commitments

As the lessee, the minimum lease payments under non-cancellable operating lease contracts are as follows:

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Within 1 year	221,331	203,763	185,896	170,748
Beyond 1 year and not more than 5 years	539,981	551,556	423,109	445,051
More than 5 years	139,476	167,058	102,154	126,846
Total	900,788	922,377	711,159	742,645

4. Commitments on security underwriting and bond acceptance

The Bank is entrusted by the MOF to underwrite certain certificate treasury bonds. The investors of certificate treasury bonds have a right to redeem the bonds at par any time prior to maturity and the Bank is committed to redeem the principal and interest payable as at the redemption date of those certificate treasury bonds.

The Bank's redemption commitments, representing the principal value of the certificate treasury bonds, amounted to 3,281,661 thousand of RMB as at 31 December 2019.

XIII. FIDUCIARY ACTIVITIES

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Entrusted loans	125,945,512	128,995,099	124,843,520	127,858,241

XIV. SUBSEQUENT EVENTS

1. Impact assessment on Coronavirus (hereinafter refer to as "COVID-19")

Since the outbreak of COVID-19 pandemic in January 2020, the prevention and control of the epidemic has been implemented throughout the country. The Group has effectively implemented the requirements of Notice by the People's Bank of China, the Ministry of Finance, the China Banking and Insurance Regulatory Commission, and Other Departments of Further Strengthening Financial Support for the Prevention and Control of the Epidemic of Novel Coronavirus Pneumonia (Yin Fa (2020) No.19), and Notice Released Regarding Implementation of Temporary Deferred Repayment of Principal and Interest on Loans to Micro, Small, and Medium-sized Enterprises (Yin Bao Jian Fa (2020) No. 6), to strengthen the financial support for the prevention and control of the epidemic.

The pandemic has a certain impact on the overall economic operation and business operation of most provinces, cities and industries in the country, thus affecting the quality or income level of the Group's credit assets and investment assets to some certain extent, the impact of which depends on the prevention, control and duration of the epidemic, and the implementation of regulatory policies.

The Group closely monitor the development of the pandemic, assesses and actively address its impact on the Group's financial situation, operating results and other aspects. As at the issue date of the financial statements, the assessment is still in progress.

1. Segment reporting

The major products and services provided by each segment reporting of the Group are corporate banking, personal banking, capital business and other business.

Corporate banking refers to banking services provided to corporate clients, including corporate deposits, corporate loans, trade-related products and settlement, agency, entrust and others.

Personal banking refers to banking services provided to individual clients, including personal deposits, personal loans, bank cards, settlement, agency and others.

Financial markets business includes money market transactions, repurchase transactions, bond investments, interest rate and precious metals derivatives trading, wealth management and others.

Other business refers to those cannot form a separate segment or services cannot be allocated on a reasonable basis.

Item	The Group				
	2019				
	Corporate banking business	Personal banking business	Treasury business	Other business	Total
I. Operating income	10,324,913	5,524,785	3,809,313	1,612,288	21,271,299
Net interest income	9,257,686	4,672,135	704,372	425,019	15,059,212
Including: External net interest income / (expense)	7,511,044	(2,026,052)	9,760,495	(186,275)	15,059,212
Internal net interest income/ (expense)	1,746,642	6,698,187	(9,056,123)	611,294	-
Net fee and commission income	1,013,187	850,590	930,029	(31,692)	2,762,114
Investment income	(25,500)	-	2,488,260	358,041	2,820,801
Other income	-	-	-	24,853	24,853
Gains/(losses) from changes in fair value	3,095	-	(401,916)	(24,493)	(423,314)
Foreign exchange gains	76,445	2,060	88,568	10,732	177,805
Other operating income	-	-	-	37,905	37,905
Gains on disposal of assets	-	-	-	811,923	811,923
II. Operating expenses	(6,068,430)	(2,694,245)	(1,024,241)	(816,049)	(10,602,965)
Taxes and levies	(104,368)	(55,028)	(35,459)	(16,637)	(211,492)
Business and administrative expenses	(2,883,705)	(2,161,374)	(624,123)	(768,213)	(6,437,415)
Losses of credit impairment	(3,079,116)	(477,843)	(364,659)	(10,592)	(3,932,210)
Other operating expenses	(1,241)	-	-	(20,607)	(21,848)
III. Operating income	4,256,483	2,830,540	2,785,072	796,239	10,668,334
Add: Non-operating income	-	-	-	77,710	77,710
Less: Non-operating expenses	-	-	-	(53,527)	(53,527)
IV. Profit before tax	4,256,483	2,830,540	2,785,072	820,422	10,692,517
Total assets	289,066,483	126,133,350	433,973,044	81,114,429	930,287,306
Total liabilities	(358,943,145)	(334,871,741)	(91,423,288)	(70,843,017)	(856,081,191)

Item	The Group				
	2018				
	Corporate banking business	Personal banking business	Treasury business	Other business	Total
I. Operating income	10,880,956	4,881,249	3,634,842	748,435	20,145,482
Net interest income	9,854,321	3,778,062	977,567	419,231	15,029,181
Including: External net interest income / (expense)	7,838,722	(1,792,184)	9,902,239	(919,596)	15,029,181
Internal net interest income/ (expense)	2,015,599	5,570,246	(8,924,672)	1,338,827	-
Net fee and commission income	1,188,804	1,100,857	916,846	34,443	3,240,950
Investment income	(147,406)	-	1,575,084	121,751	1,549,429
Other income	-	-	-	27,650	27,650
Gains/(losses) from changes in fair value	(64,670)	-	509,521	(1,644)	443,207
Foreign exchange gains/(losses)	49,193	2,330	(344,176)	34,873	(257,780)
Other operating income	714	-	-	26,364	27,078
Gains on disposal of assets	-	-	-	85,767	85,767
II. Operating expenses	(7,234,266)	(2,692,828)	(465,933)	(1,054,213)	(11,447,240)
Taxes and levies	(107,921)	(47,629)	(33,284)	(6,135)	(194,969)
Business and administrative expenses	(2,875,658)	(2,093,574)	(432,587)	(1,034,721)	(6,436,540)
Impairment losses of assets	(4,250,199)	(551,625)	(62)	(4,593)	(4,806,479)
Other operating expenses	(488)	-	-	(8,764)	(9,252)
III. Operating income	3,646,690	2,188,421	3,168,909	(305,778)	8,698,242
Add: Non-operating income	-	-	-	46,055	46,055
Less: Non-operating expenses	-	-	-	(18,447)	(18,447)
IV. Profit before tax	3,646,690	2,188,421	3,168,909	(278,170)	8,725,850
Total assets	305,260,490	108,881,198	333,806,816	85,764,248	833,712,752
Total liabilities	(361,694,839)	(296,960,311)	(85,140,505)	(25,115,492)	(768,911,147)

2. Financial instruments and risk management

2.1 Overview of financial risk management

The Group's operating activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Risk management is core to the financial industry, and the inherent risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects 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 defensive 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 Board of Directors of the Group shall be responsible for establishing and maintaining an effective risk management system, and bear ultimate responsibility for the risk management of the Group. The Risk Management Committee under the Board of Directors shall carry out risk management duties and formulate risk management strategy and overall policy in accordance with the authorization of the board of directors. The executive body of risk management is the senior management of the Group, which is mainly responsible for performing 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 takes the lead in overall risk management of the Group. It is in charge of the daily operation of risk management system so as to ensure the consistency and effectiveness of the overall risk management. It also compiles or arranges to compile

relevant policies, regulations, process, standards of risk control and detailed operating rules, and submit them to senior management and Board of Directors for approval. And it also monitors, analyzes and reports the implementation effectiveness of the risk management policies, systems and processes on a regular basis. Furthermore, all operation departments and branches, the first line of defense for risk management, are responsible for and bear primary liability for their risk management.

The Group is mostly exposed to credit risk, market risk, and liquidity risk. Market risk includes currency risk and interest rate risk.

2.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that the debtor or counterparty may fail to discharge an obligation or change the credit quality, resulting in financial losses to the Group. Credit exposures arise principally in loans, investments, guarantee, acceptance and other credit risks in 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 mainly responsible for supervising the establishment and operation of the credit risk management system of the Group. Senior management is responsible for the daily management of the Group's credit risk and the Board of Directors in accordance with credit risk management strategies, policies, preferences and systems approved by the Board of Directors.

2.2.1 Credit risk assessment

2.2.1.1 Loans, finance lease receivables and credit commitments

The Group uses a five-grade classification system to manage the quality of its credit assets and finance lease receivables. Such classification system is based on "the Guidance on Credit Risk Classification" issued by CBRC. The Group classifies its credit assets on-balance sheet and off-balance sheet, and finance lease receivables into five categories, which are namely pass, special mention, substandard, doubtful and loss. The last three categories are also classified as "non-performing credit assets and finance lease receivables".

The core definition of the Guidance on Credit Risk Classification's credit assets and finance lease receivables classification is as follows:

Pass: The borrower is able to fulfil the contractual obligations, and there is no uncertainty that principal and interest can be paid on time.

Special Mention: The borrower or lessee is able to make current loan principle and repayments, but there exist some potential factors that may have negative impact on future payments.

Substandard: The borrower or lessee's repayment ability has been in doubt and its normal income cannot repay the loan principle and interest in full. Losses may be incurred by the Group, even with the enforcement of guarantees and collateral.

Doubtful: The borrower or lessee cannot repay the principal and the interest in full. Significant losses will be incurred even with the enforcement of guarantees and collateral.

Loss: After taking into consideration all possible recovery actions and necessary legal procedures, the principal and interest are unable to be collected, or only a very small portion of principal and interest can be collected.

2.2.1.2 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.

2.2.1.3 Placements with banks and other financial institutions

The Group manages strict access of financial institutions by setting accessing rating standards, and follows up constantly the changes of institutions' accreditation.

2.2.1.4 Wealth management products, trusts and asset management plans

The Group has a regular review and management on the credit risk of the financial institutions who issue wealth management products. For investments in capital preservation wealth management products, it occupies the credit line of the issuing bank; for investments in non-capital preservation wealth management products, it occupies the credit line of the entities' underlying assets.

The Group sets access standards for trust plan issuers, implements penetration management to trust plan allocation assets, and continuously follows up changes in institutional qualifications.

The Group sets access standards for asset management plans, implements penetration management to asset management plans, and continuously follows up changes in institutional qualifications.

2.2.2 Risk limit control and mitigation measures

The Group manages, limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and Groups, and to industries.

The Group sets limits on the same borrower, group and industry to optimize credit risk structure. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are as follows:

2.2.2.1 Collateral

The Group employs a range of policies and practices to mitigate credit risk, among which obtaining collateral, deposit and guarantee from personnel and company is one of the significant measures. 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, securities 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. letter 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 the third-party, the Group will evaluate the financial condition, credit history and ability to meet obligations of the guarantor on regular basis.

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.

2.2.2.2 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 acceptances 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.

2.2.3 Credit risk impairment analysis and provision policy (effective from 1 January 2019)

2.2.3.1 Risk Stages of financial instruments

On the basis of whether the credit risk of financial instruments has increased significantly since the initial recognition, the Group divides each business into three risk stages and makes provision for the expected credit loss.

Stage 1: For financial instruments with no significant increase in credit risk since initial recognition, the future 12 months expected credit loss 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.

2.2.3.2 Significant increase 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. The main considerations are regulatory and economic environment, internal and external credit risk ratings, solvency, operating capacity, loan contract terms, repayment behaviour, and so on. 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;
- Debt is classified as Special Mention;
- The debtor's credit rating is significantly lower than it was at the time of the initial recognition;
- Significant adverse changes in the operational or financial situation of the debtor;
- 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.

2.2.3.3 Determination of default and credit impairment incurred

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;
- Significant financial difficulties of the debtor lead to the disappearance of an active market for the financial asset;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- Other objective evidence indicating there is an impairment of a financial asset.

2.2.3.4 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 (PD), loss given default (LGD) and exposure at default (EAD).

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;

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.

2.2.3.5 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, for example, Gross Domestic Product, Consumer Price Index, Import and Export Price Index, Disposable Income Index, etc. Through the establishment of the regression model, the relationship between these key economic indicators and default probability is analysed, and the forward-looking effect of these index changes on the expected credit loss is calculated. The Group evaluates and forecasts these economic indicators annually, and provides the best estimate of the economic situation in the coming year.

Based on macroeconomic statistical analyses and expert judgements, the Group calculates weighted provision for expected credit loss under optimistic, neutral and pessimistic scenarios.

2.2.4 Credit risk impairment analysis and provision policy (effective before 1 January 2019)

In accordance with the accounting policy, if there is objective evidence that the future cash flow of the financial assets will decrease and the amount of the decrease can be estimated, the Group recognizes the impairment of financial assets and makes provision for the impairment.

The objective evidences of impairment, as detailed in the Group's accounting policies are as follows:

- Breach or overdue in payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Downgrading below Special Mention rating

The Group reviews the asset quality of the financial assets that are individually significant at least once a quarter. Impairment allowances on individually significant accounts are determined by an evaluation of the incurred loss at balance sheet date on a case-by-case basis. The assessment normally considers the valuation of collateral held (including re-confirmation of its enforceability) and the expected net realizable value of individual assets.

The Group makes provision for the following asset portfolios based on historical data, empirical judgements and statistical techniques:

- the asset portfolios that are not individually significant and with similar credit risk characteristics;
- assets that have impaired but have not yet been identified.

2.2.5 Maximum exposure to credit risk before collateral held or other credit enhancements

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Credit risk exposures relating to balance sheet items:				
Cash and balances with central bank	76,153,174	86,490,347	71,796,619	82,792,804
Due from banks and other financial institutions	10,277,453	11,235,385	5,380,665	4,361,838
Placements with banks and other financial institutions	46,866,055	40,525,892	47,900,606	40,525,892
Derivative financial assets	415,722	272,139	415,722	272,139
Financial assets purchased under resale agreements	34,249,806	40,636,088	34,249,806	40,636,088
Loans and advances to customers	449,782,234	394,034,412	437,382,376	383,513,648
Held-for-trading financial assets	51,472,458	N/A	51,472,458	N/A
Debt investments	148,218,827	N/A	148,067,827	N/A
Other debt investments	78,003,223	N/A	78,003,223	N/A
Financial Assets at Fair Value through Profit or Loss	N/A	7,264,796	N/A	7,264,796
Available-for-sale financial assets	N/A	104,201,172	N/A	104,201,172
Held-to-maturity investment	N/A	120,547,430	N/A	120,547,430
Receivables investment	N/A	10,543,200		
Finance lease receivables	22,837,258	N/A	N/A	10,543,200
Other financial assets	216,184	5,468,663	95,917	5,351,545
Sub-total	918,492,394	821,219,524	874,765,219	800,010,552
Credit risk exposures relating to off-balance-sheet items:				
Credit-related commitments	35,179,894	19,933,146	35,179,894	19,933,146
Issued bank acceptance	8,679,841	7,833,607	8,679,841	7,833,607
Issued letters of guarantee	3,319,767	3,594,610	3,319,767	3,594,610
Issued letters of credit	2,015,941	1,980,154	2,015,941	1,980,154
Sub-total	49,195,443	33,341,517	49,195,443	33,341,517
Total	967,687,837	854,561,041	923,960,662	833,352,069

The tables above represent the maximum exposure to credit risk before collateral held or other credit enhancements. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported on the balance sheet.

2.2.6 Due from banks and other financial institutions, placements with banks and other financial institutions and financial assets purchased under resale agreements

Item	The Group	The Bank
	As at 31 December 2018	As at 31 December 2018
Neither past due nor impaired	92,397,365	85,523,818

2.2.7 Loans and advances to customers

Item	The Group	The Bank
	As at 31 December 2018	As at 31 December 2018
Neither past due nor impaired	404,449,427	393,421,865
Past due but not impaired	820,364	573,270
Impaired	4,637,390	3,870,063
Total	409,907,181	397,865,198
Less: Allowance for impairment	(15,872,769)	(14,351,550)
Carrying amounts	394,034,412	383,513,648

2.2.7.1 Loans and advances to customers neither past due nor impaired

The credit quality of the portfolio of loans and advances to customers that were neither past due nor impaired can be assessed by reference to the five-grade classification system adopted by the Group.

Item	The Group			The Bank		
	As at 31 December 2018			As at 31 December 2018		
	Pass	Special mention	Total	Pass	Special mention	Total
Corporate loans	295,627,690	2,895,940	298,523,630	291,721,199	2,419,330	294,140,529
Individual loans	105,734,207	191,590	105,925,797	99,270,529	10,807	99,281,336
Total	401,361,897	3,087,530	404,449,427	390,991,728	2,430,137	393,421,865

2.2.7.2 Loans and advances to customers past due but not impaired

Item	The Group				
	As at 31 December 2018				
	Less than 30 days past due	31 to 60 days past due	61 days to 90 days past due	More than 91 days past due	Total
Corporate loans	186,217	50,218	34,841	-	271,276
Individual loans	394,487	113,622	40,979	-	549,088
Total	580,704	163,840	75,820	-	820,364

Item	The Bank				
	As at 31 December 2018				
	Less than 30 days past due	31 to 60 days past due	61 days to 90 days past due	More than 91 days past due	Total
Corporate loans	93,616	17,420	8,976	-	120,012
Individual loans	349,288	83,144	20,826	-	453,258
Total	442,904	100,564	29,802	-	573,270

When the loan is initially issued, the Group shall involve an independent asset appraisal agency to carry out a value assessment of the corresponding collateral. Where there is any indication of impairment of the collateral, the Group will review whether the collateral adequately covers the credit risk of the underlying loans.

2.2.7.3 Loans and advances to customers impaired

Item	The Group	The Bank
	As at 31 December 2018	As at 31 December 2018
Corporate loans	4,048,169	3,519,938
Individual loans	589,221	350,125
Total	4,637,390	3,870,063

2.2.7.4 Loans and advances to customers restructured

Restructured loans represent the loans whose original contract repayment terms have been modified as a result of the deterioration of borrowers' financial conditions or inability to repay the loans according to contractual terms. As at 31 December 2019, the restructured loans held by the Group amounted to RMB 101,459,000 (As at 31 December 2018: RMB 48,892,000).

2.2.8 Investment securities and other investments

Item	The Group	The Bank
	As at 31 December 2018	As at 31 December 2018
Neither past due nor impaired	242,709,583	242,709,583
Impaired	90,000	90,000
Total	242,799,583	242,799,583
Less: Allowance for impairment	(233,593)	(233,593)
Carrying amounts	242,565,990	242,565,990

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 debt instruments is set out as follows:

Item	The Group			
	As at 31 December 2019			
	Held-for-trading financial assets	Debt investments	Other debt investments	Total
AAA- to AAA+	5,916,987	28,969,391	21,386,686	56,273,064
AA- to AA+	3,173,299	540,238	1,456,891	5,170,428
A- and below	-	-	451,528	451,528
Unrated	42,022,262	118,709,198	54,708,118	215,439,578
Total	51,112,548	148,218,827	78,003,223	277,334,598

Item	The Group				
	As at 31 December 2018				
	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Held-to-maturity investments	Receivables investment	Total
AAA- to AAA+	986,715	16,394,392	27,676,503	-	45,057,610
AA- to AA+	101,066	2,408,846	3,456,924	-	5,966,836
Unrated	6,177,015	85,397,934	89,414,003	10,543,200	191,532,152
Total	7,264,796	104,201,172	120,547,430	10,543,200	242,556,598

Item	The Bank			
	As at 31 December 2019			
	Held-for-trading financial assets	Debt investments	Other debt investments	Total
AAA- to AAA+	5,916,987	28,969,391	21,386,686	56,273,064
AA- to AA+	3,173,299	540,238	1,456,891	5,170,428
A- and below	-	-	451,528	451,528
Unrated	42,022,262	118,558,198	54,708,118	215,288,578
Total	51,112,548	148,067,827	78,003,223	277,183,598

Item	The Bank				
	As at 31 December 2018				
	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Held-to-maturity investments	Receivables investment	Total
AAA- to AAA+	986,715	16,394,392	27,676,503	-	45,057,610
AA- to AA+	101,066	2,408,846	3,456,924	-	5,966,836
Unrated	6,177,015	85,397,934	89,414,003	10,543,200	191,532,152
Total	7,264,796	104,201,172	120,547,430	10,543,200	242,556,598

Note: Interbank negotiable certificates of deposit by the Group is deposit voucher entry issued by domestic commercial banks in the nation.

The unrated financial institutions bonds held by the Group mainly are subordinated bonds issued by listed insurance companies and foreign bonds issued by listed banks.

2.3 Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates, commodity price and equity prices.

The Group separates exposures to market risk into either trading or non-trading portfolios. The trading portfolio consists of positions in financial instruments held with trading intent with customers or other participants in the market. The non-trading portfolio consists of interest rate risk management of assets and liabilities of commercial banks, and foreign exchange and price risk of debt investments and held-for-trading financial assets held by the Group.

The Group set up detailed operating rules of market risk management and rules of market pressure test. The Internal Control Management Committee takes the role of market risk management of the senior management. The Risk Management Department takes the lead role and responsibility of market risk management, recognises, measures, monitors and controls the market risk of non-trading accounts in the Group. 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.

2.3.1 Measurement

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.

2.3.2 Foreign exchange 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 has set risk limits according to the guidelines established by the Internal Control Management Committee, the relevant regulatory requirements, and management's assessment of the current market condition. The Group also manages its foreign capital sources and usage of foreign currencies to minimize potential currency mismatches. The authorization management of foreign exchange risk exposures shall be carried out according to the types of business and the rights of the traders.

The tables below summaries the Group and the Bank's exposure to foreign currency exchange rate risk at the balance sheet date. Included in the tables are the Group and the Bank's assets and liabilities at carrying amounts in RMB, categorized by the original currency:

Item	The Group			
	As at 31 December 2019			
	RMB	USD	Others	Total
Asset				
Cash and balances with central bank	75,688,736	437,598	26,840	76,153,174
Due from banks and other financial institutions	9,532,562	475,058	269,833	10,277,453
Placements with banks and other financial institutions	38,054,858	8,606,683	204,514	46,866,055
Derivative financial assets	350,907	64,595	220	415,722
Financial assets purchased under resale agreements	34,249,806	-	-	34,249,806
Loans and advances to customers	447,880,739	1,864,921	36,574	449,782,234
Held-for-trading financial assets	51,472,458	-	-	51,472,458
Debt investments	147,021,824	1,197,003	-	148,218,827
Other debt investments	78,003,223	-	-	78,003,223
Other equity instrument investments	11,500	-	-	11,500
Finance lease receivables	22,837,258	-	-	22,837,258
Other assets	11,996,286	3,307	3	11,999,596
Total assets	917,100,157	12,649,165	537,984	930,287,306
Liabilities				
Loans from the central bank	(14,006,071)	-	-	(14,006,071)
Due to banks and other financial institutions	(3,950,504)	(102)	-	(3,950,606)
Placements from banks and other financial institutions	(18,647,964)	(13,311,288)	-	(31,959,252)
Financial liabilities at fair value through profit or loss	(103,946)	-	-	(103,946)
Derivative financial liabilities	(466,742)	(85,553)	(1,922)	(554,217)
Financial assets sold under repurchase agreement	(54,436,595)	-	-	(54,436,595)
Customer deposits	(685,642,621)	(6,062,441)	(643,654)	(692,348,716)
Debt securities issued	(47,946,796)	-	-	(47,946,796)
Other liabilities	(10,373,742)	(286,358)	(114,892)	(10,774,992)
Total liabilities	(835,574,981)	(19,745,742)	(760,468)	(856,081,191)
Net position of assets liabilities	81,525,176	(7,096,577)	(222,484)	74,206,115
Financial guarantee and credit-related commitments	46,709,303	1,481,558	1,004,582	49,195,443

Item	The Group			
	As at 31 December 2018			
	RMB	USD	Others	Total
Asset				
Cash and balances with central bank	86,177,014	283,981	29,352	86,490,347
Due from banks and other financial institutions	10,393,280	612,954	229,151	11,235,385
Placements with banks and other financial institutions	35,219,987	5,227,432	78,473	40,525,892
Financial Assets at Fair Value through Profit or Loss	7,264,796	-	-	7,264,796
Derivative financial assets	6,755	78,394	186,990	272,139
Financial assets purchased under resale agreements	40,636,088	-	-	40,636,088
Loans and advances to customers	391,344,881	2,669,597	19,934	394,034,412
Available-for-sale financial assets	104,886,280	-	-	104,886,280
Held-to-maturity investment	119,786,727	760,703	-	120,547,430
Receivables investment	10,543,200	-	-	10,543,200
Other assets	17,243,635	33,005	143	17,276,783
Total assets	823,502,643	9,666,066	544,043	833,712,752
Liabilities				
Loans from the central bank	(11,971,000)	-	-	(11,971,000)
Due to banks and other financial institutions	(4,931,749)	(2,494)	-	(4,934,243)
Placements from banks and other financial institutions	(4,000,000)	(17,261,851)	(5,449)	(21,267,300)
Financial liabilities at fair value through profit or loss	(53,154)	-	-	(53,154)
Derivative financial liabilities	(52,987)	(82,613)	(216,920)	(352,520)
Financial assets sold under repurchase agreement	(46,466,154)	-	-	(46,466,154)
Customer deposits	(639,001,342)	(5,131,733)	(774,587)	(644,907,662)
Debt securities issued	(23,375,798)	-	-	(23,375,798)
Other liabilities	(15,425,166)	(143,186)	(14,964)	(15,583,316)
Total liabilities	(745,277,350)	(22,621,877)	(1,011,920)	(768,911,147)
Net position of assets liabilities	78,225,293	(12,955,811)	(467,877)	64,801,605
Financial guarantee and credit-related commitments	30,903,170	1,219,075	1,219,272	33,341,517

Item	The Bank			
	As at 31 December 2019			
	RMB	USD	Others	Total
Asset				
Cash and balances with central bank	71,332,181	437,598	26,840	71,796,619
Due from banks and other financial institutions	4,635,774	475,058	269,833	5,380,665
Placements with banks and other financial institutions	39,089,409	8,606,683	204,514	47,900,606
Derivative financial assets	350,907	64,595	220	415,722
Financial assets purchased under resale agreements	34,249,806	-	-	34,249,806
Loans and advances to customers	435,480,881	1,864,921	36,574	437,382,376
Held-for-trading financial assets	51,472,458	-	-	51,472,458
Debt investments	146,870,824	1,197,003	-	148,067,827
Other debt investments	78,003,223	-	-	78,003,223
Other equity instrument investments	11,500	-	-	11,500
Other assets	13,773,788	3,307	3	13,777,098
Total assets	875,270,751	12,649,165	537,984	888,457,900
Liabilities				
Loans from the central bank	(13,599,796)	-	-	(13,599,796)
Due to banks and other financial institutions	(11,103,041)	(102)	-	(11,103,143)
Placements from banks and other financial institutions	(1,622,799)	(13,311,288)	-	(14,934,087)
Financial liabilities at fair value through profit or loss	(103,946)	-	-	(103,946)
Derivative financial liabilities	(466,742)	(85,553)	(1,922)	(554,217)
Financial assets sold under repurchase agreement	(54,436,595)	-	-	(54,436,595)
Customer deposits	(660,368,564)	(6,062,441)	(643,654)	(667,074,659)
Debt securities issued	(47,946,796)	-	-	(47,946,796)
Other liabilities	(7,906,162)	(286,358)	(114,892)	(8,307,412)
Total liabilities	(797,554,441)	(19,745,742)	(760,468)	(818,060,651)
Net position of assets liabilities	77,716,310	(7,096,577)	(222,484)	70,397,249
Financial guarantee and credit-related commitments	46,709,303	1,481,558	1,004,582	49,195,443

Item	The Bank			
	As at 31 December 2018			
	RMB	USD	Others	Total
Asset				
Cash and balances with central bank	82,479,471	283,981	29,352	82,792,804
Due from banks and other financial institutions	3,519,733	612,954	229,151	4,361,838
Placements with banks and other financial institutions	35,219,987	5,227,432	78,473	40,525,892
Financial Assets at Fair Value through Profit or Loss	7,264,796	-	-	7,264,796
Derivative financial assets	6,755	78,394	186,990	272,139
Financial assets purchased under resale agreements	40,636,088	-	-	40,636,088
Loans and advances to customers	380,824,117	2,669,597	19,934	383,513,648
Available-for-sale financial assets	104,886,280	-	-	104,886,280
Held-to-maturity investment	119,786,727	760,703	-	120,547,430
Receivables investment	10,543,200	-	-	10,543,200
Other assets	17,531,531	33,005	143	17,564,679
Total assets	802,698,685	9,666,066	544,043	812,908,794
Liabilities				
Loans from the central bank	(11,680,000)	-	-	(11,680,000)
Due to banks and other financial institutions	(10,737,689)	(2,494)	-	(10,740,183)
Placements from banks and other financial institutions	(4,000,000)	(17,261,851)	(5,449)	(21,267,300)
Financial liabilities at fair value through profit or loss	(53,154)	-	-	(53,154)
Derivative financial liabilities	(52,987)	(82,613)	(216,920)	(352,520)
Financial assets sold under repurchase agreement	(46,466,154)	-	-	(46,466,154)
Customer deposits	(614,833,444)	(5,131,733)	(774,587)	(620,739,764)
Debt securities issued	(23,375,798)	-	-	(23,375,798)
Other liabilities	(14,888,170)	(143,186)	(14,964)	(15,046,320)
Total liabilities	(726,087,396)	(22,621,877)	(1,011,920)	(749,721,193)
Net position of assets liabilities	76,611,289	(12,955,811)	(467,877)	63,187,601
Financial guarantee and credit-related commitments	30,903,170	1,219,075	1,219,272	33,341,517

The table below illustrates the impact of an appreciation or depreciation of RMB against other currencies by 5% on the Group and the Bank's net profit:

Item	The Group and the Bank	
	As at 31 December 2019	As at 31 December 2018
5% appreciation of RMB	(274,465)	(502,213)
5% depreciation of RMB	274,465	502,213

When determining the business conditions and financial inputs, the Group makes following assumptions in performing sensitivity analysis to exchange rate:

- There are no significant changes to the Group's business operations after balance sheet date;
- Customers' reactions to the exchange rate movements are not considered;
- Exchange rate movements' impact on the marketing prices are not considered; and
- The necessary actions to be taken by the Group in response to exchange rate movements 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.

2.3.3 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its fair value and cash flows.

Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise. The Group operates its business predominantly in mainland China under the interest rate scheme regulated by the PBOC. PBOC has historically adjusted its benchmark interest rates for loans and deposits in the same direction and at the same time (though not necessarily by the same increment).

According to the regulations of PBOC, the floor of 30% below the corresponding PBOC benchmark interest rates is cancelled. The Group determines the loan interest rates independently. Interest rates for discounted bills are market driven. However, such interest rates cannot be set below the PBOC interest rate for re-discounted bills.

The Group shortens the interest rate sensitive gap between assets and liabilities by controlling the re-pricing term and duration of investments. At the same time, The Group pays close attention to 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 tables below summaries the Group's exposures to interest rate risks. The tables show the Group's assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

Item	The Group					
	As at 31 December 2019					
	Less than 3 months	3-12 months	1-5 years	More than 5 years	Non-interest bearing	Total
Assets						
Cash and balances with central bank	73,974,789	-	-	-	2,178,385	76,153,174
Due from banks and other financial institutions	7,956,096	2,182,404	-	-	138,953	10,277,453
Placements with banks and other financial institutions	15,392,341	24,821,187	6,009,068	-	643,459	46,866,055
Derivative financial assets	-	-	-	-	415,722	415,722
Financial assets purchased under resale agreements	34,232,716	-	-	-	17,090	34,249,806
Loans and advances to customers	180,788,039	247,801,661	13,077,952	7,367,165	747,417	449,782,234
Held-for-trading financial assets	22,282,955	18,318,268	5,897,438	4,323,513	650,284	51,472,458
Debt investments	8,795,690	24,537,556	66,536,081	45,775,704	2,573,796	148,218,827
Other debt investments	2,708,245	10,698,909	34,981,333	28,200,400	1,414,336	78,003,223
Other equity instrument investments	-	-	-	-	11,500	11,500
Finance lease receivables	19,710,929	2,817,815	6,494	-	302,020	22,837,258
Other assets	-	-	-	-	11,999,596	11,999,596
Total assets	365,841,800	331,177,800	126,508,366	85,666,782	21,092,558	930,287,306
Liabilities						
Loans from the central bank	(875,000)	(13,036,000)	-	-	(95,071)	(14,006,071)
Due to banks and other financial institutions	(2,092,126)	(1,804,000)	-	-	(54,480)	(3,950,606)
Placements from banks and other financial institutions	(15,804,883)	(15,956,950)	-	-	(197,419)	(31,959,252)
Financial liabilities at fair value through profit or loss	-	-	-	-	(103,946)	(103,946)
Derivative financial liabilities	-	-	-	-	(554,217)	(554,217)
Financial assets sold under repurchase agreement	(47,010,790)	(7,412,660)	-	-	(13,145)	(54,436,595)
Customer deposits	(383,532,979)	(121,472,864)	(174,020,069)	-	(13,322,804)	(692,348,716)
Debt securities issued	(20,230,647)	(17,444,201)	-	(10,000,000)	(271,948)	(47,946,796)
Other liabilities	-	-	-	-	(10,774,992)	(10,774,992)
Total liabilities	(469,546,425)	(177,126,675)	(174,020,069)	(10,000,000)	(25,388,022)	(856,081,191)
Total interest sensitivity gap	(103,704,625)	154,051,125	(47,511,703)	75,666,782	(4,295,464)	74,206,115

Item	The Group					
	As at 31 December 2018					
	Less than 3 months	3-12 months	1-5 years	More than 5 years	Non-interest bearing	Total
Assets						
Cash and balances with central bank	84,573,071	-	-	-	1,917,276	86,490,347
Due from banks and other financial institutions	6,176,283	5,037,179	-	-	21,923	11,235,385
Placements with banks and other financial institutions	12,731,080	24,389,694	3,405,118	-	-	40,525,892
Financial assets at fair value through profit or loss	876,257	4,857,242	989,034	542,263	-	7,264,796
Derivative financial assets	-	-	-	-	272,139	272,139
Financial assets purchased under resale agreements	40,636,088	-	-	-	-	40,636,088
Loans and advances to customers	171,090,399	213,171,159	5,013,628	1,571,518	3,187,708	394,034,412
Available-for-sale financial assets	31,151,830	18,750,591	38,052,304	16,246,447	685,108	104,886,280
Held-to-maturity investment	4,689,889	10,726,773	66,312,561	38,818,207	-	120,547,430
Receivables investment	1,259,128	1,582,869	7,031,685	669,518	-	10,543,200
Other assets	-	-	-	-	17,276,783	17,276,783
Total assets	353,184,025	278,515,507	120,804,330	57,847,953	23,360,937	833,712,752
Liabilities						
Loans from the central bank	(545,000)	(11,426,000)	-	-	-	(11,971,000)
Due to banks and other financial institutions	(4,934,243)	-	-	-	-	(4,934,243)
Placements from banks and other financial institutions	(16,116,468)	(5,150,832)	-	-	-	(21,267,300)
Financial liabilities at fair value through profit or loss	-	-	-	-	(53,154)	(53,154)
Derivative financial liabilities	-	-	-	-	(352,520)	(352,520)
Financial assets sold under repurchase agreement	(38,772,022)	(2,286,399)	(5,407,733)	-	-	(46,466,154)
Customer deposits	(376,042,350)	(113,670,851)	(155,194,461)	-	-	(644,907,662)
Debt securities issued	(6,523,635)	(6,852,163)	-	(10,000,000)	-	(23,375,798)
Other liabilities	-	-	-	-	(15,583,316)	(15,583,316)
Total liabilities	(442,933,718)	(139,386,245)	(160,602,194)	(10,000,000)	(15,988,990)	(768,911,147)
Total interest sensitivity gap	(89,749,693)	139,129,262	(39,797,864)	47,847,953	7,371,947	64,801,605

Item	The Bank					
	As at 31 December 2019					
	Less than 3 months	3-12 months	1-5 years	More than 5 years	Non-interest bearing	Total
Assets						
Cash and balances with central bank	69,717,672	-	-	-	2,078,947	71,796,619
Due from banks and other financial institutions	5,359,833	-	-	-	20,832	5,380,665
Placements with banks and other financial institutions	15,891,618	25,320,475	6,009,068	-	679,445	47,900,606
Held-for-trading financial assets	-	-	-	-	415,722	415,722
Derivative financial assets	34,232,716	-	-	-	17,090	34,249,806
Financial assets purchased under resale agreements	179,734,985	244,198,115	10,846,923	1,880,637	721,716	437,382,376
Loans and advances to customers	22,282,955	18,318,268	5,897,438	4,323,513	650,284	51,472,458
Debt investments	8,795,690	24,537,556	66,536,081	45,625,966	2,572,534	148,067,827
Other debt investments	2,708,245	10,698,909	34,981,333	28,200,400	1,414,336	78,003,223
Other equity instrument investments	-	-	-	-	11,500	11,500
Other assets	-	-	-	-	13,777,098	13,777,098
Total assets	338,723,714	323,073,323	124,270,843	80,030,516	22,359,504	888,457,900
Liabilities						
Loans from the central bank	(800,000)	(12,705,000)	-	-	(94,796)	(13,599,796)
Due to banks and other financial institutions	(8,098,663)	(2,950,000)	-	-	(54,480)	(11,103,143)
Placements from banks and other financial institutions	(12,964,882)	(1,946,360)	-	-	(22,845)	(14,934,087)
Financial liabilities at fair value through profit or loss	-	-	-	-	(103,946)	(103,946)
Derivative financial liabilities	-	-	-	-	(554,217)	(554,217)
Financial assets sold under repurchase agreement	(47,010,790)	(7,412,660)	-	-	(13,145)	(54,436,595)
Customer deposits	(367,620,131)	(118,002,299)	(168,626,561)	-	(12,825,668)	(667,074,659)
Debt securities issued	(20,230,647)	(17,444,201)	-	(10,000,000)	(271,948)	(47,946,796)
Other liabilities	-	-	-	-	(8,307,412)	(8,307,412)
Total liabilities	(456,725,113)	(160,460,520)	(168,626,561)	(10,000,000)	(22,248,457)	(818,060,651)
Total interest sensitivity gap	(118,001,399)	162,612,803	(44,355,718)	70,030,516	111,047	70,397,249

Item	The Bank					Total
	As at 31 December 2018					
	Less than 3 months	3-12 months	1-5 years	More than 5 years	Non-interest bearing	
Assets						
Cash and balances with central bank	80,963,988	-	-	-	1,828,816	82,792,804
Due from banks and other financial institutions	2,320,659	2,041,179	-	-	-	4,361,838
Placements with banks and other financial institutions	12,731,080	24,389,694	3,405,118	-	-	40,525,892
Financial assets at fair value through profit or loss	876,257	4,857,242	989,034	542,263	-	7,264,796
Derivative financial assets	-	-	-	-	272,139	272,139
Financial assets purchased under resale agreements	40,636,088	-	-	-	-	40,636,088
Loans and advances to customers	170,096,839	212,564,917	719,543	132,349	-	383,513,648
Available-for-sale financial assets	31,151,830	18,750,591	38,052,304	16,246,447	685,108	104,886,280
Held-to-maturity investment	4,689,889	10,726,773	66,312,561	38,818,207	-	120,547,430
Receivables investment	1,259,128	1,582,869	7,031,685	669,518	-	10,543,200
Other assets	-	-	-	-	17,564,679	17,564,679
Total assets	344,725,758	274,913,265	116,510,245	56,408,784	20,350,742	812,908,794
Liabilities						
Loans from the central bank	(500,000)	(11,180,000)	-	-	-	(11,680,000)
Due to banks and other financial institutions	(10,209,183)	(531,000)	-	-	-	(10,740,183)
Placements from banks and other financial institutions	(16,116,468)	(5,150,832)	-	-	-	(21,267,300)
Financial liabilities at fair value through profit or loss	-	-	-	-	(53,154)	(53,154)
Derivative financial liabilities	-	-	-	-	(352,520)	(352,520)
Financial assets sold under repurchase agreement	(38,772,022)	(2,286,399)	(5,407,733)	-	-	(46,466,154)
Customer deposits	(360,582,168)	(109,383,787)	(150,773,809)	-	-	(620,739,764)
Debt securities issued	(6,523,635)	(6,852,163)	-	(10,000,000)	-	(23,375,798)
Other liabilities	-	-	-	-	(15,046,320)	(15,046,320)
Total liabilities	(432,703,476)	(135,384,181)	(156,181,542)	(10,000,000)	(15,451,994)	(749,721,193)
Total interest sensitivity gap	(87,977,718)	139,529,084	(39,671,297)	46,408,784	4,898,748	63,187,601

The tables below illustrate the impact on net interest income and other comprehensive income in the coming accounting year from the balance sheet dates of the Group, which comes from the assumption of a 100-basis-point parallel shift of yield curve for each currency:

Item	The Group			
	2019		2018	
	Net interest income	Other comprehensive income/(loss)	Net interest income	Other comprehensive income/(loss)
+100 basis points parallel shift in all yield curves	1,679,917	(1,920,990)	1,727,605	(1,368,669)
-100 basis points parallel shift in all yield curves	(1,679,917)	2,045,907	(1,727,605)	1,452,227

Item	The Bank			
	2019		2018	
	Net interest income	Other comprehensive income/(loss)	Net interest income	Other comprehensive income/(loss)
+100 basis points parallel shift in all yield curves	1,516,879	(1,920,990)	1,640,104	(1,368,669)
-100 basis points parallel shift in all yield curves	(1,516,879)	2,045,907	(1,640,104)	1,452,227

In performing the above analysis, the Group has made following assumptions:

- There is no significant change in business operations after balance sheet date;
- 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; and
- 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.

2.3.4 Other Price Risk

Other price risks are derived from equity investments and precious metals investments held by the Group.

The market risks of commodity price or share value from the investment portfolios are not regarded as significant by the Group.

2.4 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 portion of deposit will be remained in the Group instead of being withdrawn at the maturity date. The management 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 at unexpected levels of 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. (Note VIII.1)

The matching and controlled mismatching of the maturities of assets and liabilities is fundamental to the management of the Group. It is unusual for Banks ever to be completely matched since business transactions are often of uncertain terms and of different types.

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. Liquidity requirements to support calls under guarantees and letters of credit are considerably less than the amounts under commitments because the Group does not generally expect customers to draw funds under those agreements. 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 sets up detailed operating rules for liquidity risk management and rules for liquidity pressure test, so as to improve liquidity risk management. Liquidity risk management organizational system of the Group is divided into three levels. The first level is the Board of Directors and its special committee; the second level is the Supervisory Board and its special committees; the third level is the senior management and its special committees, 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. 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 of the management work. The Asset and Liability Management department of the head office is responsible for leading the liquidity risk management and 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. The implement of liquidity risk management and stress test is on the basis of 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.

2.4.1 Non-derivative financial instruments and financial liability cash flows

The tables below present the cash flows receivables and payables under non-derivative financial assets and liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the tables are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

Item	The Group							
	As at 31 December 2019							
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Financial assets								
Cash and balances with central bank	63,557,998	12,621,637	-	-	-	-	-	76,179,635
Due from banks and other financial institutions	-	2,989,738	2,425,489	2,631,769	2,251,727	-	-	10,298,723
Placements with banks and other financial institutions	-	-	13,104,546	2,638,167	25,970,296	6,517,965	-	48,230,974
Financial assets purchased under resale agreements	-	-	34,122,518	204,447	-	-	-	34,326,965
Loans and advances to customers	5,252,576	-	16,740,252	36,006,493	147,606,211	118,152,982	149,432,790	473,191,304
Held-for-trading financial assets	196,417	-	1,077,744	3,075,294	18,561,203	13,434,185	16,269,105	52,613,948
Debt investments	20,000	-	2,444,537	8,521,348	26,825,433	80,663,961	50,940,426	169,415,705
Other debt investments	70,000	-	1,711,012	2,915,182	10,888,718	41,414,128	30,833,164	87,832,204
Other equity instrument investments	11,500	-	-	-	-	-	-	11,500
Finance lease receivables	677,010	-	754,211	1,794,151	7,532,638	15,600,316	141,650	26,499,976
Other financial assets	46,356	-	169,828	-	-	-	-	216,184
Total financial assets	69,831,857	15,611,375	72,550,137	57,786,851	239,636,226	275,783,537	247,617,135	978,817,118
Financial liabilities								
Loans from the central bank	-	-	(50,011)	(847,432)	(13,428,952)	-	-	(14,326,395)
Due to banks and other financial institutions	-	(2,114,289)	(4,943,998)	(2,396,275)	(3,362,104)	-	-	(12,816,666)
Placements from banks and other financial institutions	-	-	(6,504,472)	(6,505,567)	(19,851,438)	-	-	(32,861,477)
Financial liabilities at fair value through profit or loss	-	(103,946)	-	-	-	-	-	(103,946)
Financial assets sold under repurchase agreement	-	-	(42,446,843)	(4,603,078)	(7,476,833)	-	-	(54,526,754)
Customer deposits	-	(300,666,287)	(31,685,581)	(50,932,710)	(123,494,102)	(186,796,461)	-	(693,575,141)
Debt securities issued	-	-	(4,380,000)	(17,291,540)	(19,677,599)	-	(10,000,000)	(51,349,139)
Other financial liabilities	-	-	(4,016,703)	-	-	-	-	(4,016,703)
Total financial liabilities	-	(302,884,522)	(94,027,608)	(82,576,602)	(187,291,028)	(186,796,461)	(10,000,000)	(863,576,221)
Net value	69,831,857	(287,273,147)	(21,477,471)	(24,789,751)	52,345,198	88,987,076	237,617,135	115,240,897

Item	The Group							Total
	As at 31 December 2018							
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	
Financial assets								
Cash and balances with central bank	72,288,795	14,245,694	-	-	-	-	-	86,534,489
Due from banks and other financial institutions	-	3,129,754	2,263,951	2,104,877	3,980,958	-	-	11,479,540
Placements with banks and other financial institutions	-	-	6,615,362	6,535,622	25,696,356	3,814,124	-	42,661,464
Financial assets at fair value through profit or loss	10,417	-	6,080	875,682	4,938,558	1,143,208	642,843	7,616,788
Financial assets purchased under resale agreements	-	-	40,692,539	-	-	-	-	40,692,539
Loans and advances to customers	5,189,104	-	14,251,164	26,960,022	144,719,471	102,619,855	120,076,241	413,815,857
Available-for-sale financial assets	885,756	-	4,418,331	8,259,867	31,465,860	52,118,055	19,630,266	116,778,135
Held-to-maturity investment	20,000	-	2,106,557	1,759,123	13,323,757	79,586,132	44,896,582	141,692,151
Receivables investment	-	-	1,325,738	90,544	1,937,612	7,762,100	694,520	11,810,514
Other financial assets	-	-	474,685	-	-	-	-	474,685
Total financial assets	78,394,072	17,375,448	72,154,407	46,585,737	226,062,572	247,043,474	185,940,452	873,556,162
Financial liabilities								
Loans from the central bank	-	-	(35,006)	(526,614)	(11,782,944)	-	-	(12,344,564)
Due to banks and other financial institutions	-	(1,779,038)	(498,716)	(2,660,055)	-	-	-	(4,937,809)
Placements from banks and other financial institutions	-	-	(7,741,259)	(8,464,937)	(5,304,984)	-	-	(21,511,180)
Financial liabilities at fair value through profit or loss	-	(53,154)	-	-	-	-	-	(53,154)
Financial assets sold under repurchase agreement	-	-	(38,805,153)	(2,295,474)	(5,463,570)	-	-	(46,564,197)
Customer deposits	-	(300,855,214)	(31,467,559)	(49,946,126)	(115,665,076)	(158,253,265)	-	(656,187,240)
Debt securities issued	-	-	(560,000)	(5,990,000)	(6,960,000)	-	(10,000,000)	(23,510,000)
Other financial liabilities	-	-	(564,701)	-	-	-	-	(564,701)
Total financial liabilities	-	(302,687,406)	(79,672,394)	(69,883,206)	(145,176,574)	(158,253,265)	(10,000,000)	(765,672,845)
Net value	78,394,072	(285,311,958)	(7,517,987)	(23,297,469)	80,885,998	88,790,209	175,940,452	107,883,317

Item	The Bank							
	As at 31 December 2019							
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Financial assets								
Cash and balances with central bank	60,036,348	11,786,733	-	-	-	-	-	71,823,081
Due from banks and other financial institutions	-	2,766,511	1,502,110	1,118,993	-	-	-	5,387,614
Placements with banks and other financial institutions	-	-	13,104,546	3,159,493	26,491,450	6,517,965	-	49,273,454
Financial assets purchased under resale agreements	-	-	34,122,518	204,447	-	-	-	34,326,965
Loans and advances to customers	4,803,925	-	16,278,471	35,412,859	143,454,823	115,422,279	138,761,035	454,133,392
Held-for-trading financial assets	196,417	-	1,077,744	3,075,294	18,561,203	13,434,185	16,269,105	52,613,948
Debt investments	20,000	-	2,444,537	8,521,348	26,825,433	80,663,961	50,778,659	169,253,938
Other debt investments	70,000	-	1,711,012	2,915,182	10,888,718	41,414,128	30,833,164	87,832,204
Other equity instrument investments	11,500	-	-	-	-	-	-	11,500
Other financial assets	35,929	-	110,214	-	-	-	-	146,143
Total financial assets	65,174,119	14,553,244	70,351,152	54,407,616	226,221,627	257,452,518	236,641,963	924,802,239
Financial liabilities								
Loans from the central bank	-	-	-	(822,428)	(13,097,882)	-	-	(13,920,310)
Due to banks and other financial institutions	-	(4,334,586)	(6,162,382)	(4,089,911)	(4,636,780)	-	-	(19,223,659)
Placements from banks and other financial institutions	-	-	(6,504,472)	(6,505,567)	(1,993,639)	-	-	(15,003,678)
Financial liabilities at fair value through profit or loss	-	(103,946)	-	-	-	-	-	(103,946)
Financial assets sold under repurchase agreement	-	-	(42,446,843)	(4,603,078)	(7,476,833)	-	-	(54,526,754)
Customer deposits	-	(286,440,946)	(31,181,289)	(49,740,644)	(119,963,346)	(180,923,473)	-	(668,249,698)
Debt securities issued	-	-	(4,380,000)	(17,291,540)	(19,677,599)	-	(10,000,000)	(51,349,139)
Other financial liabilities	-	-	(3,615,270)	-	-	-	-	(3,615,270)
Total financial liabilities	-	(290,879,478)	(94,290,256)	(83,053,168)	(166,846,079)	(180,923,473)	(10,000,000)	(825,992,454)
Net value	65,174,119	(276,326,234)	(23,939,104)	(28,645,552)	59,375,548	76,529,045	226,641,963	98,809,785

Item	The Bank							
	As at 31 December 2018							
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Financial assets								
Cash and balances with central bank	70,027,189	12,809,757	-	-	-	-	-	82,836,946
Due from banks and other financial institutions	-	2,924,103	39,991	622,132	828,502	-	-	4,414,728
Placements with banks and other financial institutions	-	-	6,615,362	6,535,622	25,696,356	3,814,124	-	42,661,464
Financial assets at fair value through profit or loss	10,417	-	6,080	875,682	4,938,558	1,143,208	642,843	7,616,788
Financial assets purchased under resale agreements	-	-	40,692,539	-	-	-	-	40,692,539
Loans and advances to customers	4,440,623	-	13,588,585	26,271,410	139,713,060	100,749,759	113,664,576	398,428,013
Available-for-sale financial assets	885,756	-	4,418,331	8,259,867	31,465,860	52,118,055	19,630,266	116,778,135
Held-to-maturity investment	20,000	-	2,106,557	1,759,123	13,323,757	79,586,132	44,896,582	141,692,151
Receivables investment	-	-	1,325,738	90,544	1,937,612	7,762,100	694,520	11,810,514
Other financial assets	-	-	443,680	-	-	-	-	443,680
Total financial assets	75,383,985	15,733,860	69,236,863	44,414,380	217,903,705	245,173,378	179,528,787	847,374,958
Financial liabilities								
Loans from the central bank	-	-	-	(516,611)	(11,536,891)	-	-	(12,053,502)
Due to banks and other financial institutions	-	(4,047,204)	(2,508,520)	(3,672,130)	(549,027)	-	-	(10,776,881)
Placements from banks and other financial institutions	-	-	(7,741,259)	(8,464,937)	(5,304,984)	-	-	(21,511,180)
Financial liabilities at fair value through profit or loss	-	(53,154)	-	-	-	-	-	(53,154)
Financial assets sold under repurchase agreement	-	-	(38,805,153)	(2,295,474)	(5,463,570)	-	-	(46,564,197)
Customer deposits	-	(287,138,217)	(30,967,341)	(48,618,303)	(111,163,105)	(153,231,812)	-	(631,118,778)
Debt securities issued	-	-	(560,000)	(5,990,000)	(6,960,000)	-	(10,000,000)	(23,510,000)
Other financial liabilities	-	-	(554,036)	-	-	-	-	(554,036)
Total financial liabilities	-	(291,238,575)	(81,136,309)	(69,557,455)	(140,977,577)	(153,231,812)	(10,000,000)	(746,141,728)
Net value	75,383,985	(275,504,715)	(11,899,446)	(25,143,075)	76,926,128	91,941,566	169,528,787	101,233,230

2.4.2 Derivative financial assets and financial liability cash flows

2.4.2.1 Derivative financial instruments settled on a net basis

Derivatives that will be settled on a net basis refer to interest rate derivatives and precious metals derivatives. The tables below set forth the Group's net derivative financial instruments position by remaining contractual maturities at the balance sheet date. The amounts disclosed in the tables are the undiscounted contractual cash flows.

Item	The Group and the Bank					
	As at 31 December 2019					
	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Interest rate derivatives	2,050	(2,019)	1,965	585	-	2,581
Precious metals derivatives	-	12,550	(3,537)	(21,662)	-	(12,649)
Credit risk mitigation	-	-	(190)	-	-	(190)
Total	2,050	10,531	(1,762)	(21,077)	-	(10,258)

Item	The Group and the Bank					
	As at 31 December 2018					
	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Interest rate derivatives	156	742	1,670	2,892	-	5,460
Precious metals derivatives	(1,320)	(4,166)	(14,610)	-	-	(20,096)
Total	(1,164)	(3,424)	(12,940)	2,892	-	(14,636)

2.4.2.2 Derivative financial instruments settled on a gross basis

Derivative financial instruments that will be settled on a gross basis refer to exchange rate derivatives, currency derivatives and currency options. The tables below set forth the Group's position by remaining contractual maturities at the balance sheet date. The amounts disclosed in the tables are the undiscounted contractual cash flows.

Item	The Group and the Bank					
	As at 31 December 2019					
	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Exchange rate derivatives						
-Cash inflow	11,700,711	2,711,967	15,004,885	233,940	-	29,651,503
-Cash outflow	(11,701,618)	(2,737,839)	(15,079,228)	(233,103)	-	(29,751,788)
Total	(907)	(25,872)	(74,343)	837	-	(100,285)

Item	The Group and the Bank					
	As at 31 December 2018					
	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Exchange rate derivatives						
-Cash inflow	224,966	4,725,497	15,990,727	409,536	-	21,350,726
-Cash outflow	(224,680)	(4,721,180)	(16,052,482)	(408,234)	-	(21,406,576)
Total	286	4,317	(61,755)	1,302	-	(55,850)

2.4.3 Off-balance-sheet items

Item	The Group							
	As at 31 December 2019				As at 31 December 2018			
	Within 1 year	1-5 years	More than 5 years	Total	Within 1 year	1-5 years	More than 5 years	Total
Credit-related commitments	18,851,314	4,571,200	11,757,380	35,179,894	12,282,858	3,229,623	4,420,665	19,933,146
Acceptances	8,679,841	-	-	8,679,841	7,833,607	-	-	7,833,607
Issued letters of guarantee	2,144,139	1,172,628	3,000	3,319,767	2,160,391	1,434,219	-	3,594,610
Issued letters of credit	2,015,941	-	-	2,015,941	1,979,789	365	-	1,980,154
Operating lease commitments	221,331	539,981	139,476	900,788	203,763	551,556	167,058	922,377
Capital commitments	56,718	40,421	10,094	107,233	181,180	39,272	-	220,452
Total	31,969,284	6,324,230	11,909,950	50,203,464	24,641,588	5,255,035	4,587,723	34,484,346

Item	The Bank							
	As at 31 December 2019				As at 31 December 2018			
	Within 1 year	1-5 years	More than 5 years	Total	Within 1 year	1-5 years	More than 5 years	Total
Credit-related commitments	18,851,314	4,571,200	11,757,380	35,179,894	12,282,858	3,229,623	4,420,665	19,933,146
Acceptances	8,679,841	-	-	8,679,841	7,833,607	-	-	7,833,607
Issued letters of guarantee	2,144,139	1,172,628	3,000	3,319,767	2,160,391	1,434,219	-	3,594,610
Issued letters of credit	2,015,941	-	-	2,015,941	1,979,789	365	-	1,980,154
Operating lease commitments	185,896	423,109	102,154	711,159	170,748	445,051	126,846	742,645
Capital commitments	52,535	40,380	10,094	103,009	177,228	39,272	-	216,500
Total	31,929,666	6,207,317	11,872,628	50,009,611	24,604,621	5,148,530	4,547,511	34,300,662

3. Fair value information

3.1 Assets and liabilities measured at fair value

3.1.1 Fair value hierarchy of assets and liabilities measured at fair value

Item	The Group			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Placements with banks and other financial institutions at fair value through other comprehensive income	-	-	2,292,277	2,292,277
Loans and advances to customers at fair value through profit or loss	-	-	636,054	636,054
Loans and advances to customers at fair value through other comprehensive income	-	-	72,898,519	72,898,519
Held-for-trading financial assets				
- Securities	-	17,293,189	-	17,293,189
- Trusts and asset management plans	-	-	12,646,372	12,646,372
- Securities investment funds	-	17,954,060	-	17,954,060
- Wealth management products issued by other banks	-	-	3,218,927	3,218,927
- Equity securities	359,910	-	-	359,910
Other debt investments				
- Securities	-	78,003,223	-	78,003,223
Other equity instruments	-	-	11,500	11,500
Derivative financial assets				
- Exchange rate derivatives	-	142,536	-	142,536
- Interest rate derivatives	-	172,689	-	172,689
- Precious metals	-	100,497	-	100,497
Total financial assets	359,910	113,666,194	91,703,649	205,729,753
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	(103,946)	-	(103,946)
Derivative financial liabilities				
- Exchange rate derivatives	-	(271,741)	-	(271,741)
- Interest rate derivatives	-	(169,861)	-	(169,861)
- Precious metals	-	(112,425)	-	(112,425)
- Credit risk mitigation	-	(190)	-	(190)
Total financial liabilities	-	(658,163)	-	(658,163)

Item	The Group			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Assets at Fair Value through Profit or Loss				
- Securities	-	7,264,796	-	7,264,796
Available-for-sale financial assets				
- Securities	-	59,151,371	-	59,151,371
- Equity investments	673,608	-	-	673,608
- Trusts and asset management plans	-	-	14,484,285	14,484,285
- Wealth management products issued by other banks	-	-	11,611,142	11,611,142
- Securities investment funds	-	19,024,374	-	19,024,374
Derivative financial assets				
- Exchange rate derivatives	-	85,619	-	85,619
- Interest rate derivatives	-	140,611	-	140,611
- Precious metals	-	45,909	-	45,909
Total financial assets	673,608	85,712,680	26,095,427	112,481,715
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	(53,154)	-	(53,154)
Derivative financial liabilities				
- Exchange rate derivatives	-	(151,239)	-	(151,239)
- Interest rate derivatives	-	(135,588)	-	(135,588)
- Precious metals	-	(65,693)	-	(65,693)
Total financial liabilities	-	(405,674)	-	(405,674)

Item	The Bank			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Placements with banks and other financial institutions at fair value through other comprehensive income	-	-	2,292,277	2,292,277
Loans and advances to customers at fair value through profit or loss	-	-	636,054	636,054
Loans and advances to customers at fair value through other comprehensive income	-	-	72,898,519	72,898,519
Held-for-trading financial assets				
- Securities	-	17,293,189	-	17,293,189
- Trusts and asset management plans	-	-	12,646,372	12,646,372
- Securities investment funds	-	17,954,060	-	17,954,060
- Wealth management products issued by other banks	-	-	3,218,927	3,218,927
- Equity securities	359,910	-	-	359,910
Other debt investments				
- Securities	-	78,003,223	-	78,003,223
Other equity instruments	-	-	11,500	11,500
Derivative financial assets				
- Exchange rate derivatives	-	142,536	-	142,536
- Interest rate derivatives	-	172,689	-	172,689
- Precious metals	-	100,497	-	100,497
Total financial assets	359,910	113,666,194	91,703,649	205,729,753
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	(103,946)	-	(103,946)
Derivative financial liabilities				-
- Exchange rate derivatives	-	(271,741)	-	(271,741)
- Interest rate derivatives	-	(169,861)	-	(169,861)
- Precious metals	-	(112,425)	-	(112,425)
- Credit risk mitigation	-	(190)	-	(190)
Total financial liabilities	-	(658,163)	-	(658,163)

Item	The Bank			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Assets at Fair Value through Profit or Loss				
- Securities	-	7,264,796	-	7,264,796
Available-for-sale financial assets				
- Securities	-	59,151,371	-	59,151,371
- Equity investments	673,608	-	-	673,608
- Trusts and asset management plans	-	-	14,484,285	14,484,285
- Wealth management products issued by other banks	-	-	11,611,142	11,611,142
- Securities investment funds	-	19,024,374	-	19,024,374
Derivative financial assets				
- Exchange rate derivatives	-	85,619	-	85,619
- Interest rate derivatives	-	140,611	-	140,611
- Precious metals	-	45,909	-	45,909
Total financial assets	673,608	85,712,680	26,095,427	112,481,715
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	(53,154)	-	(53,154)
Derivative financial liabilities				
- Exchange rate derivatives	-	(151,239)	-	(151,239)
- Interest rate derivatives	-	(135,588)	-	(135,588)
- Precious metals	-	(65,693)	-	(65,693)
Total financial liabilities	-	(405,674)	-	(405,674)

Financial instruments of the Group and the Bank in Level 2 mainly include bond investments, securities investment funds, foreign exchange forwards and swaps, interest rate swaps, foreign exchange options, precious metal contracts, etc. The fair value of the bonds shall be determined according to the valuation results of the China Central Depository & Clearing Co., Ltd. The valuation of the investment funds is based on observable quotes in the market. Foreign currency forwards and swaps, interest rate swaps, foreign currency options are valued through cash flow discounting and Black-Scholes Model. The fair value of precious metals is determined by closing price quoted in Shanghai Gold Exchange. Observable market information is used for all significant valuation inputs.

The financial assets of the Group and the Bank in Level 3 mainly include placements with banks and other financial institutions at fair value through other comprehensive income, loans and advances to customers at fair value through profit or loss, loans and advances to customers at fair value through other comprehensive income, wealth management products, and trusts and asset management plans, which adopt valuation technique of cash flow discount method and unobservable inputs of discount rate; other equity instrument investments adopts market method and unobservable inputs of liquidity discount.

There were no transfers of fair value measurement of assets and liabilities of the Group between Level 1 and 2 in 2019.

3.1.2 Reconciliation of level 3 items

Item	The Group						Total
	Loans and advances to customers at fair value through profit or loss	Loans and advances to customers at fair value through other comprehensive income	Placements with banks and other financial institutions at fair value through other comprehensive income	Held-for-trading financial assets		Other equity instruments	
				Wealth management products issued by other banks	Trusts and asset management plans		
As at 1 January 2019	10,996,611	46,473,612	4,742,823	11,611,142	14,684,285	11,500	88,519,973
Comprehensive income							-
- Profit or loss	512,371	-	-	466,445	477,246	-	1,456,062
- Other comprehensive income	-	(140,264)	(2,820)	-	-	-	(143,084)
Purchase/transfer in	636,065	72,920,435	2,214,248	8,690,000	37,612,644	-	122,073,392
Disposal/transfer out	(11,508,993)	(46,355,264)	(4,661,974)	(17,548,660)	(40,127,803)	-	(120,202,694)
As at 31 December 2019	636,054	72,898,519	2,292,277	3,218,927	12,646,372	11,500	91,703,649

Item	The Group			Total
	Available-for-sale financial assets			
	Equity investments	Wealth management products issued by other banks	Trusts and asset management plans	
As at 1 January 2018	-	30,835,554	15,193,593	46,029,147
Comprehensive income				
- Profit or loss	-	1,229,986	(3,683,871)	(2,453,885)
- Other comprehensive income	-	(54,412)	239,658	185,246
Purchase/transfer in	-	17,130,000	23,016,347	40,146,347
Disposal/transfer out	-	(37,529,986)	(20,281,442)	(57,811,428)
As at 31 December 2018	-	11,611,142	14,484,285	26,095,427

Item	The Bank						Total
	Loans and advances to customers at fair value through profit or loss	Loans and advances to customers at fair value through other comprehensive income	Placements with banks and other financial institutions at fair value through other comprehensive income	Held-for-trading financial assets		Other equity instruments	
				Wealth management products issued by other banks	Trusts and asset management plans		
As at 1 January 2019	10,996,611	46,473,612	4,742,823	11,611,142	14,684,285	11,500	88,519,973
Comprehensive income							
- Profit or loss	512,371	-	-	466,445	477,246	-	1,456,062
- Other comprehensive income	-	(140,264)	(2,820)	-	-	-	(143,084)
Purchase/transfer in	636,065	72,920,435	2,214,248	8,690,000	37,612,644	-	122,073,392
Disposal/transfer out	(11,508,993)	(46,355,264)	(4,661,974)	(17,548,660)	(40,127,803)	-	(120,202,694)
As at 31 December 2019	636,054	72,898,519	2,292,277	3,218,927	12,646,372	11,500	91,703,649

Item	The Bank				Total
	Available-for-sale financial assets			Trusts and asset management plans	
	Equity investments	Wealth management products issued by other banks			
As at 1 January 2018	-	30,835,554		14,520,351	45,355,905
Comprehensive income					
- Profit or loss	-	1,229,986		(3,680,629)	(2,450,643)
- Other comprehensive income	-	(54,412)		239,658	185,246
Purchase/transfer in	-	17,130,000		23,016,347	40,146,347
Disposal/transfer out	-	(37,529,986)		(19,611,442)	(57,141,428)
As at 31 December 2018	-	11,611,142		14,484,285	26,095,427

3.2 Assets and liabilities not measured at fair value at the balance sheet date

Assets and liabilities that are not measured at fair value include, among which the difference between carrying value and fair value are small includes: cash and balances with central bank, due from banks and other financial institutions, placements from banks and other financial institutions measured at amortized cost, financial assets purchased under resale agreements, loans and advances to customers measured at amortized cost, receivables investment, finance lease receivables, due to banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreement and customer deposits.

Details of difference between fair value and carrying amount of debt investments, held-to-maturity investment and debt securities issued are set as follows:

Debt investments

Fair value of held-to-maturity investment is based on quoted market price. If a quoted market price is not available, discounted cash flow mode can be used for the debt investments. In certain circumstances, the Group uses prices of products with similar credit risks, maturity date and rate of return for quotation. Debt investments

Held-to-maturity investment

Fair value of held-to-maturity investment is based on quoted market price. If a quoted market price is not available, discounted cash flow mode can be used for the held-to-maturity investment. In certain circumstances, the Group uses prices of products with similar credit risks, maturity date and rate of return for quotation.

Debt securities issued

Fair value of debt securities issued is primarily base on quoted market price. If quoted market price is not available, the fair value is determined using discounted cash flow model with reference to the yield of similar bonds which have the similar remaining terms through maturities.

3.2.1 Financial instruments with significant differences between carrying value and fair value

Item	The Group			
	As at 31 December 2019		As at 31 December 2018	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Debt investments	150,659,868	148,218,827	N/A	N/A
Held-to-maturity investment	N/A	N/A	121,836,080	120,547,430
Financial liabilities				
Debt securities issued	47,935,304	47,946,796	23,228,122	23,375,798

Item	The Bank			
	As at 31 December 2019		As at 31 December 2018	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Debt investments	150,507,755	148,067,827	N/A	N/A
Held-to-maturity investment	N/A	N/A	121,836,080	120,547,430
Financial liabilities				
Debt securities issued	47,935,304	47,946,796	23,228,122	23,375,798

Fair value of the aforementioned financial assets and liabilities is classified within Level 2.

4. Capital management

The Group calculates the capital adequacy ratio in accordance with the requirements of the China Banking Regulatory Commission's Capital Management Measures for Commercial Banks (Trial) and other relevant regulations. China Banking Regulatory Commission required commercial banks to meet the capital adequacy ratio requirements stipulated in the "Capital Management Measures for Commercial Banks (Trial)" before the end of 2018. For systemically important banks, China Banking Regulatory Commission required its core Tier 1 capital adequacy ratio to be no less than 8.50%. The capital adequacy ratio shall not be lower than 9.50%, and the capital adequacy ratio shall not be lower than 11.50%. For non-systemically important banks, China Banking Regulatory Commission requires that its core Tier 1 capital adequacy ratio should not be lower than 7.50%, the Tier 1 capital adequacy ratio should not be lower than 8.50%, and the capital adequacy ratio should not be lower than 10.50%. As at 31 December 2019, 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 and Bank as at 31 December 2019:

Item	The Group		The Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Net Core Tier 1 Capital	72,165,439	63,765,995	67,603,528	61,703,515
Net Tier 1 Capital	72,336,808	63,817,220	67,603,528	61,703,515
Net Capital	89,246,080	79,686,129	83,785,311	77,351,599
Risk-weighted assets	573,332,726	502,359,308	540,476,377	491,064,518
Core Tier 1 Capital Adequacy Ratio (%)	12.59	12.69	12.51	12.57
Tier 1 Capital Adequacy Ratio (%)	12.62	12.70	12.51	12.57
Capital Adequacy Ratio (%)	15.57	15.86	15.50	15.75

XVI. FINANCIAL STATEMENTS APPROVED

The financial statements were approved by the Board of Directors on 10 April 2020.

*** END OF FINANCIAL STATEMENTS***

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