

2022 ANNUAL REPORT

Shanghai Rural Commercial Bank

Stock code: 601825



– **Mission** –

Inclusive Finance Delivers Better Life

– **Strategic Vision** –

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

– **Core Values** –

Sincerity Responsibility Creation Benefit

– **Core Spirit of Corporate Culture** –

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



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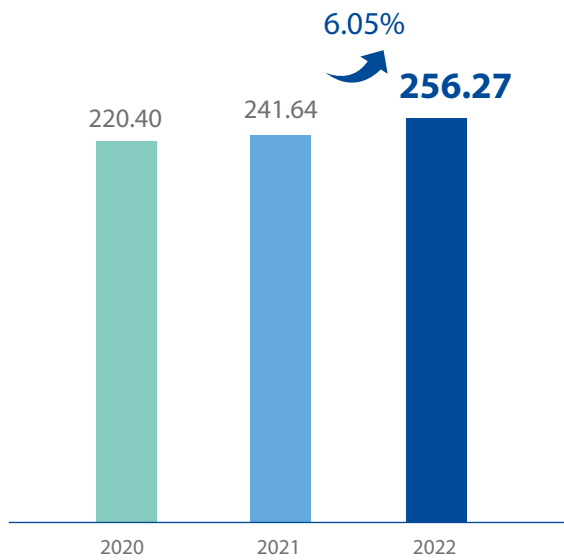




Performance Overview

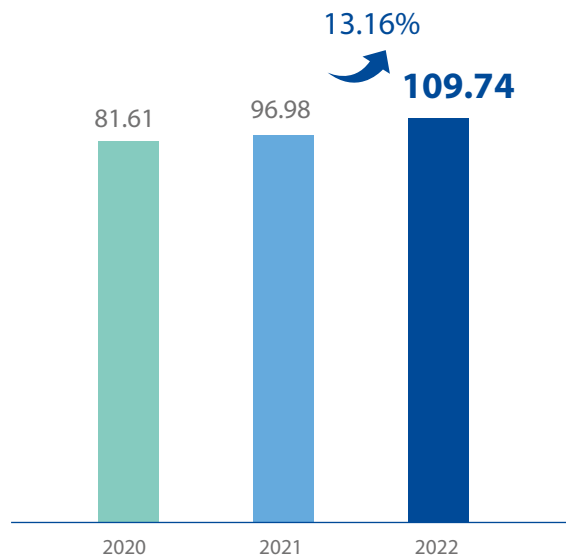
Operating income

(Unit: RMB 100 million)



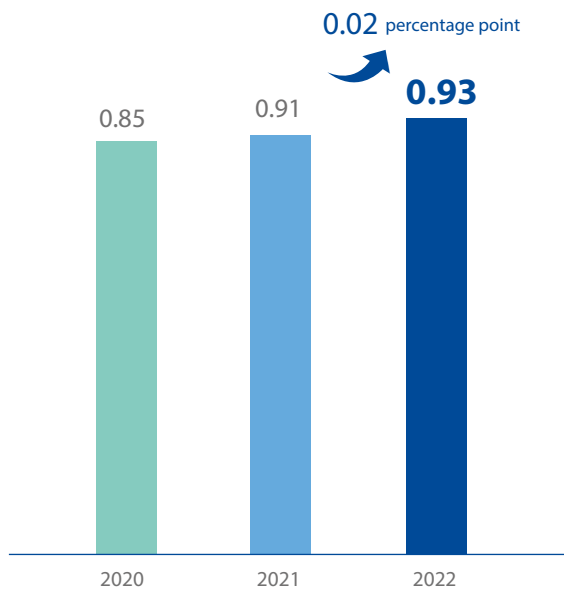
Net profit attributable to shareholders of the parent company

(Unit: RMB 100 million)



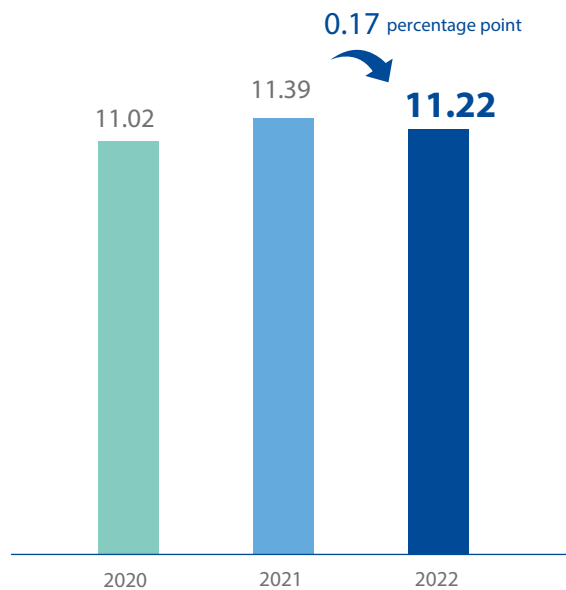
Average return on total assets

(Unit: %)



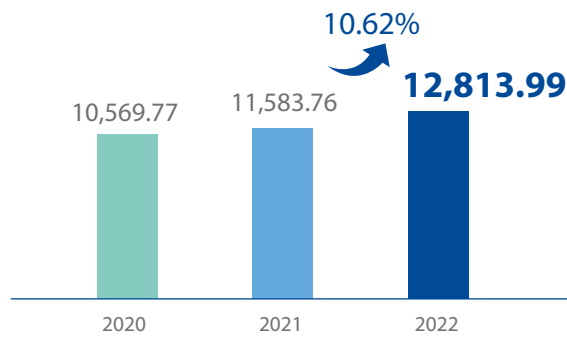
Weighted average return on equity

(Unit: %)



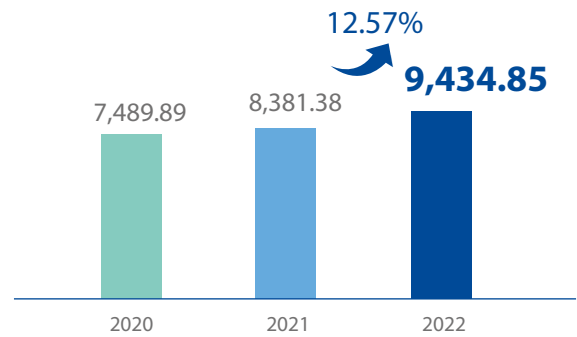
Total assets

(Unit: RMB 100 million)



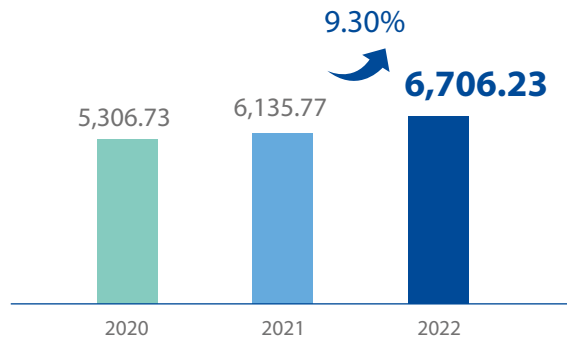
Deposit principal

(Unit: RMB 100 million)



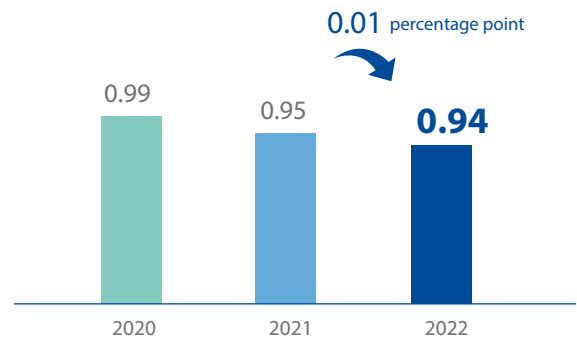
Total loans and advances

(Unit: RMB 100 million)



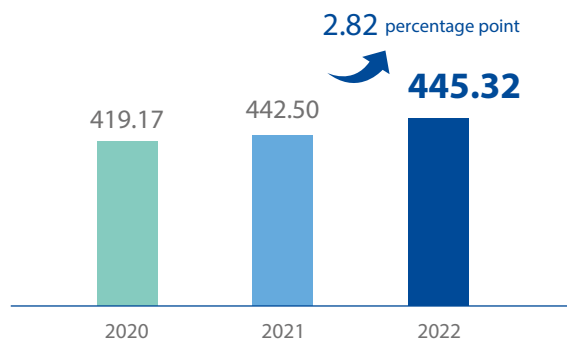
Non-performing loan ratio

(Unit: %)



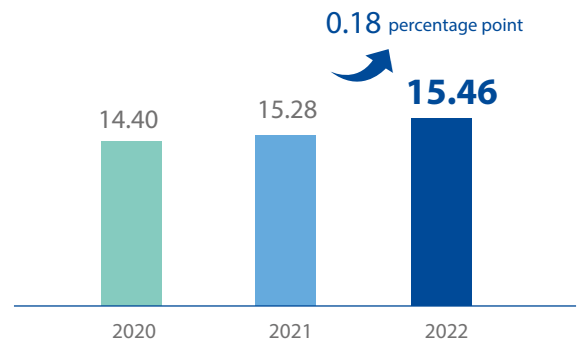
Provision coverage ratio

(Unit: %)



Capital adequacy ratio

(Unit: %)



Important Notice



- The Board of Directors, the Board of Supervisors, directors, supervisors and the Senior Management members of the Company warrant that the information in this report is authentic, accurate and complete, contains no false record, misleading statement or material omission, and jointly and severally accept full responsibility for the information in this report.
- This report was reviewed and approved at the 24th Meeting of the 4th Board of Directors on April 27, 2023. 16 directors were present at the meeting and 13 directors were actually present in person. Zhou Lei, a non-executive director, was unable to attend the meeting due to other important official duties and entrusted Chairman Xu Li to attend and vote on his behalf; Zhang Chunhua, a non-executive director, was unable to attend the meeting due to other important official duties and entrusted Ye Peng, a non-executive director, to attend and vote on her behalf; Chen Jiwu, an independent director, was unable to attend the meeting due to other important official duties and entrusted Chen Kai, an independent director, to attend and vote on his behalf. 16 directors exercised their voting rights. Some supervisors and non-director senior management of the Company attended the meeting.
- The financial statements prepared by the Company in accordance with Chinese Accounting Standards (“CAS”) have been audited by KPMG Huazhen (LLP), who issued a standard unqualified audit report.
- Xu Li (legal representative of the Company), Gu Jianzhong (president of the Company), Yao Xiaogang (CFO) and Chen Nanhua (person in charge from the accounting firm) warrant the authenticity, accuracy and completeness of the financial statements in this report.
- The profit distribution proposal for the reporting period reviewed by the Board of Directors of the Company: Cash dividends of RMB 3.42 (including tax) for every 10 ordinary shares, totaling RMB 3.298 billion (including tax), based on the total share capital registered on the date of registration for equity distribution. In 2022, the Company does not issue bonus shares and does not convert capital reserve to share capital. The above profit distribution proposal has yet to be submitted to the Company’s 2022 Annual General Meeting of Shareholders for review.
- There is no misappropriation of the Company’s funds by its controlling shareholders or other related-parties for non-operating purposes.
- The Company has no instance of providing external guarantee that is in breach of the established decision-making procedure.
- Disclaimers on forward-looking statements: the forward-looking statements that involve future plans and development strategies etc. do not constitute a substantive commitment by the Company to its investors. Investors and people concerned should be fully aware of the risks and understand the differences between plans, forecast and commitment.
- Notice on major risks: the Company has no foreseeable major risks. Major risks of the Company’s operation include credit risk, market risk, liquidity risk, and operational risk etc., and the Company has adopted various measures to effectively manage all types of risks. Please refer to the section “Management Discussion and Analysis” for details.

Definitions



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

Definitions of frequent terms

The Company/Bank/parent company/SHRCB	Shanghai Rural Commercial Bank Co.
The Group	Shanghai Rural Commercial Bank Co., Ltd. and its subsidiaries
Yangtze Financial Leasing	Yangtze United Financial Leasing Co., Ltd.
Central Bank/ PBOC	People's Bank of China
China Accounting Standards	Accounting Standard for Business Enterprises issued by the Ministry of Finance
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
CBIRC Shanghai	China Banking and Insurance Regulatory Commission- Shanghai
Shanghai FTZ	China Shanghai Pilot Free Trade Zone
Lingang Special Area / Lingang Free Trade Special Area	Lingang Special Area of China (Shanghai) Pilot Free Trade Zone
Yuan	Renminbi
Reporting Period	January 1, 2022 to December 31, 2022

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

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

Catalog of Documents Available for Reference



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

Message from the Chairman



Party Secretary and Chairman: Xu Li

The year of 2022 is a year to remember. With the will to go through thick and thin, we have been marching forward without fear of difficulties. With the mission of "Inclusive finance delivers better life", implementing the people-centered development philosophy, insisting on putting the people's interests first, emphasizing the people's position, highlighting the people, focusing on the people's concerns, adhering to the political and people's attributes of finance, we are committed to building a more inclusive, warmer and more responsible bank.

The year of 2022 is the closing year of the last three-year strategy. With the perseverance of following our original aspiration, we comprehensively implemented the three core strategies of "adhering to customer orientation, inclusive finance and digital transformation" and vigorously promoted the implementation of various strategic initiatives, achieving good results. By the end of December 2022, the Group's total assets reached RMB 1.28 trillion, with operating income of RMB 25.6 billion and net profit attributable to the parent company of nearly RMB 11 billion. Continuing to maintain good asset quality, the Group's NPL ratio was 0.94%; provision coverage ratio was 445.32%, and the asset safety cushion continued to thicken. In 2022, SHRCB ranked 124th in UK The Banker's "Top 1000 Global Banks", up by 25 places; its ranking rose by 14 places to 194th in the "Top 500 Most Valuable Banking Brands", and corporate credit rating of "AAspc-" by S&P (China) with "stable" outlook on the Bank; MSCI ESG and WIND ESG ratings at "AA".

Achievements were hard-won with striving efforts along the journey full of hardships. **Thanks to the fact that we have taken a path of insisting on Party building to lead integrated development**, providing strong guarantee and injecting continuous spiritual power for high-quality development with high-quality Party building; we have taken a path of **maintaining strategic determination to innovate and transform**, highlighting functional upgrading, active empowerment and open integration to recreate new competitive advantages; **we have taken a path to improve quality and efficiency by highlighting value creation**, changing from scale orientation to value orientation, putting customers at the center, with more emphasis on value base, value creation and value realization; **we have taken a path of differentiated and characteristic development**, focusing on the positioning of "agriculture/rural areas/farmers, SMEs, science and technology innovation, and community residents", and striving to cultivate and develop our business characteristics and intrinsic advantages into core competitiveness and brand effect. These achievements have further strengthened our confidence in the three core strategies of "insisting on customer orientation, inclusive finance and digital transformation" and the road to high-quality development.

With this confidence, we highlight customer priority in value creation. Our strategic vision is to build a service-oriented bank that creates value for our customers. We insist on "long-termism" and "professionalism", and make value judgments of "should we do it or not", not just technical judgments of "can we do it or not". We have shifted from benefiting ourselves to benefiting others, made

"customer-oriented" the core business concept, placed customer-focused value creation at the core, achieved customer preference and people's satisfaction, and built the Shanghai brand of financial innovation practice for the people. Now, the customer base has been consolidated, with more than 20 million retail customers and rapid growth in total scale, customer value and contribution; nearly 340,000 corporate customers, focusing on strategic customers, channel customers, new town customers, park customers and other key customer groups, vigorously promoting the "Four Hundred Project", focusing on building the "Xindongneng" science and technology innovation service brand. The customer structure continued to be optimized, and services were provided to the real economy and SMEs, with online and offline integration, which has optimized customer experience and effectively increased the number of manufacturing and green credit customers. Customer management has become more refined, focusing on key customer groups such as pension payment, salary payment, union card and wealth, and optimizing the whole life cycle rights and benefits system of customers; actively building an ecosystem of financial institution customers, promoting the construction of "financial institution + industry" scenarios, and fully exploring various customer needs.

With this confidence, we highlight the priority of small and scattered businesses in our business positioning. Faced with the impact of large banks extending their businesses down to lower customer segments and cross-sector competition from Fintech companies, only by relying closely on serving the real economy, finding the right customer segment by targeting small and scattered businesses, insisting on extending to lower customer segments and abandoning the pawn mentality, and enhancing differentiated credit disbursement capability, can we differentiate our position and enter the blue ocean market that is difficult to be accessed by large banks and internet institutions. The essence of targeting small and scattered businesses is to diversify and lever on customer base management with the aim of optimizing operating structure, reducing customer and business concentration, enhancing profit stability and achieving sustainable development. We have found the right entry point for customers by setting up the Microfinance Center to effectively cover the gaps in micro and small customer segments and realize systematic and high-quality development of "small and scattered businesses", benefiting more than 34,000 micro and small customers. We have insisted on "to be big is also to better serve small and scattered businesses", improving the ability to serve industries and leading enterprises, continuously optimizing the loan structure, promoting the transformation and development of "commercial bank + investment bank", and building an integrated financial service system. We have taken advantage of the regional advantages as a local corporate bank, especially the geographical, people and business advantages and brand recognition in suburban towns and villages, and launched the service from the perspective of facilitating the government to improve social governance, focusing on eight major services, including health care, culture and entertainment, group purchase of quality products, home life, community public welfare, financial laws, comprehensive housing services and comprehensive financial services. striving to create a win-win value ecosystem and enhance our ability to create value for our customers, partners and society.

With this confidence, we highlight the priority of retail in our business layout. We take the areas that are closely related to the people's lives and that enable them to achieve their aspirations for a better life through financial empowerment as our strategic main course. Retail finance is the main battlefield for us to serve the people. We have adhered to the "people-centered" development philosophy, deepened our professional operation and accelerated digital transformation, prioritized retail business, built a community-centered bank with warmth, enhanced our brand image of "friendly, convenient, and beneficial to the people", and developed a distinctive brand in the areas of pension finance, wealth management, empowering social governance and people's finance. Our retail revenue and profit contribution continued to increase, with the retail AUM scale reaching nearly RMB 700 billion, maintaining a double-digit growth rate; and the wealth management scale steadily expanded, exceeding RMB 200 billion for the first time, adhering to the trend and prudent

allocation, achieving full coverage of various types of net worth wealth management products ranging from short, medium and long term, safely guarding the wealth of the people and making the people's "pocket" grow, effectively enhancing the people's sense of well-being, sense of access and satisfaction. The scale of zero loan customers grew faster, the proportion of non-mortgage loans increased steadily, and the transformation of the network advanced in an orderly manner.

With this confidence, we highlight the priority of digital in the management progression. We have insisted on seeking benefits from management deepening, mining existing base, and risk prevention and control, constantly enhancing the awareness of refined management, efficiency and execution, continuously focusing on capital efficiency and risk prevention and control, making efforts to reduce costs and increase efficiency, and forging professional operation and intensive management level. The Group has established the "ONE SHRCB" management concept and strengthened the strategic leadership on Yangtze Financial Leasing, SHRCB village banks and other subsidies, developed competitiveness through linkage development, strengthened control via shareholders' rights and responsibilities and risk control of consolidated management for subsidiaries, forming an integrated service effect of the Group. The regionalization of the Yangtze River Delta has been steadily promoted with the equity participation investment in Hangzhou United Bank following the equity participation in Jiangsu Haimen Rural Commercial Bank to strengthen the strategic synergy with equity. We have paid great attention to the evolutionary changes of bank management in the digital economy, taken digital transformation as the core driving force of innovation and development, highlighted integration and strengthened empowerment, promoted close and deep integration of business, data and technology as a whole, increased investment in technology resources, showing the initial results of digital transformation. We have strengthened the top-level design of Fintech, with the first phase of the digital transformation project "FOCUS" successfully put into operation, various major system projects promoted in an orderly manner, and the ability of data quality closed-loop management effectively improved.

Achievements belong to the past, to win the future, we need to make continuous efforts.

The year of 2023 is the opening year of the new three-year strategy. We will arm our people with Xi Jinping's thought of socialism with Chinese characteristics in the new era, comprehensively study and deeply implement the spirit of the 20th National People's Congress, implement the new development concept based on the new development stage, build a new development pattern, deepen the three core strategies of customer orientation, inclusive finance and digital transformation, and we will build five financial service systems, including a retail financial service system with wealth management as the engine, an integrated financial service system with transaction banking as the engine, an inclusive financial service system with agricultural finance as its essence, a science and technology financial service system with science and technology innovation finance as its characteristics, and a sustainable financial service system with green finance as its background color. Adhere to the "people-oriented" development philosophy, from the people, to the people, bear in mind the original aspiration of serving the agriculture/rural areas/farmers, SMEs, science and technology innovation and community residents, more deeply and fully respond to the expectations and demands of customers and the people, continue to maintain the determination for deepening reform, the drive for innovative development and the vitality for pioneering work, strive to write a new chapter of high-quality development in the new era, and contribute to the modernization with Chinese characteristics!

Party Secretary and Chairman:



Message from the President



Deputy Party Secretary, Vice Chairman and President: Gu Jianzhong

In 2022, the first full year after the listing of the Bank, we studied the spirit of the 20th National People's Congress, firmly defended the "Two Affirmations", achieved the "Two Upholds", adhered to the main tone of seeking progress while maintaining stability, and written a splendid chapter of SHRCB with the fighting spirit to keep up with the times, the bravery to stay ahead of the tides, and the dauntless resilience in spite of setbacks. The whole Bank insisted on strategic orientation, innovative transformation and compliant operation, focused on customer development, promoted digital empowerment and strengthened risk management, maintaining a stable and sound momentum of development.

At the end of 2022, the Group had total assets of RMB 1,281,399 million, an increase of 10.62%; deposit principal of RMB 943,485 million, an increase of 12.57%; total loans and advances of RMB 670,623 million, an increase of 9.30%; average return on total assets of 0.93%, weighted average return on equity of 11.22%; capital adequacy ratio, Tier-1 capital adequacy ratio and core Tier-1 capital adequacy ratio of 15.46%, 12.99%, and 12.96% respectively.

In 2022, we took the initiative to demonstrate the "social value" of commercial banks by practicing our responsibility. We empowered the development of national strategies with finance, promoted green finance in-depth with the determination of "sharpening a sword for ten years", publicly disclosed environmental information report, and became a signatory bank of the United Nations Principles for Responsible Banking (PRB), built up the green finance

brand image initially, and strongly contributed to the "dual carbon" targets; we joined the financial intra-urban service innovation and development alliance in the Yangtze River Delta integration demonstration zone, deepened cooperation with key rural financial institutions as well as small and medium-sized banks in the Yangtze River Delta region, increased support for key industries and people's livelihood projects in the Yangtze River Delta region, and deeply integrated into regional development; released a three-year action plan to facilitate the high-quality economic development of towns and villages with finance, continued to promote the construction of integrity villages, and deepened financial services for rural revitalization, empowered social governance and facilitated "common prosperity". We demonstrated the role of state-owned enterprises with the power of finance, actively supported the stabilization of the economy, promoted consumption and confidence, vigorously promoted initiatives such as renewal of loans without repayment of principal and phased deferment of principal and interest repayment, and grew together with high-quality enterprises and enterprises with short-term difficulties; expanded recruitment by 20% for fresh graduates in Shanghai and actively stabilized social employment.

In 2022, we focused on pursuing value creation and deepened our "strategic leadership" to improve quality management. We continued to promote retail transformation, significantly enhanced our professional operation capability and optimized the structure of savings deposits, with interest payment rate down by 15BP

compared with 2021; smoothly migrated back to CROS system, and effectively improved our digital risk control capability and online operation capability. Deepened the service to the real economy by establishing a second-tier department for bill business to improve bill system management, doubled the discount business, and vigorously promoted the concept of comprehensive financial services of FPA. The Group's financial investment expertise and market position were significantly enhanced, the product system was continuously enriched, the scale of wealth management exceeded RMB 200 billion for the first time, and the comprehensive capability remained the first among national rural commercial banks, and the influence of the wealth management brand was significantly enhanced. The Group's risk management capability was further enhanced, with the Group's NPL ratio of 0.94%, down by 0.01 percentage point from the previous year; the new CMIS system was successfully launched, and the digital means of risk management was continuously strengthened. We comprehensively promoted the optimization of the top-level design of digital transformation, issued Opinions on Accelerating Digital Transformation, optimized and improved the Fintech governance system, wrapped up FOCUS Project Phase I and other key projects, and effectively improved the effectiveness of services by technology.

In 2022, we dared to explore innovation and continued to create "business characteristics" in line with the market orientation. We insisted on targeting small and scattered businesses, initially formed the brand of inclusive finance and differentiated competitive advantages, established Microfinance Center, effectively covered the gap of micro and small customers, and achieved a loan scale of nearly RMB 800 million in the first year with the average amount per account over RMB 1.53 million, and all were credit or guarantee loans. We actively seized the opportunity of science and technology innovation finance, gradually established a professional reputation in the market, optimized the organizational structure of science and technology finance, "doubling" the scale and proportion of science and technology finance loans; vigorously promoted intellectual property pledge financing, ranking first in the city in terms of the number of customers; set up a part-time research team for strategic emerging industries, strengthened the research of science and technology finance industry, and effectively empowered the development of science and technology finance business. We effectively promoted and deepened the agricultural industry chain model, with the number of projects growing rapidly and benefiting more farmers to increase their income; landed satellite remote sensing project to enhance digital risk control. We deepened the community and pension financial services, built the "Anxiangxinshenghuo" pension wealth management brand, formed a differentiated competitive advantage with "steady" characteristics; built the "Xinjiayuan" community-based integrated service brand, promoted the construction of community public service stations, broadened the connotation of community financial services, and empowered social governance.

In 2022, we made every effort to build ONE SHRCB Group's "corporate soft power" by stimulating endogenous drive. We actively built culture and brand image, released the corporate culture system, renewed and upgraded the brand image, and built cultural and brand confidence of all leaders and employees across the Bank. We further promoted strategic human resource management, established the "Chief Talent Officer" evaluation system, and continued to deepen the "Three Capabilities Mechanism" to stimulate the vitality of team building at all levels; the HEROS platform was successfully launched to effectively improve the process management. The Group's operation continued to deepen, and the mechanism of consolidated management and strategic synergy was continuously improved, while the new model of bank-lease innovation was explored, and leapfrog development was achieved with effectiveness. The village banks celebrated the 10th anniversary, with the characteristics of reaching out to the village and serving the local community becoming more and more distinct, and the brand image more deeply rooted in the local community.

This year is the opening year to comprehensively implement the spirit of the Party's 20th National People's Congress and solidly promote modernization with Chinese characteristics, and a crucial year for carrying on the implementation of the "14th Five Year Plan". It is also the opening year for us to start a new round of three-year strategic plan. In the face of the new situation, we will adhere to the keynote of seeking progress while maintaining stability, take the initiative to focus on key areas, integrate into the regional economic and social development, deeply prevent and resolve risks, make every effort to build new momentum for development, and actively facilitate the high-quality development in the province, city and county.

We will further improve our political stance. We will resolutely implement the decision and deployment of the Party Central Committee, the State Council and the municipal government, fully focus on the Bank's new three-year strategic plan and key work deployment of the Bank, focus on key areas, seize market opportunities, strengthen the political and people's attributes of financial work, pursue value judgments beyond technical judgments, adhere to the "Two Unwavering", increase support for the private economy, and adhere to the original aspiration of financial services serving the real economy and high-quality development.

We will actively enhance strategic foresight. We will anticipate the development of the ever-changing situation in the external environment, make timely internal policy adjustments, proactively plan for differentiated risk control, and enhance the professionalism and flexibility of financial services while keeping the bottom line of asset quality.

We will take the initiative to enhance the sense of responsibility. Fully carry forward the fighting spirit, strengthen our determination to reform the long-standing pain points and chronic problems, and achieve our own high-quality development on the road of actively serving Shanghai to promote the construction of the five centers and realize modernization with Chinese characteristics.

The intricate uncertainties of the new year and the market opportunities of recovery are intertwined, which is a historical opportunity for us to continuously improve our own business quality and emerge in the market competition. Struggle creates miracles, and strength comes from unity. With the determination of moving mountains and the perseverance of dripping water that penetrates rocks, we will keep our feet on the ground, work hard, make a good start for the new three-year strategy, and create the value of the new era with our courageous efforts.

Deputy Party Secretary, Vice Chairman and President:





Chairman, Board of Supervisors

Li Jianguo



Deputy secretary of the Party Committee
and Chairman of the Labor Union

Li Jin



Member of the Party Committee, Vice President

Jin Jianhua



Member of the Party Committee, head of the discipline
inspection team assigned by the Municipal Commission for
Discipline Inspection and Municipal Supervision Commission

Duan Jikai



Vice President & Secretary to the Board of Directors

Yu Minhua



Vice President
Zhang Hongbiao



Vice President & Chief risk officer
Gu Xianbin



Vice President
Ying Changming



Vice President
Shen Dong



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I. Corporate Information

(I) Basic Information

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

(II) Contact Person and Contact Information

	Board secretary	Securities representative
Name	Yui Minhua	Li Weisha
Contact address	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai
Telephone	021-61899333	021-61899333
Fax	021-50105180	021-61899460
Email	ir@shrcb.com	

(III) Disclosure of Information and Availability

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

(IV) Company Stock Profile

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

(V) Other Related Information

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

II. Company Business Overview

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

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

During the reporting period, the Company's brand influence continued to grow. The Company ranked 124th in UK The Banker's "Top 1000 Global Banks", up by 25 places; ranked 23rd in the list of Top 100 Chinese Banks in 2022, 2nd among national rural commercial banks; corporate credit rating of "AA_{spc}" by S&P (China) with "stable" outlook on the Bank.

III. Development Strategy, Investment Value and Core Competitiveness

Mission:

Facilitate better life with inclusive finance

The people are who we exist for. A good life is what we fight for. Inclusive finance is our basic approach.

Strategic Vision:

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

Service-oriented bank demonstrates our strategic proposition. Focus on services to the people, shift our business philosophy from scale expansion to value creation, create value with services, gain from values, empower social governance with finance, find new opportunities and expand new markets in solving difficult and painful social issues, and promote social equity and progress, and realize the organic unity of the Bank's commercial value and social function.

Creating value for customers is the essence and core of a service-oriented Bank. Redefine the meaning of service. In terms of approaches of service, we are committed to providing financial services from the source by shifting from the back-end services that follow demand. In terms of content of service, through precise innovation and continuous iteration, provide comprehensive and integrated financial services throughout the life cycle of our customers at different stages of their development and wealth accumulation.

"Best experience" and "outstanding brand" are our goals and criteria for achievement. The "best experience" emphasizes the customer's perspective, the creation of value points that customers really want, the professional innovation capability, and the ability to provide agile, efficient and seamless solutions to address pain points in meeting customers' needs of financial services. "Outstanding brand" reflects in the building of distinctive brands, such as agriculture/rural areas/farmers, SMEs, science and technology innovation enterprises, people's livelihood and inclusive finance, etc., as well as the creation of professional brands with core competitiveness in financial markets, investment banking, trade finance, asset management, etc., and the development of a bank image that is close, convenient and beneficial to the people.

Regionalization and integration are our strategic directions. "Regionalization" requires us to cultivate the Shanghai market while seize the strategic opportunity of the Yangtze River Delta integration, so as to gain broader scope for our business operations and customer services. "Integration" requires the Company to accelerate the pace of integrated operation, and to continue to broaden the width and breadth of financial services, enrich the sources of profit and strengthen its comprehensive strength by deepening efforts and deployment in rural banks, financial leasing, asset management and wealth management, consumer finance and other related fields.

Three Core Strategies:

Insist on customer-centricity. We take "customer-centricity" as the core management philosophy of the Company, reflect it in strategy formulation, assessment and evaluation, resource allocation, organizational structure, channel and process, marketing and risk control, re-understand customers around customer value, reshape the product system around customer demand, restructure the organizational process around customer experience, striving to become an important companion in the customer journey and an important participant in the customer ecosystem.

Be committed to inclusive finance. We take inclusive finance as the basic approach to practicing corporate mission, return to our original aspiration, adhere to our business positioning of serving agriculture/rural areas/farmers, SMEs, science and technology innovation enterprises, and community residents", give priority to retail business, deepen new modern agricultural finance, and actively develop value-added business, strengthen top-level design, increase policy support, and rely on data empowerment to fully enhance the ability to serve customers' needs for comprehensive finance, as well as specialized and personalized services.

Stay firm in digital transformation. We empower business operations and transform management mechanism with technology and digital transformation mindset, advocate the establishment of a digital culture, cultivate data thinking, nurture digital talents, enhance the ability to use data, attach importance to data governance and the value generated by applications, make every effort to build three major middle offices: data, business and intelligence, form a complete two-speed IT mechanism, build an IT system with "agile front office, strong middle office and stable back office", and promote the in-depth integration of data, technology and business.

Investment Value and Core Competitiveness:

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

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

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

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

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

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

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

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

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

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

IV. Honors and Awards

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

Domestic and International Rankings

124 th on the list of "Top 1000 World Banks 2022"	UK The Banker
951 st on the list of "2022 Global 2000"	Forbes
23 rd on the "List of Top 100 among China Banking Industry in 2022"	China Banking Association
469 th on the list of "Fortune China 500 2022"	Fortune (Chinese Edition), CICC Wealth Management
97 th on the list of "Local State-owned Enterprises Social Responsibility Pioneer 100 Index"	State-owned Assets Supervision and Administration Commission

Brand Value

194 th among the "Banking 500 2022"	Brand Finance, The Banker (UK)
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Ratings

Long-term corporate credit rating of "BBB" by S&P Global Ratings	S&P
Corporate credit rating "AA _{spc} " with "stable" outlook S&P China Ratings	S&P China Ratings
GYROSCOPE evaluation of commercial banks' sound development capability in 2022, ranked 1 st among rural commercial banks in overall evaluation	China Banking Association
MSCI ESG Rating A	MSCI
WIND ESG Rating A	Wind

Awards

UN Responsible Bank	United Nations Environment Programme
2022 Golden Bank Brand Tianji Award, 2022 Inclusive Financial Service Bank Tianji Award	Securities Times
The 3 rd China Banking Wealth Management Jinniu Award	China Securities Journal
Top 20 in Interbank Foreign Currency Pair Market 2022, Top 40 in Interbank RMB Foreign Exchange Market 2022	China Foreign Exchange Trade System
"2022 Wind Best Investment Bank Awards" "Best Interbank Debt Financing Instrument Underwriter – Excellent Rural Commercial Bank" "Best Credit Bond Underwriter-Excellent Rural Commercial Bank"	Wind
2022 China Asset Management and Wealth Management Industry Annual Summit and the 2 nd "Jinyu Award" for "Excellent Rural Commercial Bank in Wealth Management"	PYStandard, Institute of Trust and Finance, Southwest University of Finance and Economics
First Prize of the 6 th Shanghai Corporate Law Skills Competition, Excellent Organization Award of the 6 th Shanghai Corporate Law Skills Competition	Rule of Law Publicity Joint Office
2021 Inclusive Financial Service Bank	China Times
2021 Advanced Collective for Rural Revitalization	Shanghai Municipal Agricultural and Rural Commission
"Best Private Equity Fund Service Provider" in the "Equity Investment List 2022"	Shanghai Equity Investment Association
2021 Collateral Business Social Responsibility Institution	China Central Depository and Clearing Co., Ltd
Outstanding Underwriter of Over-the-Counter Bond Liquid Bond Business in 2021	Export-Import Bank of China
Outstanding Underwriter of Financial Bond Underwriting Market Making Group in 2021	Shanghai Gold Exchange
2021 Best Product Promotion Contribution Organization	National Internet Finance Association of China
SHRCB's "Internet Banking Service Standard" won the "Leader" in Corporate Standards	
2021 Second Prize for Advanced Unit of Joint Operation and Maintenance of Rural Credit and Bank Payment and Clearing System	Rural Credit Bank Funds Clearing Center
Shanghai Intellectual Property Financial Excellence Award and Shanghai Intellectual Property Financial Service Innovation Award - "Geographical Indication" Empowers New Model of Trademark Pledge Credit Enhancement	Shanghai Intellectual Property Financial Service Alliance

02

Accounting Data and Financial Indicators Highlights



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I. Major Accounting Data

Unit: RMB 1000

Operating results	2022	2021	+/- YoY (%)	2020
Operating income	25,627,270	24,164,319	6.05	22,039,556
Operating profit	13,674,623	12,167,929	12.38	9,830,755
Profit before tax	13,668,975	12,178,210	12.24	9,900,462
Net Profit	11,393,177	10,046,919	13.40	8,418,573
Net profit attributable to shareholders of the parent company	10,974,378	9,697,866	13.16	8,160,671
Net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses	10,950,581	9,550,939	14.65	8,062,120
Per share (RMB Yuan/share)				
Basic earnings per share	1.14	1.08	5.56	0.94
Diluted earnings per share	1.14	1.08	5.56	0.94
Basic earnings per share after deducting non-recurring gains and losses	1.14	1.06	7.55	0.93
Net assets per share attributable to shareholders of the parent company	10.56	9.72	8.64	8.90
Scale indicators				
	December 31, 2022	December 31, 2021	+/- YoY (%)	December 31, 2020
Total Assets	1,281,399,121	1,158,376,261	10.62	1,056,976,684
Total loans and advances ³	670,623,035	613,576,566	9.30	530,672,635
Corporate loans and advances	381,972,865	349,841,715	9.18	313,962,989
Personal Loans and Advances	213,891,965	198,939,260	7.52	161,745,564
Bill discounting	74,758,205	64,795,591	15.38	54,964,082
Loan loss reserv ⁴	(28,214,612)	(25,784,503)	9.42	(21,985,592)
Total liabilities	1,175,683,474	1,061,044,824	10.80	976,504,788
Deposit principal	943,484,521	838,137,569	12.57	748,988,526
Shareholders' equity	105,715,647	97,331,437	8.61	80,471,896
Net assets attributable to shareholders of the parent company	101,833,969	93,768,103	8.60	77,210,844
Share capital	9,644,444	9,644,444	-	8,680,000
Net capital	122,997,899	111,457,637	10.35	96,779,439
Including: Core Tier-I net capital	103,073,479	95,304,268	8.15	78,403,963
Risk-weighted assets	795,442,350	729,584,359	9.03	671,905,275

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

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

II. Major Financial Indicators

Unit: %

Profitability Indicators	2022	2021	+/- YoY (percentage point)	2020
Average return on total assets	0.93	0.91	0.02	0.85
Weighted average return on equity	11.22	11.39	-0.17	11.02
Weighted average return on equity after deducting non-recurring gains and losses	11.20	11.22	-0.02	10.89
Net interest spread	1.75	1.77	-0.02	1.83
Net Interest margin	1.83	1.86	-0.03	1.91
Cost-to-income ratio	30.50	29.95	0.55	28.86
Percentage of net non-interest income	19.01	19.84	-0.83	18.91
Capital adequacy indicators (standard values)	December 31, 2022	December 31, 2021	+/- YoY (percentage point)	December 31, 2020
Capital adequacy ratio (≥10.5)	15.46	15.28	0.18	14.40
Tier-I capital adequacy ratio (≥8.5)	12.99	13.10	-0.11	11.70
Core Tier-I capital adequacy ratio (≥7.5)	12.96	13.06	-0.10	11.67
Asset quality indicators (standard values)	December 31, 2022	December 31, 2021	+/- YoY (percentage point)	December 31, 2020
Non-performing loan ratio (≤5)	0.94	0.95	-0.01	0.99
Provision coverage ratio	445.32	442.50	2.82	419.17
Provision-to-loan ratio	4.21	4.20	0.01	4.14

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

Unit: RMB 1000

Item	2022	2021	2020
Net income from the disposal of non-current assets	19,717	144,518	7,621
Government subsidy included in the current profit and loss	25,364	53,726	58,364
Other non-operating income and expenses other than those mentioned above	(5,648)	14,141	50,616
Less: Income tax impact	13,471	54,874	18,013
Minority interest impact (after tax)	2,165	10,584	37
Total	23,797	146,927	98,551

IV. 2022 Key Financial Data by Quarter

Unit: RMB 1000

Item	Q1 (Jan.-Mar.)	Q2 (Apr.-June)	Q3 (July-Sept.)	Q4 (Oct.-Dec.)
Operating income	6,356,499	6,509,484	6,671,071	6,090,216
Profit before tax	3,938,115	3,399,656	3,992,466	2,338,738
Net profit attributable to shareholders of the parent company	3,112,999	2,734,371	3,132,353	1,994,655
Net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses	3,100,576	2,725,707	3,133,568	1,990,730
Net cash flow from operating activities	44,327,465	8,430,718	5,919,314	66,353,346

V. Other Financial Information Disclosed According to Regulatory Requirements

Unit: %

Item	Standard value	2022	2021	2020
Liquidity ratio	≥25	63.09	55.74	60.34
Proportion of loans to the largest customer ⁵	≤10	2.39	2.46	2.64
Proportion of loans to the top ten customers ⁶	≤50	19.06	18.66	19.08

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

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



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I. Development of the Industry

During the reporting period, facing the triple pressure of "demand contraction, supply shock and weakening expectations", the banking industry earnestly implemented the spirit of the 20th National People's Congress, adhered to the people-centered development philosophy, highlighted the political and people-oriented attributes of financial work, and actively responded to the impact of factors beyond expectations. Under the guidance of the government's economic stabilization package, proactive fiscal policy and prudent monetary policy, the banking industry increased financial support for domestic demand and supply system, continued to improve the quality and effectiveness of services to the real economy, made every effort to meet the financing needs of infrastructure, manufacturing, SMEs, science and technology innovation, green development and other areas, actively practiced inclusive finance, attached great importance to the financial services for new citizens, strengthened risk prevention and control, balanced development and safety to guard the bottom line of no systemic risk, helped stabilize the overall economic and social situation, and promoted the overall economic improvement.

II. Overall Business Performance

In 2022, in the face of the severe challenges of the complex economic situation, the Company adhered to the keynote of seeking progress while maintaining stability, closely focused on strategic orientation, paid close attention to customer development, actively innovated and transformed, focused on value creation, strengthened risk thinking, and maintained a stable and sound development momentum in all operations, and successfully concluded the 2020-2022 three-year strategic plan.

Profitability improved. During the reporting period, the Group achieved operating income of RMB 25.627 billion, up by 6.05% year-on-year; total profit of RMB 13.669 billion, up by 12.24% year-on-year; net profit of RMB 11.393 billion, up by 13.40% year-on-year; net profit attributable to shareholders of the parent company of RMB 10.974 billion, up by 13.16% year-on-year; return on average total assets of 0.93%, up by 0.02 percentage points from the previous year; weighted average return on equity of 11.22%, down by 0.17 percentage points from the previous year.

Strength in scale grew steadily. At the end of the reporting period, the Group's total assets amounted to RMB 1,281,399 million, an increase of 10.62% over the end of the previous year; among which, the total loans and advances amounted to RMB 670,623 million, an increase of 9.30% over the end of the previous year. The Group's total liabilities amounted to RMB 1,175,683 million, an increase of 10.80% compared with the end of the previous year; among which, the deposit principal was RMB 943,485 million, representing an increase of 12.57% compared with the end of the previous year.

Asset quality remained stable. At the end of the reporting period, the Group's non-performing loan balance was RMB 6,336 million, an increase of RMB 509 million compared with the end of the previous year; the non-performing loan ratio was 0.94%, a decrease of 0.01 percentage points compared with the end of the previous year; the provision coverage ratio was 445.32%, an increase of 2.82 percentage points compared with the end of the previous year; and the provision-to-loan ratio was 4.21%, an increase of 0.01 percentage points compared with the end of the previous year.

The capital adequacy level continued to be in good shape. At the end of the reporting period, the Group had a capital adequacy ratio of 15.46%, a Tier-I capital adequacy ratio of 12.99% and a core Tier-I capital adequacy ratio of 12.96%, which were consistently higher than the capital requirements by the CBIRC and had a relatively adequate capital buffer.

III. Analysis of Financial Statements

(I) Income Statement Analysis

Unit: RMB 1000

Item	2022	2021	Percentage of change (%)
Operating income	25,627,270	24,164,319	6.05
Net interest income	20,754,248	19,370,723	7.14
Net non-interest income	4,873,022	4,793,596	1.66
Operating expense	11,952,647	11,996,390	(0.36)
Taxes and surcharges	268,602	264,188	1.67
Operating and administrative expense	7,798,740	7,221,524	7.99
Credit impairment loss	3,865,210	4,498,459	(14.08)
Asset impairment loss	3,701	(3,016)	Not applicable
Other operating cost	16,394	15,235	7.61

Item	2022	2021	Percentage of change (%)
Operating profit	13,674,623	12,167,929	12.38
Net non-operating income and expense	(5,648)	10,281	(154.94)
Profit before tax	13,668,975	12,178,210	12.24
Income tax expense	2,275,798	2,131,291	6.78
Net profit	11,393,177	10,046,919	13.40
Net profit attributable to shareholders of the parent company	10,974,378	9,697,866	13.16
Minority interest income	418,799	349,053	19.98

1. Net Interest Income

During the reporting period, the Group achieved net interest income of RMB 20.754 billion, an increase of 7.14% year-on-year, including interest income was RMB 43.453 billion, an increase of 5.79% year-on-year, and interest expense was RMB 22.699 billion, an increase of 4.58% year-on-year. During the reporting period, the Group's average yield on interest-earning assets was 3.84%, down by 11 basis points year-on-year, while the average cost rate of interest-bearing liabilities was 2.09%, down by 9 basis points year-on-year; net interest spread was 1.75%, down by 2 basis points year-on-year, and net interest margin was 1.83%, down 3 basis points year-on-year.

Unit: RMB 1000

Item	2022			2021		
	Average balance ¹	Interest income/expense	Average yield/cost ratio (%)	Average balance	Interest income/expense	Average yield/cost ratio (%)
Assets						
Loans and advances	624,564,404	28,276,206	4.53	567,841,113	26,431,223	4.65
Financial investment	275,782,280	9,234,560	3.35	237,440,442	8,328,775	3.51
Due from and placements with banks and other financial institutions ²	133,384,179	2,848,513	2.14	135,158,073	3,166,816	2.34
Balances with Central Bank	64,597,864	915,231	1.42	65,631,442	942,631	1.44
Finance Leasing ³	33,640,262	2,178,355	6.48	32,691,306	2,206,051	6.75
Total interest-earning assets	1,131,968,989	43,452,865	3.84	1,038,762,376	41,075,496	3.95
Liabilities						
Deposits from customers	870,919,733	17,466,260	2.01	774,543,845	15,932,325	2.06
Debt securities issued	82,512,759	2,274,836	2.76	71,304,805	2,274,931	3.19
Borrowings from Central Bank	39,786,065	953,353	2.40	35,336,869	916,505	2.59
Due to and placements from banks and other financial institutions ⁴	94,745,038	2,004,168	2.12	116,411,514	2,581,012	2.22
Total interest-bearing liabilities	1,087,963,595	22,698,617	2.09	997,597,033	21,704,773	2.18
Net interest income			20,754,248			19,370,723
Net interest spread (%)⁵			1.75			1.77
Net interest margin (%)⁶			1.83			1.86

Notes:

- The average balance of interest-earning assets and interest-bearing liabilities is daily average balance, which has not been audited;
- Including deposits and placements with banks and other financial institutions, and financial assets held under resale agreements;
- Including financing lease receivables and long-term receivables;
- 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;
- Calculation is net interest income divided by average balance of total interest-earning assets.

(1) Interest Income from Loans and Advances

During the reporting period, the Group's interest income from loans and advances was RMB 28,276 million, representing a year-on-year increase of 6.98%, and the average yield was 4.53%, a year-on-year decrease of 12 basis points. The decrease in loan yields was mainly due to multiple factors such as concessions to the real economy, continued interest rate marketization and lower interest rates on new loans.

Unit: RMB 1000

Item	2022			2021		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	354,735,236	16,376,078	4.62	335,769,291	15,983,539	4.76
Personal loans	202,298,233	10,560,415	5.22	181,964,429	9,049,765	4.97
Discounted bills	67,530,935	1,339,713	1.98	50,107,393	1,397,919	2.79
Total loans and advances	624,564,404	28,276,206	4.53	567,841,113	26,431,223	4.65

Note: As of the end of the reporting period, the Bank's general short-term loan yield was 4.34% and the medium and long-term loan yield was 4.96%.

(2) Interest Expense on Deposits

During the reporting period, the Group's interest expense on deposits was RMB 17.466 billion, a year-on-year increase of 9.63%, and the average interest payment rate was 2.01%, a year-on-year decrease of 5 basis points. This was mainly due to the Group's continuous strengthening of active deposit management, implementing the requirements of marketization of deposit interest rates, promoting structural optimization and reducing deposit costs.

Unit: RMB 1000

Item	2022			2021		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Corporate demand deposit	263,771,340	1,750,636	0.66	248,441,388	1,665,506	0.67
Corporate time deposit	169,745,776	4,371,942	2.58	144,168,231	3,824,011	2.65
Personal demand deposit	71,086,770	198,644	0.28	61,109,067	196,045	0.32
Personal time deposit	366,315,847	11,145,038	3.04	320,825,159	10,246,763	3.19
Total deposit	870,919,733	17,466,260	2.01	774,543,845	15,932,325	2.06

2. Net Non-Interest Income

During the reporting period, the Group achieved net non-interest income of RMB 4,873 million, representing a year-on-year increase of 1.66% and accounting for 19.01% of operating income, a year-on-year decrease of 0.83 percentage points.

(1) Net Fee and Commission Income

During the reporting period, the Group achieved net fee and commission income of RMB 2.156 billion, down by 0.49% year-on-year, including: RMB 86 million in electronic banking fee income, down by 30.93% year-on-year, and RMB 65 million in bank card fee income, down by 33.28% year-on-year. The decrease in the Group's electronic banking and bank card fee income was mainly due to the weakening of the normal capital transactions of enterprises and consumer demand.

Unit: RMB 1000

Item	2022	2021
Fee and commission income	2,448,001	2,434,089
Including: Agency business	1,615,614	1,587,026
Consulting & advisory	303,334	301,859
Settlement and clearing	217,736	204,943
E-banking	86,148	124,730
Bank card	65,081	97,550
Guarantee and commitment	35,375	34,762
Other businesses	124,713	83,219
Fees and commission expense	292,338	267,864
Net fee and commission income	2,155,663	2,166,225

(2) Other Net Non-Interest Income

Other net non-interest income includes investment income, gains on fair value change and exchange, other operating income, gains on asset disposal and other income. During the reporting period, the Group realized other net non-interest income of RMB 2,717 million, representing a year-on-year increase of 3.43%. Among them: investment income and income from changes in fair value totaled RMB 2.119 billion, an increase of 1.40% year-on-year; gain on exchange was RMB 519 million, an increase of 90.36% year-on-year, mainly due to the increase in non-interest income sources through foreign exchange derivative transactions in the Group's local and foreign currency fund operations, and the increase in exchange gain on foreign currency assets due to the impact of the US dollar interest rate increase; gain on asset disposal was RMB 20 million, down by 86.36% year-on-year, mainly due to the Group's gain from property expropriation compensation in 2021 which raised the comparison base.

Unit: RMB 1000

Item	2022	2021
Investment income	1,586,676	1,411,877
Profit/(loss) from fair value changes	532,786	678,404
Profit/(loss) on exchange	519,069	272,683
Other operating income	33,747	66,163
Profit/(loss) on asset disposal	19,717	144,518
Other income	25,364	53,726
Total	2,717,359	2,627,371

3. Operating and Administrative Expense

During the reporting period, the Group incurred operating and administrative expenses of RMB 7,799 million, representing a year-on-year increase of 7.99%, mainly due to the Group's firm implementation of its inclusive finance and digital transformation strategy in 2022 and increased investment in human resources in marketing and technology.

Unit: RMB 1000

Item	2022	2021
Employee compensation	5,240,786	4,767,408
Depreciation, amortization and lease expense	970,899	914,238
Other general and administrative expenses	1,587,055	1,539,878
Total	7,798,740	7,221,524

4. Credit Impairment Loss/Asset Impairment Loss

During the reporting period, the Group recorded credit impairment losses of RMB 3,865 million, a decrease of 14.08% year-on-year. On the one hand, the quality of the Group's various loan assets remained stable and the credit impairment loss accrued was lower than that of last year; on the other hand, the Group collected some non-performing assets in the second half of 2022 and reversed the impairment reserve for debt investments accrued in the previous period.

Unit: RMB 1000

Item	2022	2021
Loans and advances measured at amortized cost	3,183,898	4,660,364
Loans and advances measured at fair value through other comprehensive income	152,572	(283,935)
Debt investment	(154,716)	(18,710)
Other debt investment	16,005	(8,476)
Financing lease receivables and long-term receivables	330,781	423,459
Off-balance sheet expected credit impairment loss	271,712	(225,884)
Other	64,958	(48,359)
Total credit impairment loss	3,865,210	4,498,459

5. Income Tax Expense

During the reporting period, the Group accrued income tax expense of RMB 2,276 million, an increase of 6.78% year-on-year, mainly due to the increase in total profit.

Unit: RMB 1000

Item	2022	2021
Profit before tax	13,668,975	12,178,210
Income tax expense	2,275,798	2,131,291

(II) Balance Sheet Analysis

1. Assets

During the reporting period, the Group served the development of the real economy, adhered to the strategy of inclusive finance, and accelerated the transformation of innovative finance, and the scale of the Group's assets grew steadily. At the end of the reporting period, the Group's total assets amounted to RMB 1,281,399 million, representing an increase of RMB 123,023 million or 10.62% from the end of the previous year. The increase in asset scale was mainly due to the growth of the Group's loans and advances, financial investments, etc.

Unit: RMB 1000

Item	December 31, 2022		December 31, 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances	670,623,035	52.34	613,576,566	52.97
Accrued loan interest	1,253,007	0.10	1,054,889	0.09
Loan loss reserve ¹	(27,924,551)	(2.18)	(25,647,014)	(2.21)
Net loans and advances	643,951,491	50.25	588,984,441	50.85
Financial investment ²	403,635,384	31.50	322,189,506	27.81
Cash, and balances with Central Bank	70,251,957	5.48	70,275,826	6.07
Due from and placements with banks and other financial institutions ³	112,133,551	8.75	129,023,899	11.14
Finance leasing ⁴	32,762,960	2.56	31,908,964	2.75
Other ⁵	18,663,778	1.46	15,993,625	1.38
Total assets	1,281,399,121	100.00	1,158,376,261	100.00

Notes:

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

(1) Loans and Advances

During the reporting period, the Group followed the guidance of national financial policies and continuously enhanced its ability to serve the real economy, achieving steady growth in loan scale. As at the end of the reporting period, the Group's total loans and advances amounted to RMB 670,623 million, representing an increase of RMB 57,046 million or 9.30% over the end of the previous year. For details of the Group's loans and advances, please refer to the section headed "Loan Quality Analysis".

(2) Financial Investment

During the reporting period, the Group actively responded to market changes and reasonably optimized its investment structure, resulting in growth in the scale of financial investments. At the end of the reporting period, the Group's total financial investment amounted to RMB 403.635 billion, an increase of RMB 81.446 billion or 25.28% compared with the end of the previous year, among which, other debt investments grew faster.

Unit: RMB 1000

Item	December 31, 2022		December 31, 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Held-for-trading financial assets	44,080,000	10.92	72,420,004	22.48
Debt investment	143,318,577	35.51	147,621,457	45.82
Other debt investment	216,000,307	53.51	102,036,545	31.67
Investments in other equity instrument	236,500	0.06	111,500	0.03
Total financial investment	403,635,384	100.00	322,189,506	100.00

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

Unit: RMB 1000

Item	December 31, 2022		December 31, 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Debt investment	403,398,884	99.94	322,078,006	99.97
Equity instrument	236,500	0.06	111,500	0.03
Total financial investment	403,635,384	100.00	322,189,506	100.00

Held-for-trading Financial Assets

Held-for-trading financial assets are financial assets measured at fair value through profit or loss. At the end of the reporting period, the balance of financial assets held for trading was RMB 44,080 million, mainly including fund investments and bond investments. For details, please refer to Note V.7 to the financial statements.

Debt Investment

Debt investments are investments in debt instruments measured at amortized cost. At the end of the reporting period, the balance of debt investments was RMB 143,319 million, mainly including bond investments and debt financing plans. For details, please refer to Note V.8 to the financial statements.

Other Debt Investments

Other debt investments are debt instrument investments measured at fair value through other comprehensive income. At the end of the reporting period, the balance of other debt investments amounted to RMB 216 billion, mainly bond investments. For details, please refer to Note V.9 to the financial statements.

Other Equity Instrument Investment

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

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

Unit: RMB 1000

Bond Name	Par value	Annual rate(%)	Maturity date	Impairment reserve
Policy Bank Bonds 2016	6,930,000	3.0500	2026/8/25	-
Policy Bank Bonds 2018	6,830,000	4.0400	2028/7/6	-
Policy Bank Bonds 2017	5,050,000	4.0400	2027/4/10	-
Policy Bank Bonds 2016	5,010,000	3.1800	2026/4/5	-
Policy Bank Bonds 2018	4,580,000	4.0000	2025/11/12	-
Policy Bank Bonds 2019	4,420,000	3.2800	2024/2/11	-
Policy Bank Bonds 2018	4,320,000	4.6500	2028/5/11	-
Policy Bank Bonds 2021	4,040,586	3.3000	2026/3/3	-
Policy Bank Bonds 2020	4,010,000	3.3400	2025/7/14	-
Policy Bank Bonds 2022	4,000,000	2.8200	2027/6/17	-

2. Liabilities

During the reporting period, the Group actively optimized its liability structure, consolidated its deposit base, broadened its sources of high quality liabilities and flexibly used active financing instruments to achieve steady growth in the scale of liabilities. At the end of the reporting period, the Group's total liabilities amounted to RMB 1,175,683 million, representing an increase of RMB 114,639 million or 10.80% compared with the end of the previous year.

Unit: RMB 1000

Item	December 31, 2022		December 31, 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Deposits	961,369,501	81.77	855,366,636	80.62
Due to and placements from banks and other financial institutions ¹	70,077,761	5.96	69,003,190	6.50
Borrowings from Central Bank	37,095,461	3.16	39,538,115	3.73
Debt securities issued	87,225,642	7.42	85,313,202	8.04
Other ²	19,915,109	1.69	11,823,681	1.11
Total liabilities	1,175,683,474	100.00	1,061,044,824	100.00

Notes:

- Including deposits from banks and other financial institutions, borrowings, and financial assets sold for repurchase.
- Including financial liabilities, derivative financial liabilities, employee compensation payable, taxes payable, leasing liabilities, estimated liabilities and other liabilities measured at fair value through profit and loss.

(1) Deposits

During the reporting period, the Group adhered to its core business philosophy of "customer centricity", consolidated its customer base, optimized its product system, enriched its customer acquisition methods and enhanced customer stickiness, resulting in a relatively rapid growth in the scale of deposits. At the end of the reporting period, the principal amount of deposits received by the Group was RMB 943,485 million, representing an increase of RMB 105,347 million or 12.57% compared with the end of the previous year.

Unit: RMB 1000

Item	December 31, 2022		December 31, 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate deposits	412,384,035	42.90	387,565,244	45.31
Demand deposit	260,989,469	27.15	247,673,131	28.96
Time deposit	151,394,566	15.75	139,892,113	16.35
Personal deposits	475,929,711	49.51	401,997,619	47.00
Demand deposit	81,563,186	8.48	65,626,233	7.67
Time deposit	394,366,525	41.02	336,371,386	39.32
Pledged deposits	9,961,011	1.04	9,090,395	1.06
Other	45,209,764	4.70	39,484,311	4.62
Principal amount of deposits	943,484,521	98.14	838,137,569	97.99
Accrued interest	17,884,980	1.86	17,229,067	2.01
Total deposits	961,369,501	100.00	855,366,636	100.00

(2) Liability Quality Analysis

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

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

At the end of the reporting period, the ratio of deposits taken by the Group to total liabilities was 81.77%, 1.15 percentage points higher than the previous year; the Group's liquidity ratio was 63.09%, liquidity coverage ratio was 253.71% and net stable funding ratio was 135.47%, all Including were higher than the regulatory requirements, with good liability quality overall.

3. Shareholders' Equity

At the end of the reporting period, the Group's shareholders' equity amounted to RMB 105,716 million, representing an increase of RMB 8,384 million or 8.61% from the end of the previous year.

Unit: RMB 1000

Item	December 31, 2022	December 31, 2021	Increase or decrease over the end of the previous year (%)
Share capital	9,644,444	9,644,444	-
Capital reserve	16,495,416	16,495,416	-
Other comprehensive income	1,616,018	1,631,197	-0.93
Surplus reserve	28,013,982	24,278,035	15.39
General risk reserve	12,785,082	11,909,737	7.35
Undistributed profits	33,279,027	29,809,274	11.64
Total equity attributable to shareholders of the parent company	101,833,969	93,768,103	8.60
Minority interest	3,881,678	3,563,334	8.93
Total shareholders' equity	105,715,647	97,331,437	8.61

(III) Cash Flow Statement Analysis

In 2022, the Group generated a net cash inflow from operating activities of RMB 125,031 million, mainly due to the net increase in deposits from customers and amounts deposited with interbank and other financial institutions. The net cash outflow from investing activities of RMB 100.761 billion was mainly due to cash paid for investments. The net cash outflow from financing activities of RMB 3,610 million was mainly due to the cash paid for debt repayment.

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

Unit: RMB 1000

Item	2022 December 31	2021 December 31	+/- from previous year-end (%)	Main reasons for change
Interbank deposits	32,366,243	21,177,689	52.83	Increase in deposits with domestic banks
Precious metals	24,679	46,690	(47.14)	Decrease in precious metal assets
Buy-back financial assets	28,527,869	46,926,783	(39.21)	Decrease in buy-back financial assets
Financing lease receivables	12,216,424	17,822,507	(31.46)	Decrease in financing lease receivables
Long-term receivables	20,546,536	14,086,457	45.86	Increase in long-term receivables
Held-for-trading financial assets	44,080,000	72,420,004	(39.13)	Decrease in held-for-trading financial assets
Other debt investments	216,000,307	102,036,545	111.69	Increase in other debt investments
Investments in other equity instruments	236,500	111,500	112.11	Increase investment in Green Development Fund
Other assets	3,305,380	1,426,166	131.77	Increase in other receivables and prepayments
Deposits from banks and other financial institutions	10,783,444	4,927,959	118.82	Increase in deposits from domestic banks
Estimated liabilities	611,151	339,439	80.05	Increase in off-balance sheet credit impairment reserve
Other liabilities	12,699,121	5,365,165	136.70	Increase in amounts to be settled and transferred

Item	2022	2021	+/- over the same period of the previous year (%)	Main reasons for change
Gains from exchange	519,069	272,683	90.36	Increase in foreign exchange gains arising from foreign exchange derivatives and foreign currency assets
Other operating income	33,747	66,163	(48.99)	Decrease in other operating income
Gains from asset disposal	19,717	144,518	(86.36)	Gain on disposal of fixed assets received in the prior year as a result of compensation for expropriation raised the basis of comparison
Other gains	25,364	53,726	(52.79)	Decrease in other gains
Asset impairment loss	3,701	(3,016)	Not applicable	Debt asset impairment reserve accrued this year, and partial reversal of long-term equity investment impairment reserve in associates in the prior year
Other comprehensive income, net of tax	15,179	(855,028)	Not applicable	Decrease in other comprehensive income

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

See Note X to the financial statements for details.

IV. Analysis of Loan Quality

(I) Loan Distribution by Five-category Classification

Unit: RMB 1000

	December 31, 2022		December 31, 2021		+/- from previous year-end (%)
	Amount	Percentage (%)	Amount	Percentage (%)	
Normal	659,322,368	98.31	604,893,107	98.58	9.00
Special mention	4,964,875	0.74	2,856,477	0.47	73.81
Substandard	2,595,875	0.39	3,121,117	0.51	(16.83)
Doubtful	2,424,021	0.36	1,790,509	0.29	35.38
Loss	1,315,896	0.20	915,356	0.15	43.76
Total loans and advances	670,623,035	100.00	613,576,566	100.00	9.30
Carrying balance of non-performing loans	6,335,792	0.94	5,826,982	0.95	8.73

(II) Loan Structure and Quality by Product Type

Unit: RMB 1000

Item	December 31, 2022			December 31, 2021		
	Loan balance	NPL balance	NPL%	Loan balance	NPL balance	NPL%
Corporate loans and advances	381,972,865	4,647,042	1.22	349,841,715	4,587,175	1.31
Personal loans and advances	213,891,965	1,688,750	0.79	198,939,260	1,232,215	0.62
Bill discounting	74,758,205	-	0.00	64,795,591	7,591	0.01
Total loans and advances	670,623,035	6,335,792	0.94	613,576,566	5,826,982	0.95

(III) Loans to the Top 10 Sectors

Unit: RMB 1000

Sector	December 31, 2022			December 31, 2021		
	Loan balance	NPL balance	NPL%	Loan balance	NPL balance	NPL%
Real estate	100,487,579	1,393,791	1.39	109,382,038	1,359,143	1.24
Leasing and commercial services	88,556,712	235,876	0.27	73,480,377	622,292	0.85
Manufacturing	74,111,686	462,113	0.62	66,518,728	342,476	0.51
Wholesale and retail	28,989,836	785,039	2.71	25,816,268	1,113,768	4.31
Transportation, warehousing and postal services	13,614,423	526,615	3.87	14,704,589	470,215	3.20
Construction	12,108,343	46,689	0.39	11,306,480	18,321	0.16
Information transmission, software and information technology services	11,415,546	139,055	1.22	11,717,210	117,243	1.00
Accommodation and catering	8,909,538	560,030	6.29	6,565,206	58,159	0.89
Finance	5,838,574	-	0.00	5,683,433	-	0.00
Scientific research and technical services	4,876,195	16,968	0.35	3,906,675	13,737	0.35

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

(IV) Loan Structure and Quality by Region

Unit: RMB 1000

Item	December 31, 2022			December 31, 2021		
	Loan balance	NPL balance	NPL%	Loan balance	NPL balance	NPL%
Shanghai	631,018,689	5,704,360	0.90	574,056,441	5,233,252	0.91
Non-Shanghai	39,604,347	631,432	1.59	39,520,125	593,730	1.50
Total loans and advances	670,623,035	6,335,792	0.94	613,576,566	5,826,982	0.95

(V) Loan Structure and Quality by Type of Collateral

Unit: RMB 1000

Item	December 31, 2022			December 31, 2021		
	Loan balance	NPL balance	NPL%	Loan balance	NPL balance	NPL%
Credit loans	106,540,845	843,700	0.79	100,605,787	760,292	0.76
Guaranteed loans	107,526,461	1,224,336	1.14	86,605,898	1,004,125	1.16
Secured loans	347,899,200	4,254,537	1.22	339,761,470	4,048,065	1.19
Pledged loans	108,656,529	13,220	0.01	86,603,411	14,500	0.02
Total loans and advances	670,623,035	6,335,792	0.94	613,576,566	5,826,982	0.95

(VI) Loan Migration Ratios

Unit: %

Item	December 31, 2022	December 31, 2021	December 31, 2020
Migration ratio of normal loans	1.34	0.86	1.05
Migration ratio of special mention loans	21.21	29.68	32.52
Migration ratio of substandard loans	55.79	25.44	26.08
Migration ratio of doubtful loans	37.11	11.32	16.14

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

(VII) Loans to the Top 10 Single Borrowers

Unit: RMB 1000

Borrower	December 31, 2022	
	Amount	Percentage of total loans and advances (%)
Borrower A	2,936,998	0.44
Borrower B	2,850,000	0.42
Borrower C	2,496,976	0.37
Borrower D	2,389,754	0.36
Borrower E	2,355,500	0.35
Borrower F	2,140,080	0.32
Borrower G	2,120,000	0.32
Borrower H	2,080,500	0.31
Borrower I	2,053,500	0.31
Borrower J	1,772,050	0.26
Total	23,195,357	3.46

(VIII) Loan Distribution by Overdue Period

Unit: RMB 1000

Item	December 31, 2022		December 31, 2021	
	Amount	Percentage of total loans and advances (%)	Amount	Percentage of total loans and advances (%)
1 day-90 days overdue (inclusive)	4,186,754	0.62	1,844,294	0.30
91 days-360 days overdue (inclusive)	1,434,310	0.21	1,950,366	0.32
361 days-3 years overdue (inclusive)	2,932,931	0.44	1,698,282	0.28
3 years+ overdue	1,082,195	0.16	1,155,216	0.19
Total	9,636,190	1.43	6,648,158	1.08

Unit: RMB 1000

Item	December 31, 2022		+/- from previous year-end(%)
	Amount	Percentage of total loans and advances (%)	
Restructured loans	448,902	0.07	-
Overdue loans	9,636,190	1.43	44.95

(IX) Changes in Loan Loss Reserve

Unit: RMB 1000

	Changes in expected credit loss/impairment reserve on loans and advances measured at amortized cost				Changes in expected credit loss/impairment reserve on loans and advances measured at fair value through other comprehensive income			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	15,851,939	4,458,405	5,336,670	25,647,014	129,839	198	7,452	137,489
Transfer:								
-to Stage 1	1,541,017	(1,487,973)	(53,044)	-	-	-	-	-
-to Stage 2	(1,723,066)	1,726,687	(3,621)	-	-	-	-	-
-to Stage 3	(174,305)	(69,045)	243,350	-	-	-	-	-
Accrual of the current period /(reversal)	(48,090)	1,540,701	1,691,287	3,183,898	154,241	(197)	(1,472)	152,572
Write-offs of the current period	-	-	(1,451,057)	(1,451,057)	-	-	-	-
Recovery after write-off	-	-	544,696	544,696	-	-	-	-
Closing balance	15,447,495	6,168,775	6,308,281	27,924,551	284,080	1	5,980	290,061

(X) Debt Assets and Accrual of Impairment Provision

Unit: RMB 1000

Category	December 31, 2022		December 31, 2021	
	Amount	Accrual of impairment provision	Amount	Accrual of impairment provision
Houses and buildings	41,200	(14,728)	50,301	(12,587)

V. Analysis of Capital Adequacy Ratio

(I) Capital Adequacy Ratio

Unit: RMB 1000

Item	December 31, 2022		December 31, 2021	
	The Group	The Company	The Group	The Company
Core Tier-I capital	103,580,315	100,078,986	95,780,905	92,747,218
Including: Eligible portion of paid-in capital	9,644,444	9,644,444	9,644,444	9,644,444
Eligible portion of capital reserve	16,775,026	16,775,026	16,775,026	16,775,026
Surplus reserves	27,552,704	27,552,704	23,877,675	23,877,675
General reserve	12,262,296	12,262,296	11,412,670	11,412,670
Undistributed profits	34,142,165	32,490,013	30,625,845	29,395,486
Eligible portion of minority interest	1,848,893	-	1,803,328	-
Other	1,354,787	1,354,503	1,641,918	1,641,918
Other Tier-I capital	246,519	-	240,444	-
Including: Other Tier-I capital instruments and premiums	-	-	-	-
Eligible portion of minority interest	246,519	-	240,444	-
Tier-II capital	19,677,901	18,559,672	15,912,925	14,905,346
Including: Tier-II capital instruments and related premium	10,000,000	10,000,000	7,000,000	7,000,000
Excess loan loss reserve	9,185,157	8,559,672	8,436,273	7,905,346
Eligible portion of minority interest	492,744	-	476,652	-
Total capital	123,504,735	118,638,658	111,934,274	107,652,565
Deductions				
Core Tier-I capital deduction	506,836	3,063,144	476,638	3,031,531
Net core Tier-I capital	103,073,479	97,015,842	95,304,268	89,715,688
Other Tier-I capital deduction	-	-	-	-
Net Tier-I capital	103,319,998	97,015,842	95,544,712	89,715,688
Tier-II capital regulatory deduction	-	-	-	-
Net capital	122,997,899	115,575,514	111,457,637	104,621,034
Risk-weighted assets	795,442,350	741,195,256	729,584,359	683,816,367
Including: Credit risk-weighted assets	743,997,677	693,333,445	683,338,110	640,333,037
Market risk-weighted assets	6,753,447	6,753,447	3,987,735	3,987,735
Operational risk-weighted assets	44,691,225	41,108,364	42,258,514	39,495,595
Core Tier-I capital adequacy ratio (%)	12.96	13.09	13.06	13.12
Tier-I capital adequacy ratio (%)	12.99	13.09	13.10	13.12
Capital adequacy ratio (%)	15.46	15.59	15.28	15.30

Notes:

- The above is the data and information related to the capital adequacy ratio measured by the parent Company and the Group in accordance with the Measures for Capital Management of Commercial Banks (Trial) issued by the former CBIC.
- For more capital information, please refer to the SHRCB Annual Capital Adequacy Report 2022 disclosed on the Company's official website (<http://www.srcb.com>).

(II) Leverage Ratio

Unit: RMB 1000

Item	December 31, 2022		December 31, 2021	
	The Group	The Company	The Group	The Company
Net Tier-I capital	103,319,998	97,015,842	95,544,712	89,715,688
Adjusted on-and-off-balance sheet asset balance	1,355,128,734	1,284,684,585	1,222,957,766	1,164,814,199
Leverage ratio (%)	7.62	7.55	7.81	7.70

(III) Information on Various Risk Exposures

1. Credit Risk Exposure

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

Unit: RMB 1000

Item	Pre-mitigation risk exposure	Risk exposure after mitigation
On-balance sheet credit risk exposure	1,267,442,274	1,214,755,751
Off-balance sheet converted credit risk exposure	54,592,882	47,742,413
Counterparty credit risk exposure	17,828,133	4,695,862
Total	1,339,863,289	1,267,194,026

2. Market Risk Exposure

The Company uses the standardized approach to measure market risk capital. As of the end of the reporting period, the Group's market risk capital using standardized approach under the consolidated criteria was RMB 540 million. See the table below for the occupation of general risk capital and specific risk capital:

Unit: RMB 1000

Time	General risk capital					Specific risk capital requirement	Total
	Interest rate risk	Stock risk	Foreign exchange risk	Commodity risk	Option risk		
End of 2022	326,683	-	98,685	-	2	114,906	540,276

3. Operational Risk Exposure

The Company uses the basic indicator approach to measure the operational risk capital. As of the end of the reporting period, the Group's operational risk capital requirement under the consolidated basis was RMB 3,575 million.

4. Other Risk Exposures

(1) Counterparty Credit Risk Exposure

The risk-weighted assets of the Company's counterparty credit risk exposure mainly include the counterparty credit risk from OTC derivative instrument transactions and securities financing transactions. As of the end of the reporting period, the Group's counterparty credit risk exposure under the consolidated criteria was RMB 4,003 million.

(2) Bank Account Equity Risk Exposure

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

Unit: RMB 1000

Type of invested institutions	December 31, 2022	
	Public trading risk exposure	Non-public trading risk exposure
Banking financial institutions	-	443,305
Non-Banking financial institutions	-	11,500
Non-financial institutions	-	100,000
Total	-	554,805

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

VI. Operating Information of Business Segments

During the reporting period, the operating income of corporate banking business was 13.103 billion, accounting for 51.13% of the Group's operating income, and the total profit was RMB 7.509 billion, accounting for 54.94%; the operating income of personal banking business was RMB 8.966 billion, accounting for 34.99%, and the profit before tax was RMB 4.145 billion, accounting for 30.32%; the operating income of financial market business was RMB 2.981 billion, accounting for 11.63%, with a profit before tax of RMB 2.144 billion, accounting for 15.68%; the operating income of other business segments was RMB 578 million, accounting for 2.25%, with a profit before tax of RMB -129 million, accounting for -0.94%.

The following sections and data in "VII. Business Overview" are analyzed from the perspective of the Company.

VII. Business Overview

(I) Corporate Finance Business

The Company's corporate finance business is closely focused on the national strategic layout and regional economic development, adhering to the customer-centric philosophy, "small and scattered businesses" strategy, deepening regional construction, focusing on industry finance, accelerating digital transformation, strengthening team building, and continuously improving professional operation level to build a service-oriented bank that creates value for customers. At the end of the reporting period, the Company's corporate loan balance was RMB 453.743 billion, an increase of RMB 42.629 billion or 10.37% from the end of the previous year, and the corporate loan balance in suburban areas accounted for 60% of the total; the corporate deposit balance was RMB 458.696 billion, an increase of RMB 33.593 billion or 7.90% from the end of the previous year, and the corporate deposit balance in suburban areas accounted for 58% of the total.

Key Indicators for Corporate Finance Business (Partial)

Unit: RMB 1000

Dimension	Item	2022 December 31	2021 December 31	Change from previous year (%)
Size	Corporate loan balance	453,743,144	411,114,143	10.37
	-Manufacturing loan balance	81,083,616	68,159,204	18.96
	-Science and technology enterprise loan balance ⁷	71,211,935	52,576,443	35.44
	-Agriculture-related loan balance	64,421,592	57,785,040	11.48
	-Inclusive SME loan balance	64,113,342	55,266,743	16.01
	-Green credit balance ⁸	43,567,214	19,774,731	120.32
	Corporate deposit balance ⁹	458,696,154	425,103,096	7.90
Customer	Number of corporate customers (accounts)	339,923	334,867	1.51
	-Number of science and technology enterprise loan customers (accounts)	2,460	1,938	26.93
	-Number of inclusive SME loan customers (accounts)	34,112	23,604	44.52

⁷ According to the statistical definition of CBIRC.

⁸ According to the statistical definition of CBIRC, including green loans, green letters of credit and green acceptance bill.

⁹ Includes margin deposits and other corporate deposits.

Corporate Customers

The Company focuses on strategic customers, channel customers¹⁰, new town customers, park customers, listed (to be listed) customers and trade finance customers as key customer groups, with stratified management and categorized marketing to improve the professional and refined operation and management of corporate finance customers across the board. At the end of the reporting period, the total number of corporate customers of the Company was 339,900, representing an increase of 1.51% compared with the end of the previous year.

As for strategic customers, the differentiated "one account, one policy" exclusive integrated financial service has been continuously improved. The Company has signed HQ-to-HQ strategic cooperation agreements with INESA Group, Donghao Lansheng Group and Forte Group, opening up a new situation of cooperation between banks and enterprises. At the end of the reporting period, the Company had 852 strategic customers at the head office level, an increase of 37 customers or 4.54% compared with the end of the previous year.

For channel customers, business cooperation deepened on all fronts. The Company signed a strategic cooperation agreement with the Taiwan Work Office of the CPC Shanghai Municipal Committee, formulated the "Comprehensive Financial Services Program for Taiwan-invested and Taiwan Enterprises" and supported the high-quality development of Taiwan-invested enterprises and individuals in Shanghai. We actively promoted the construction of information platform, became the first batch of special account bank for migrant workers' wages in Shanghai, and won the qualification of guarantee letter for Public Resource Trading Platform. Focused in deepening cooperation with social groups, completed full coverage of 38 local and municipal chambers of commerce from 3 provinces and 48 industry associations, and carried out a number of activities to explain the policies of financial products to resume work and production, and fought the pandemic with enterprises with one heart.

As for the new town customers, the supporting services have been improved. The Company took the initiative to grasp the advantages of the suburban market, focusing on the construction of the "Five New Towns", and launched special incentive and subsidy policies to accelerate the construction of supporting mechanisms for the new towns. At the end of the reporting period, there were 950 (including 530 new customers) valid customers in the "Five New Towns" through scanning QR code in the special campaign of "Direct Financing for Fighting the Pandemic", with a total of RMB 2.7 billion in loans.

For park customers, the "Four Hundred Project"¹¹ continued to expand. The Company released the SHRCB's 2022 Action Plan for Facilitating the Development of Emerging Industries and the Four Hundred Project 2.0 to deepen financial services to the real economy with the park as the grip. We innovatively held a series of park activities of "Gathering Strength to Foresee the Future with Wisdom" to increase the financial support for high-quality enterprises, accelerated the transformation and application of scientific research

¹⁰ Channel customers here refer to government agencies, factor markets, social groups and other customers.

¹¹ The "Four Hundred Project" refers to the "Hundred Parks and Ten Thousand Enterprises" as the main line of marketing work, and "Hundred Syndicates", "Hundred Accounts" and "Hundred Listed Companies" as main links in marketing, focuses on park customers, listed enterprises, account raising and bank syndicate business, aims to optimize the structure of our industrial customers, build the core competitiveness of industrial clusters and improve the quality of professional operation.

results, created a better park ecology, and promoted the tripartite interaction of "bank - park - enterprise". During the reporting period, the Company established cooperation with 2,102 enterprises for the first time in national, municipal and district-level industrial parks and Shanghai's special industrial parks, and established credit cooperation with 2,196 enterprises for the first time, including 260 "special, refined, distinctive, and novel" enterprises, accounting for 11.84%; 2,047 SMEs, accounting for 93.21%.

For listed (to be listed) customers, integrated services are being strengthened. The Company made a "treasure box" of products and formed personalized service plans through research on products suitable for target customer groups, and carried out active pre-credit approval through front, middle and back office linkage. At the end of the reporting period, the Company had served 357 listed companies, an increase of 83 companies or 30.29% compared with the end of the previous year, including 250 locally listed companies in Shanghai, 133 that had existing credit relationships, with a local service coverage rate of 63%.

As for trade finance customers, we helped enterprises to alleviate their difficulties and promoted effective growth of customer base. The Company launched the Twelve Measures of SHRCB for Financial Support to Foreign Trade Enterprises to Maintain Stability and Improve Quality to increase fee reductions and benefits for small, medium and micro foreign trade enterprises. Continuously improved the exchange rate hedging product system, continued to improve the efficiency of cross-border RMB business settlement and payment, and effectively established a relief channel for small, medium and micro foreign trade enterprises. Implemented the three-tier umbrella visitor management and list system for customer expansion model, etc., continued to vigorously promote the effective growth of the trade finance customer base. During the reporting period, the Company had 4,055 trade finance settlement customers, representing an increase of 3.02% over the previous year.

Corporate Loans

The Company has followed the national strategy and increased its loan investment in key areas such as manufacturing, science and technology innovation finance, green finance, supply chain finance and trade finance, fully supporting the development of the real economy. At the end of the reporting period, the Company's corporate loan balance was RMB 453.743 billion, representing an increase of 10.37% over the end of the previous year.

In terms of manufacturing loan business, we continued to increase our financial support to the manufacturing industry. The Company further intensified the detailed research on "3+6"¹² key industrial customer groups, focused on new materials, new energy, high-end manufacturing, integrated circuits, biomedicine and other sub-sectors, based on industry characteristics, dig deeper into customer needs, created special financial service solutions, and continuously supported the layout, construction and development of strategic emerging industries. At the end of the reporting period, the Company's manufacturing loan balance was RMB 81.084 billion, an increase of RMB 12.924 billion or 18.96% from the end of the previous year; the manufacturing loan balance accounted for 17.87%, an increase of 1.29 percentage points from the end of the previous year.

¹² The "3+6" key industry refers to taking the integrated circuit, biomedicine and artificial intelligence as three leading industries, vigorously develop six key industries including electronic information, life and health, automotive, high-end equipment, advanced materials, fashion consumer goods, build "3 + 6" new industrial system, and create a high-end industrial clusters with international competitiveness.

In supply chain finance, we actively explored financial services that cover the whole life cycle of enterprises. The Company gave full play to its core competitiveness in supply chain finance, targeted key scenarios and core pain points of enterprises, relied on its increasingly mature intelligent supply chain platform product system, integrated financial services into the pulse of the industry and brought into play the characteristics of online supply chain services. During the reporting period, the Company disbursed a total of RMB 1.339 billion in online supply chain finance, with 6,968 transactions, serving 21 core enterprises and 187 chain enterprises with an average of RMB 192,100 per loan.

In the bill business, we focused on product innovation and process optimization. The Company further optimized its bill business management system, reshaped its bill system, promoted product innovation, and enhanced its comprehensive asset income with a double-wheel drive of "direct discounting + rediscounting". At the end of the reporting period, the size of the Company's direct bill discounting business was RMB 26.326 billion, an increase of 135.51% compared with the end of the previous year, and the cumulative number of discounted customers was 853, an increase of 34% compared with the end of the previous year.

In trade finance business, we increased product innovation and strategic cooperation. Through industry analysis, channel mining and inter-industry linkage, the Company relied on integrated and systematic trade finance service solutions to cut into customers' capital chain, industrial chain and ecological chain. We further expanded the channels of foreign exchange fund utilization, innovated the product portfolio in local and foreign currencies and accelerated the asset allocation in trade finance line. During the reporting period, the Company signed a strategic cooperation agreement with the Administrative Committee of Lingang Special Area and joined hands with the Administrative Committee of Lingang Special Area and Lingang Group to release the "SHRCB Lingang New International Trade Connect" service plan to serve new international trade enterprises in the area and promote deeper, wider and stronger all-round opening of Lingang Special Area. The relevant case was successfully selected as one of the innovative cases in Lingang Special Area. We launched two online financing products, "Foreign Trade Express Loan" and "Xinyun Express Loan", which relied on tax information, customs import and export data, shipping bookings and other big data, combined with the company's account transaction information, to achieve self-service information entry in 3 minutes, obtain a pre-credit approval in 1 minute, and complete the automatic approval of credit loans online without the need for collateral and pledges, exploring effective ways for Fintech to support the development of inclusive finance for small and micro foreign trade enterprises. The Company launched the "Xinyitong White List" service, which broke through the traditional credit granting model and provided margin-free foreign exchange derivatives business services to eligible enterprises through a two-level evaluation mechanism that comprehensively evaluates the actual business needs and risk tolerance of enterprises. During the reporting period, the Company's trade finance business settlement volume was USD 29.695 billion.

Corporate Deposits

The Company adhered to its service orientation and relied on fiscal account management, product optimization, digital transformation, full business linkage and trade finance innovation to drive the quantitative and qualitative growth of corporate deposits. At the end

of the reporting period, the Company's corporate deposit balance was RMB 458,696 million, an increase of 7.90% compared with the end of the previous year.

In terms of fiscal accounts, we continued to refine the management of fiscal accounts at all levels in Shanghai. The Company focused on town and village finance, further improved the full-coverage, three-dimensional town and village service grid, created a professional, high-quality town and village integrated financial service system, empowered social governance and facilitated common prosperity.

In terms of product optimization, we accelerated product innovation and iteration. Focusing on customer experience, the Company actively promoted the functional iterations of liability products such as corporate large certificates of deposit, corporate intelligent notice deposits and corporate structured deposits, and launched the cloud version of multi-bank treasury management business and fund redemption and settlement business under Unionpay to help customers manage their funds efficiently.

In terms of digital transformation, we actively promoted the process of online business. The Company launched the cloud version of multi-bank treasury management system, corporate online banking 3.0 and large certificates of deposit transfer platform, fully realized the online subscription of corporate structured deposits, started the construction of new-generation bill system, optimized the online functions of electronic letter of guarantee, corporate large certificates of deposit, corporate settlement card, capital pool and Xin book, optimized business processes and helped corporate deposits grow steadily.

In terms of business integration, the Company promoted business integration in a solid manner. The Company solidly promoted the business integration of "commercial bank + investment bank", "local currency + foreign currency", "personal + corporate" and "on-balance sheet + off-balance sheet". We put customers at the center, focused on customer value creation, provided customers with comprehensive financial services, and realized the synergy effect of "1+1>2".

Science and Technology Innovation Finance

The Company continued to explore financial support for scientific and technological innovation, and insisted on building a scientific and technological financial service system featuring scientific and technological finance with the orientation of "earlier science and technology innovation, more comprehensive science and technology innovation, and more advanced scientific research". Through "venture capital" financial thinking, we provided financing support for early and mid-stage science and technology enterprises with core technologies, such as biomedicine and artificial intelligence, to help the development of strategic emerging industries. Through the construction of the "Xindongneng" strategic emerging customer cultivation plan covering the whole life cycle to provide customers with differentiated products and comprehensive financial services, we explored to become a one-stop integrated service provider to empower science and technology innovation enterprises.

At the end of the reporting period, the Company's loan balance for science and technology enterprises was RMB 71.212 billion, an increase of RMB 18.635 billion or 35.44% from the end of the previous year; the loan balance for science and technology enterprises accounted for more than 15%, an increase of 3 percentage points from the end of the previous year, with a steady increase in both

scale and percentage. The number of science and technology enterprise loan customers was 2,460, an increase of 522 from the end of the previous year, and the total number of science and technology enterprises served was nearly 6,000. Nearly 80% of the loan customers of science and technology enterprises are high-tech, "special, refined, distinctive and novel", and science and technology SMEs on the certification list, among which nearly half of the "special, refined, distinctive and novel 'small giant' " enterprises and over 30% of the "special, refined, distinctive and novel" SMEs in Shanghai are served by the Company. The non-performing rate of our science and technology enterprises was 0.20%, and our asset quality remained excellent.

The "Xindongneng" customer cultivation plan was further promoted. During the reporting period, the Company comprehensively implemented the "Xindongneng" 2.0 service plan, focused on the development of strategic emerging customers, focused on the ecological integration of science and technology finance, further leveraged the advantages of the "One Xin Four Wings" service model, and joined hands with government-appointed platforms, risk-sharing institutions and professional service institutions to increase the cultivation of science and technology innovation and high-growth enterprises from start-ups to IPOs. At the end of the reporting period, the Company had 732 enterprises in the "Xindongneng" pool, with a credit amount of over RMB 60 billion. 66 companies in the pool went public. During the reporting period, the Company successfully cultivated 10 enterprises to go public, and 3 enterprises were in the stage of IPO preparation after approval. In addition, 67 enterprises in the pool entered the counseling and filing stage, 12 more than the end of the previous year. The incubation role of the incubator for science and technology innovation enterprises and the capital market service capability of high-growth enterprises in the incubator pool gradually emerged.

The product system of "Xinke Loan" was continuously improved. During the reporting period, the Company upgraded and launched the "Science and Technology Innovation Loan 2.0 in Lingang Park" special program, which continued the highlights of "science and technology innovation, credit, medium and long-term", introduced digital evaluation model to empower the customer evaluation system, together with special products such as the new international trade connect in Lingang, and accurately served the science and technology innovation enterprises in Lingang Park. The Company also optimized the gradient cultivation program and continued to improve the "special, refined, distinctive and novel" SME Loan, "10-Billion Financing Plan for 1000 Enterprises" and "special, refined, distinctive and novel 'small giant' " SME loan and other special marketing programs and gradient product systems to activate the innovation momentum of "special, refined, distinctive and novel" enterprises. In order to strengthen the support for mass entrepreneurship and innovation, we added guaranteed loans for personal entrepreneurship, with emphasis on promoting the science and technology innovation booster loan products; the pledge financing of intellectual property rights was continuously promoted around the construction of a strong nation in intellectual property rights. During the reporting period, the balance of the Company's intellectual property finance business was RMB 819 million, an increase of RMB 769 million or 1,522% over the previous year; and the Company was awarded the "2022 Shanghai IP Excellent Contribution Award" by the Shanghai Intellectual Property Financial Services Alliance.

Gradually established the service model for early and mid-stage science and technology enterprises. The Company gradually established an early to mid-stage science and technology enterprise service approach supported by industry research and with industry development and enterprise valuation growth as key references, continued to expand the science and technology enterprise customers with core technologies and greater growth potential, and explored the evaluation system for early-stage enterprises in incubators. At the same time, the Company actively formed a good business cooperation circle with external investment institutions. At the end of the reporting period, the total number of investment institutions in the Company's fund pool was 154, an increase of 45 from the end of the previous year. The fund pool recommended 219 industrial customers, including 103 with existing business cooperation.

Finance for "Agriculture, Rural Areas and Farmers"

The Company built an inclusive financial service system based on rural revitalization, featuring "agriculture, rural areas and farmers". At the end of the reporting period, the balance of the Company's agriculture-related loans was RMB 64.422 billion, an increase of 11.48%, and its service coverage continued to expand, maintaining its leading position in the regional market of financial services for "agriculture, rural areas and farmers". In 2022, the Company issued a total of RMB 1.043 billion in loans to agricultural-related business entities under the Shanghai Administration Center of Policy Financing Guarantee Funds for SMEs, consistently ranking first in the industry in Shanghai.

During the reporting period, the Company promoted the continuous growth of the financial ecosystem in agriculture-related fields. The Company launched a special program for "New Farmers" special loan program to those who return to their rural hometowns to improve their access to financial services, happiness and security; formulated a special program for "Xinnongle Loan" for family farms, and promoted active credit approval for family farms through list-based marketing; the financial service program of "Nanhui Peach" was released jointly with Pudong Intellectual Property Bureau, which made a big step forward in realizing the direct "value" of the right to use of geographical indications. The company released the "Whole Village Credit" comprehensive financial program 2.0, further refined and upgraded the supporting services for integrity towns and villages, accelerated the credit coverage of enterprises and individuals in rural areas, completed the evaluation of 58 integrity villages and 3 integrity towns, and actively granted credit to more than 840 villagers for nearly RMB 175 million, for which the company was awarded the Shanghai Outstanding Innovative Institution in Banking Industry for Inclusive Financial Services. The Company continued to provide customized online financial services for the industrial chain of core enterprises, lending a total of RMB 1.063 billion to customers upstream and downstream of the industrial chain, and serving nearly 2,000 new agricultural entities of all kinds, including farmers.

Finance for Small and Micro Enterprises (SMEs)

The Company continued to increase its support for inclusive SMEs customers, established a long-term loan mechanism to serve SMEs, and formulated an implementation plan for "relief financing" for SMEs to continuously improve the quality and efficiency of inclusive financial services. At the end of the reporting period, the balance of inclusive SME loans was RMB 64.113 billion, an increase of RMB

8.847 billion or 16.01% compared with the end of the previous year; the number of inclusive SME loan accounts was 34,100, an increase of 10,500 compared with the end of the previous year; the average interest rate of inclusive SME loans disbursed during the year was 4.35%.

The Company made extensive use of the PBOC's monetary policy instruments to effectively transfer policy dividends to market players. During the reporting period, the Company granted a total of RMB 24.7 billion in loans under the refinancing policy of the PBOC, benefiting more than 6,000 customers. The Company implemented the PBOC's phased interest rate reduction policy for loans to SMEs, and effectively alleviated the pressure on interest payments for SMEs in accordance with the principle of "reduction as much as possible and exemption from application". The total interest rate reduction for customers exceeded RMB 130 million, which was a real benefit for SME customers.

The Company strived to build a matrix of inclusive financial products. Firstly, it deepened the scope of cooperation in banking and guarantee business, vigorously carried out the business of municipal SME guarantee fund, and cooperated with Shanghai Lingang Special Area SME Credit Insurance Fund Financing Guarantee Co. At the end of the reporting period, the balance of loans for business under the Company's guarantee center was approximately RMB13.9 billion, a net increase of approximately RMB 2.1 billion from the end of the previous year, ranking among the top in the industry market. Secondly, we vigorously developed scenario-based finance to meet customers' capital needs, optimized the accumulative credit product for SMEs, which allowed customers to obtain credit through transaction settlement and various cooperation; and innovated the loan product for tax credit refund, which approved the loan amount based on the amount of tax refunds available to enterprises. Third, we created a new model of inclusive finance, established the Microfinance Center to focus on SME owners, individual entrepreneurs and other SME customers in various markets and parks, providing loans with credit and guarantee as the main types of guarantee, with a loan balance of nearly RMB 800 million as of the end of the reporting period, with an average of RMB 1.53 million per account.

The Company established a seamless loan renewal mechanism to support the seamless renewal of financing turnover of SMEs and became the first pilot bank for seamless loan renewal business to ease the pressure of short-term capital repayment for SMEs and reduce the cost of capital turnover of customers. The Company formulated a work plan for renewable loans without principal payment and a policy for deferring principal and interest payments, and increased innovation and credit allocation for T+0 renewals, pay-as-you-go loans and medium- and long-term loan products. During the reporting period, the Company disbursed a total of nearly RMB 79 billion for SMEs through seamless renewal of loans, including RMB 15.5 billion renewable loans without principal payment.

Green Finance

The Company upheld the strategic goal of "building the greenest bank in the Yangtze River Delta" and was committed to building a sustainable financial service system with green finance as the base color, set the green finance vision for 2035 and the SHRCB Green Finance Development Strategy for 2021-2025 focusing on the five core sectors of green energy, energy conservation and environmental protection, low carbon manufacturing, green construction and green

agriculture, and promoted the development of green finance in a comprehensive and systematic manner.

The Company continued to enrich the connotation of green finance business. By fully utilizing the Group's comprehensive advantages, the Company provided green financial services in five major business directions: green credit, green bonds, green services, green wealth management and green leasing. The Company continued to improve green credit service solutions, innovated green financial products, and joined hands with Shanghai Ecological Environment Bureau and Shanghai Municipal Bureau of Ecology and Environment to implement the first national carbon emission allowance (SHEA) pledge financing business for the medical and textile industry, which effectively revitalized the carbon assets of enterprises and stimulated the internal motivation of green transformation of enterprises. At the end of the reporting period, the Company's green credit balance was RMB 43.567 billion, up by 120.32% from the end of the previous year, mainly invested in energy-saving and environmental protection industry, clean energy industry and green infrastructure upgrade; the balance of green bond investment was RMB 9.034 billion, up by 150.94% from the end of the previous year; allocation of green bonds in wealth management products was RMB 1.659 billion, up by 18.42% from the end of the previous year; green bond underwriting scale of RMB 3.03 billion, and green financing leasing balance of RMB 6.989 billion¹³.

Investment Banking

The Company promoted the transformation and development of "commercial bank+ investment bank", forms a synergistic business model with two wings of "financing + intelligence", and realized comprehensive coverage of mainstream investment banking products by building a four-wheel drive investment banking system of "equity, debt, loan and capital", providing customers with comprehensive financial services throughout their life cycle.

In terms of bond underwriting business, the Company adhered to the key objectives of "increasing market share, expanding the number of customers, and improving product innovation". During the reporting period, the lead underwriting amounted to RMB 34.266 billion, a year-on-year increase of 10.46%. In terms of underwriting value of non-financial corporate debt financing instruments, the Company ranked first among Class B underwriters in China and 9th among lead underwriting banks in Shanghai, up by two places from the end of the previous year. In terms of customer development, the Bank insisted on the continuous marketing of mature debt issuing customers and the exploration and cultivation of potential debt issuing customers. The Company issued 57 bonds for 38 issuers, with a year-on-year increase of 58.33% in the number of issuers and 23.91% in the number of bonds issued. In terms of product innovation, the Company successfully launched 9 innovative bond projects, including the first "guaranteed rental housing/carbon neutral" double-labeled green bond in China, the first science and technology innovation note in Shanghai, and the first rural revitalization asset-backed note in Shanghai.

In terms of M&A business, the Company empowered the development of enterprises with M&A business, focusing on the target groups of science and technology innovation enterprises, real industries and listed companies, focusing on providing customers with diversified comprehensive financial services such as "M&A

¹³ According to the statistical definition of CBIRC.

financing + M&A advisory + M&A brokering", and continuously improving the comprehensive M&A financial services covering the enterprises themselves to the founders and core teams. During the reporting period, the Company's industrial M&A business grew against the trend, and its business structure continued to be optimized and its customer base gradually enriched. First, with the core of science and technology innovation enterprises, we served the financial needs of science and technology innovation enterprises for industrial integration, M&A and restructuring, and controlling shareholders' shareholding increase, with the empowerment of "industrial integration" and "five elements of empowerment" and other science and technology innovation scenarios. Second, we continued to promote industrial M&A, and continued to promote industrial M&A and restructuring business according to the direction and trend of key industrial transformation, and continued to increase the proportion of industrial M&A business. Third, we supported the multi-level construction and orderly development of the capital market, served the needs of listed companies for M&A restructuring and refinancing derivative business, and supported the financing needs of high-quality real estate listed companies under the premise of policy compliance.

In terms of agency referral business, the Company made every effort to build a matchmaking ecosystem covering various non-banking institutions such as insurance, trust, brokerage, leasing and fund, etc., and tapped the value of the Company's customers with the help of the products of financial institutions, striving to realize the synergy and interaction of "the Bank + institutions + customers". During the reporting period, the Company established HQ-to-HQ contacts with

a number of insurance asset management and leasing companies and other non-banking institutions, and initially built a channel pool of agency referral funds; the scale of agency referral business, the number of transactions and non-interest income achieved effective breakthroughs, which helped the Company's light capital transformation development.

(II) Retail Finance

The Company adhered to its strategic positioning of giving priority to retail, comprehensively promoted the construction of the "nine systems" for retail transformation, optimized the organizational structure, enriched the product system, deepened the cultivation of key customer segments, promoted the transformation of network, accelerated digital empowerment, increased the training of talents and teams, and continuously improved its professional operation capability. During the reporting period, the scale of customer segments and operating assets continued to increase, retail loan income and risk control were effectively balanced, brand building continued to deepen, and the quality of business development and profit contribution grew steadily. At the end of the reporting period, the Company's retail financial assets (AUM) balance was RMB 696.715 billion, an increase of RMB 76.874 billion or 12.40% from the end of the previous year, including: savings AUM balance was RMB 456.31 billion, an increase of RMB 70.4 billion or 18.24% from the end of the previous year; non-savings AUM balance was RMB 240.405 billion, an increase of RMB 6,474 million, an increase of 2.77%. The balance of personal loans was RMB 197.21 billion, an increase of RMB 13.519 billion or 7.36% from the end of the previous year.

Key Indicators for Retail Finance Business (Partial)

Unit: RMB 1000

Dimension	Item	2022 December 31	2021 December 31	Change from previous year (%)
Size	Retail AUM balance	696,714,602	619,840,352	12.40
	-Savings AUM balance	456,309,500	385,909,345	18.24
	-Non-savings AUM balance	240,405,102	233,931,008	2.77
	Personal loan balance	197,210,342	183,691,604	7.36
	Personal wealth management product balance	171,391,890	157,235,418	9.00
Customers	Number of individual customers (excluding credit card customers) (accounts)	20,944,068	19,672,567	6.46
	-Number of VIP and wealth customers(accounts)	915,442	801,824	14.17
	-Number of high net worth customers(accounts)	110,258	92,056	19.77
	-Number of private banking customers (accounts)	3,334	2,971	12.22
	Number of individual online channel users(accounts)	5,677,000	5,210,400	8.96

Retail Customers and AUM

During the reporting period, the Company insisted on customer-centric philosophy, integrated business resources with professional operation, increased the operation of key customer segments and enhanced retail value contribution. First, we strengthened customer stratification and classification management, formulated differentiated management strategies, clarified implementation paths, division of responsibilities and support around customer expansion and management objectives, and enhanced professional management and value output capabilities. Second, according to the market situation

and changes in customers' risk preferences and needs, we took steady wealth management and diversified asset allocation as levers to help customers strengthen the cornerstones of steady assets such as savings, low-volatility wealth management and protection type insurance, so as to achieve faster growth in the number of wealth customers and effective improvement in AUM. Third, we promoted the integration of resources and channels, strengthened the public-private linkage mechanism, established standardized marketing processes, promoted the construction of online channels, optimized customer experience,

provided "1+N" product combinations around the entire life cycle of customers, enriched customer rights and interests, and effectively enhanced professional service capabilities. Fourth, focused on the construction of the three brands of "Anxiangxin Life", "Yuexiangxin Life" and "Kaxiangxin Life", systematically promoted the planning and promotion of activities, strengthened cooperation with external channels to attract traffic, enriched brand connotation, expanded the brand effect, and launched popular brand campaigns such as "Anxiang Rights Day" and "Anxiang Shanghai Benefit Insurance".

At the end of the reporting period, the Company had 20,944,100 personal customers (excluding credit card customers), an increase of 1,271,500 or 6.46% over the end of the previous year, including: 915,400 VIP and wealth customers, an increase of 14.17% over the end of the previous year; 110,300 high net worth customers, an increase of 18,200 or 19.77% over the end of the previous year; and 3,334 private banking customers, an increase of 12.22% compared with the end of the previous year. The number of customers with financial assets (AUM) of RMB 200,000 and above with two or more wealth products increased by 3.92% compared with the end of the previous year; the average AUM of accounts was RMB 618,900, an increase of 1.1% compared with the end of the previous year. The number of customers in the generation of pension customers was 1,176,800, an increase of 50,600 from the end of the previous year, and the financial assets under management (AUM) of pension payment customers was RMB 261,566 million, an increase of RMB 45,463 million from the end of the previous year. The total number of debit cards issued was 20.778 million, including: 5.7033 million Union Member Service Cards, 1.1402 million Seniority Cards and 2.1762 million new Social Security Cards applied.

Personal Loans

During the reporting period, the Company was committed to digital whole-process operation, deeply explored and effectively matched the credit needs of existing customers and expanded the application of retail loan business scenarios through the scientific use of intelligent analysis and intelligent decision-making tools. In terms of housing mortgage loans, we continued to strictly implement the differentiated housing credit policy, supported residents' reasonable housing and home purchase needs, actively implemented various policies to alleviate the housing problem, and promoted the loan allocation in an orderly manner; strengthened the technology empowerment with digital risk control as the core, and on this basis, further improved the "1+N" online retail loan product system to meet the growing diversified credit needs of customers.

At the end of the reporting period, the Company's personal loan balance (excluding credit cards) was RMB 191.101 billion, an increase of RMB 18.475 billion or 10.70% from the end of the previous year. The balance of housing mortgage loans was RMB 107.821 billion, down by 3.13% from the end of the previous year; the balance of non-housing mortgage loans was RMB 83.28 billion, up by 35.81% from the end of the previous year, including: the balance of personal consumer loans was RMB 37.678 billion, up by RMB 2.763 billion from the end of the previous year; the balance of personal business loans¹⁴ was RMB 45.603 billion, up by RMB 19.196 billion from the end of the previous year. The

balance of non-performing personal loans (excluding credit cards) was RMB 1.242 billion, with a non-performing rate of 0.65%. The non-performing balance of housing mortgage loans was RMB 514 million, and the non-performing balance of non-housing mortgage loans was RMB 728 million.

Wealth Management

During the reporting period, the Company deepened the stratified classification of customers and dug deeper into the financial asset allocation needs of different customer segments. On the one hand, the Company followed the market and appropriately increased the allocation ratio of savings, stable wealth management and insurance among key customer segments to consolidate the cornerstone of wealth management and effectively promote faster growth of AUM; on the other hand, the Company continued to enrich and improve wealth product lines, adhering to the positioning of "steady" wealth management, taking into account the future market trends and allocation layout, selecting managers with better overall retracement control, and laying out fixed income +, pension FOF and equity product lines. During the reporting period, we introduced 280 agency public funds, issued 164 asset management trust products and 16 insurance products.

During the reporting period, the structure of the Company's savings deposits was significantly optimized, with the percentage of incremental RMB demand savings increasing by 14 percentage points compared to the same period of the previous year and the percentage of incremental RMB time deposits of three years and above decreasing by 42 percentage points compared to the same period of the previous year. 19% of the new savings deposits were three-year and above time deposits, and the deposit interest payment rate dropped significantly by 15 BP.

At the end of the reporting period, the Company's non-savings AUM balance was RMB 240.405 billion, up by RMB 6.474 billion or 2.77% from the end of the previous year. The intermediary income fundamental of wealth management and insurance was effectively consolidated, and wealth business intermediary income remained stable year-on-year. Following the policy guidance and market trend of personal pension business, the Company launched the "Anxiangbanlao Wealth Management Account", which was a personal pension product portfolio (position) account, covering exclusive pension insurance, pension FOF funds, "Anxiang" 5-year wealth management and other pension saving featured products. It provided comprehensive, differentiated and one-stop pension wealth services with the core of pension wealth planning and diversified asset allocation for the whole life cycle of individual customers. The first phase of the "Anxiang Wealth Planning Zone" in Mobile Banking provided customers with personalized asset allocation plans for their pension reserves and special pension products according to their pension needs, creating a good start for the development of pension wealth.

Credit Card

During the reporting period, the Company's credit card business focused on high-quality development and accelerated the transformation of its business development. We continued to strengthen the in-depth cultivation and operation of high-quality retail customer segments, refined customer stratification and classification based on the dimension of overall customer retail contribution, promoted the integration of lending services,

¹⁴ Excluding loans for personal business housing.

optimized the allocation of activity rights and benefits, and promoted the enhancement of customer stickiness by providing a more accurate, convenient and high-quality service experience. At the same time, focusing on the increasing demand of customers for contactless services, the Company accelerated the enhancement of online channels and continued to improve the online credit card application process to continuously enhance the online service experience of customers. At the end of the reporting period, the Company had issued a cumulative total of 2.1 million credit cards.

(III) Financial Market and Financial Institutional Business

During the reporting period, the Company's financial market business actively responded to the low interest rate market environment, focused on the construction of "trading center + agent center", continued to improve investment and trading capabilities, enriched the agent product system, optimized customer service experience, and strived to build an integrated financial service solution, achieving steady improvement in operational efficiency and value creation capability.

Investment Trading

During the reporting period, the Company continued to strengthen its financial market investment and trading business by insisting on trading transformation and innovative exploration. First, we insisted on performing the duties of primary dealer in the open market and market maker in the inter-bank bond market, and made every effort to meet the financial service needs of our customers by investing in and subscribing to a number of bonds such as "Financial Bonds of the Export-Import Bank of China to Support the Resumption of Work and Production in Shanghai". Second, we strengthened the forward-looking market research and judgment, dynamically arranged the asset and liability structure, flexibly adjusted the investment and financing rhythm, continuously enriched the use of portfolio strategies, effectively reduced the comprehensive cost, and continuously improved the quality and efficiency of operation. Third, we followed the innovation of the factor market and continued to release the transformation momentum. We were selected as an anonymous quotation provider for bond lending in the Foreign Exchange Trading System, implemented the first bond underwriting business in Beijing Stock Exchange, performance guarantee inquiry business in Shanghai Gold Exchange and market-making support transaction in Agricultural Development Bank of China, and successfully participated in the first foreign currency bond investment in the FTA with a standby letter of credit and the first green dual-currency FTA under the FTA account in the world.

During the reporting period, the Company maintained active market trading, achieving a year-on-year increase of approximately 22% in bond market trading volume; a foreign currency bond investment balance equivalent to approximately RMB 3.6 billion, a year-on-year increase of approximately 33%; and participation in foreign exchange trading volume of over USD 300 billion in RMB on the Foreign Exchange Trading System, ranking among the top 40 in the market overall. Among them, the trading volume of foreign exchange forwards, swaps, options and other derivative products was about USD 236.1 billion, an increase of about 36% year-on-year.

Agency Business

During the reporting period, the Company adhered to the concept of finance for the people, practiced the original aspiration of serving the real economy, actively responded to the diversified needs of customers, and made efforts to optimize the customer service experience.

In respect of the RMB agency business, the Company continued to enrich its product system and iterate on product features by relying on its professional service capabilities, introducing structured products linked to new underlying targets and the physical gold exchange function of Jicunjin, meeting customers' risk management needs through interest rate swap products, making efforts to enhance customer satisfaction and continuously strengthening customer stickiness. During the reporting period, the number of active customers of the Company's RMB-denominated agency products increased by approximately 59% year-on-year.

In respect of foreign exchange agency business, the Company actively promoted the concept of exchange rate risk neutrality, improved the foreign exchange agency product system and strived to promote corporate clients to hedge exchange rate risks through foreign exchange derivative products. During the reporting period, the Company's agency foreign exchange derivative products trading volume was USD 1.919 billion, an increase of 35% year-on-year.

Financial Institutional (FI) Business

During the reporting period, the Company continued to deepen the integrated development of "FI + industry", integrated resources and multi-dimensional linkage around the FI ecosystem, served customers in a layered and progressive manner, extended the radius of customer service through comprehensive financial service solutions, and helped enhance the ability to create value for customers.

In terms of foreign exchange FI agency business, the Company continued to expand the breadth and depth of FI cooperation, actively engaged in FI communication and cooperation, and maintained and expanded its global correspondent bank network. At the end of the reporting period, the Company had a total of 566 global correspondent banking institutions, continuing to maintain its leading position in the domestic rural financial system.

Asset Management

During the reporting period, the Company's asset management scale rose steadily and its market influence continued to expand. At the end of the reporting period, the total scale of the Company's wealth management products was RMB 184.999 billion¹⁵, and the scale of wealth management continued to remain the first among rural financial institutions nationwide.

Accelerated the innovation of wealth management products and continuously enriched and improved the wealth management product system. The Company's wealth management products have covered T+0 cash management, T+1 open-end, minimum holding period, closed-end and fixed duration, etc. Meanwhile, the product term structure continuously improved, and we issued

¹⁵ According to the statistical definition of CBIRC.

short-term products such as the first "Tiantianjin" and "Yueyuexin" during the reporting period, and comprehensively laid out the "5+X" "Wealth+Inclusive+Featured" wealth management product system.

Actively created special products and leading products. During the reporting period, the Company actively implemented the spirit of the Central Government's Document No. 1 by issuing the first rural revitalization-themed wealth management products; actively expanded the qualified investor clientele by issuing the "Zunxiang Xinyi" series of retail private equity wealth management products to enrich the types of exclusive wealth management products for high-end customers; and built a long-duration, regular dividend-paying "Anxiangxinyi" product system to effectively meet the long-term and stable investment needs of wealth management customers.

Fully utilized the advantages of wealth management funds. The Company provided financing support to nearly 40 local enterprises in Shanghai, with a cumulative investment of over RMB 4.1 billion; issued exclusive products for anti-pandemic personnel and thematic products for resumption of work and production to enhance financial services support for front-line anti-pandemic personnel and provide financial services guarantee for stabilizing economic fundamentals.

Enhanced the stickiness of corporate customers. This year, the company issued the first new corporate customer product and actively promoted the mining of new customers, which led to a significant increase in the scale of corporate wealth management; this year, the company launched the self-service opening of corporate wealth management in corporate online banking, which realized the whole process of online wealth management contract-signing, inquiry, transaction and statement management, etc. The number of corporate wealth management customers increased by 81.61% compared with the end of the previous year; the corporate wealth management were featured by "small and scattered" characteristics with SME customers account for more than 80%.

(IV) Fintech

The Company has always focused on the strategy of "insisting on digital transformation", adhered to the goal of high-quality development, and promoted the in-depth integration of technology and business. During the reporting period, the Company carried out top-level design of digital transformation, clarified the digital transformation work system, improved the governance structure of Fintech, and effectively enhanced the integration and linkage of business and technology; promoted the optimization of the R&D process of Fintech, facilitated cost reduction and quality of technology R&D, and promoted the implementation of strategic high-quality projects which effectively empowered business development; continuously increased investment in Fintech, strengthened the construction of technology team, and focused on the protection of intellectual property rights, which effectively strengthened the foundation of digital transformation.

During the reporting period, the Company invested RMB 995 million in science and technology, up by 12.68% year-on-year. At the end of the reporting period, the Company had 715 full-time Fintech staff, accounting for 7.86% of the total number of

employees, up by 1.58 percentage points from the end of the previous year; the Company had 6 software copyrights and 5 national patents. During the reporting period, the Company won the bronze prize in the 2nd China RPA+AI Developer Competition, the first place in the credit card fraud transaction recognition track and the second place in the anti-telco fraud program design track in the World Artificial Intelligence Conference, and four winning prizes in the Shanghai Region of the "Revitalization Cup" National Youth Vocational Skills Competition, among other Fintech competitions and innovation awards.

Fintech Layout

During the reporting period, the Company completed the top-level design of Fintech, clarified the work requirements of digital transformation, insisted on the two-wheel drive of business-led and technology-enabled, and oriented by value creation to help transform the business model, operation model and management model and build a service-oriented bank that creates value for customers.

The Company formulated the "FOCUS+" digital transformation strategy and established a digital transformation work system with "123456" as the core. Focused on 1 transformation strategy; consolidated 2 major guarantee systems of safe operation and organizational talent; empowered 3 major areas of business development, customer transformation and social governance; implemented 4 major strategies of group management, digital operation, agile R&D and centralized architecture; improved 5 major capabilities of business operation and management, comprehensive risk control, data governance application, system autonomy and organizational integration; and promote 6 major changes of scenario ecology, product self-service, channel integration, operation digitization, risk control intelligence and operation automation.

The Company built a "1+1+1+10+N" Fintech organization system to optimize the Fintech governance structure from a global perspective. We set up a Fintech and Innovation Business Committee, established a Digital Transformation Office, optimized the organizational structure and resource allocation of the Fintech Department, implemented a mechanism for deeper integration of business and technology in 10 business departments of the Company, and set up Fintech teams in N branch banks of a certain size or above.

The Company established the "integration +" working mechanism to promote the "three joints" with "joint decision-making, joint customer visit, joint implementation" as the core, and the work of Fintech was transformed from "processing with imported materials" to "soup-making" mode.

Technology Empowerment

During the reporting period, the Company accelerated its strategic selected projects in Fintech and achieved good results in technology-enabled business.

In terms of empowering retail business, we optimized customer experience and updated and released Mobile Banking 7.0; smoothly promoted the independent control of retail online loan business in terms of risk control, technology and operation, and completed the migration back to the digital credit platform, with the system supporting 10,000+ TPS and a daily processing capacity of over one million credit tickets.

In terms of empowering corporate business, we improved the financial service function of enterprise terminal, updated and released Enterprise Online Banking 3.0; connected bank financial service and enterprise transaction, successfully put into operation multi-bank treasury system and landed the first business to meet customer demand and enhance convenient service to customers.

In terms of enabling inclusive finance, the Company built a digital agricultural industry chain platform to realize the online, automated and intelligent financing function of the agricultural industry chain, and effectively reduced the risk of agriculture-related loans by aiding the monitoring of crop conditions through satellite remote sensing technology; released a series of financial products such as "Inclusive Easy Loan", "Commercial Auto Insurance Loan" and "Xinongle Loan" to effectively enhance the scale and market competitiveness of businesses related with agriculture, SME, and science and technology enterprises.

In terms of enabling risk management, the new generation of corporate credit management system project was successfully put into production, realizing "all-customer, all-business, all-process, all-collateral, all-alert" management for non-retail credit customers, and improving the whole process control and risk management mechanism for credit business.

In terms of empowering operation management, we built a lean operation project cluster, empowered technology, optimized processes, achieved interconnection of offline channels, and continued to promote operation intensification, enhanced the digital monitoring capability of operation risks, improved business processing efficiency and customer experience.

Infrastructure Construction

During the reporting period, the Company continued to consolidate its Fintech infrastructure capabilities and accelerated its digital transformation.

Upgraded technology management, further clarified system construction management principles, formulated investment strategy, R&D strategy, operation and maintenance strategy and technology use strategy, etc., to rationalize inputs, increase output efficiency and improve system effectiveness; continuously developed and optimized technical standard specifications and best technical practices, enriched and improved technical assets, and completed nearly 100 items in total.

Upgraded R&D management, piloted R&D process 2.0, optimized both online and offline, improved the approval process online, centralized analysis offline, and significantly improved R&D efficiency; meanwhile, we improved major project management mechanism, refined project classification and grading management, improved project organization structure, strengthened project process management, and promoted the quality and efficiency of science and technology R&D. During the reporting period, there were nearly 1,900 demands launched and nearly 10,000 person-months of production demand, with a year-on-year increase of about 20% in launching scale.

Upgraded risk management, improved the ability of science and technology risk management around the three pillars of risk identification, risk analysis and risk indicators, promoted the optimization and upgrading of system architecture, science and technology system continuously improved, science and

technology management capabilities effectively enhanced, and the quality of project development, production, operation and maintenance level progressed significantly.

Upgraded team building, established a tiered and classified training mechanism, opened up career development channels, actively built a science and technology honor system, created a culture of efforts, enhanced the overall organizational unity, and built a dedicated Fintech team with stable center, rational echelon and devotion to work.

Data Governance

The Company continued to deepen data governance, strengthened data standard making and standard implementation mechanisms, gradually improved the management system of customer master data and product master data and promoted its implementation, and improved the level of standardized data management. We strengthened the data foundation management system in corporate finance, retail finance, risk control and other business areas, solidified source data quality management, promoted the construction of a three-tier data quality monitoring system with regulatory data quality as the core, enhanced the effectiveness of closed-loop data quality management, and changed from a passive disposal type to an active discovery type. Built a bank-wide underlying application data infrastructure indicator platform, unified the bank-wide indicator management process, and improved the bank-wide data application efficiency. Deepened external data interfacing cooperation, stationed in Shanghai Data Exchange, and established cooperation with more than ten government public information platforms, such as Shanghai Municipal Data Center and Shanghai Economic Information Center, to integrate and apply internal and external data to achieve data empowerment.

Fintech Innovation

The Company relied on the platform of "Yangtze River Delta Inclusive Fintech Innovation Laboratory" to build a frontier window and integration base for external cooperation and exchange of Fintech innovation. During the reporting period, the Company joined hands with securities and insurance institutions to establish the Smart Finance Committee of Shanghai Fintech Industry Alliance to strengthen the cross-industry, cross-market and cross-institutional application of artificial intelligence in the financial field and promote technology exchange, joint research and collaborative innovation among institutions in the industry.

The Company established the "Mantianxing" Fintech Innovation Research Club, established and improved the Fintech research mechanism, built a platform for internal Fintech research, exchange and display, created a Fintech research team with strong learning and research ability, launched a number of high quality research results, and transformed them on the ground, and facilitated technology empowerment to create value.

Safe Operation and Maintenance and Information Protection

The Company further improved disaster recovery capability based on the "two locations and three centers" disaster recovery architecture with three data centers in Shanghai and Shenzhen including Shanghai Zhangjiang, Shanghai Taopu and Shenzhen, and established a production and operation management system and team correspondingly, providing basic support for digital

transformation. During the reporting period, the operation of the Company's information systems was stable and reliable, with the system handling over 10 million transactions daily on average, representing a year-on-year increase of 8.26%, and the availability rate of the core financial system during business hours was 100%.

The Company adhered to the bottom line of safe production, strengthened network security management and improved the integrated security defense system. During the reporting period, the Company continued to raise the responsibility awareness of network security among all staff, continued to implement security reinforcement in the Internet area, improved threat detection, blocking and deep defense capabilities, successfully completed various key security tasks, maintained safe and stable operation of information systems, and provided customers with safe and stable financial services. The Company carried out security team offensive and defensive capability building, and continued to maintain the regional industry leadership in security competitions held by regulators.

(V) Channel Development

The Company firmly established the transformed position with the network as the main body of operation and profit center, promoted network transformation in an orderly manner, boosted

the upgrade of offline channels, accelerated the construction of online channels, promoted the online and offline interaction of customer operation as well as channel integration, realized channel synergy, and made the omni-channel customer experience efficiently connected; actively expanded the service radius of the network and empowered social governance.

Network Operation

During the reporting period, the Company continued to optimize the network layout, accelerated the coverage of blank areas and the deployment in areas with development potential, focused on optimizing the planning of urban areas and "Five New Towns", continuously strengthened the radiation coverage of suburban branches, optimized the financial environment in suburban areas, accelerated the standardization of network construction and deepened the transformation of network.

At the end of the reporting period, the Company had 364 branches, including: 357 branches in Shanghai, of which there were 273 Shanghai suburban outlets, accounting for 76.47%, and 7 branches outside Shanghai. During the reporting period, the Company completed 9 institutional adjustments, including 1 new establishment, 4 relocations, 3 merges and 1 rename. See the table below for details:

Name	Business address	Number of outlets	Number of employees	Asset scale (RMB Million)
Headquarters Business Department	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai, China	1	116	117,411.14
Pudong Branch	1F, Building 4, No.58 Yaoyuan Road, Pudong New District, Shanghai	42	765	132,867.85
Shanghai Pilot Free Trade Zone Branch	Room 103, No.8 Yincheng Zhong Road, Pudong New District, Shanghai, China	1	53	6,193.13
Minhang Branch	1-2/F, No. 670, Qixin Road, Minhang District, Shanghai	25	483	69,965.99
Jiading Branch	1F, No. 3081, Huyi Highway, Jiading District, Shanghai; 1F, No. 557, 561, Yecheng Road; Room 206, 207, 22F, 23F, 25F, 26F. No. 565	26	450	58,311.40
Baoshan Branch	No. 1198, Mudanjiang Road, Baoshan District, Shanghai	27	456	67,468.86
Songjiang Branch	No. 405, North Renmin Road, Songjiang District, Shanghai	25	486	56,324.79
Jinshan Branch	No. 505, West Weiqing Road, Jinshan District, Shanghai	20	442	48,868.32
Qingpu Branch	No. 399, Gongyuan Road, Qingpu District, Shanghai	22	437	56,293.66
Fengxian Branch	No. 2251, 2259, 2263, 2267, Wangyuan South Road; No. 399,407, Zhanyuan Road, Fengxian District, Shanghai	26	422	48,710.75
Shanghai Pilot Free Trade Zone Lingang New Area Sub-branch	1/Floor, No. 162 Shengang Avenue, Nanhui New Town/ 2nd Floor, No. 628-2 Yunjuan Road , Pudong New District, Shanghai	29	500	75,049.06
Chongming Branch	No. 188, Beimen Road, Chengqiao Town, Chongming County, Shanghai	31	398	50,715.70
Putuo Branch	No. 599, Xincun Road, Putuo District, Shanghai	19	296	35,127.36
Changning Branch	No. 8, Lane 555, Gubei Road, Changning District, Shanghai	9	185	17,145.29
Xuhui Branch	No. 3-7, Lane 9, Zhaojiabang Road, Xuhui District, Shanghai	17	282	31,872.05
Hongkou Branch	L1-01, No.399 East Changzhi Road, Hongkou District, Shanghai	10	158	13,698.13
Yangpu Branch	No. 1599, Huangxing Road, Yangpu District, Shanghai	9	190	21,734.37
Huangpu Branch	1F, East Annex Building, No.29 Jianguo Middle Road, Huangpu District, Shanghai	5	133	17,923.26
Jing'an Branch	No. 770, West Beijing Road, Jing'an District, Shanghai	10	207	15,835.16

Name	Business address	Number of outlets	Number of employees	Asset scale (RMB Million)
Zhangjiang Science and Technology Branch	Room 103-108, No. 8, Zone B, Lane 500, Zhangheng Road, Pudong New District, Shanghai	3	77	11,877.50
Zhejiang Yangtze River Delta Integration Demonstration Zone Sub-branch	No. 67-63, Jiashan Avenue, Luoxing Sub district, Jiashan County, Zhejiang Province	2	47	8,414.96
Xiangtan County Branch	No. 598, Jingui South Road, Yisuhe Town, Xiangtan County, Hu'nan Province	3	75	4,919.59
Kunshan Branch	Room 1-5, Building 18, Jiulongwanhuayuan, No. 388, Chezhan Road, Kunshan Development Zone, Jiangsu Province	2	63	8,215.05

Note: The number of employees includes labor dispatchers.

During the reporting period, the Company aimed to improve the network environment, enhance the image of the network and improve customer experience, continuously optimized the network construction standards, scientifically divided the functional areas of the network, reasonably planned business processes, focused on improving customer experience, and improved service efficiency and quality, and completed the transformation of 21 new standard network during the reporting period. At the end of the reporting period, the Company had a total of 781 intelligent teller machines, with 150 business functions and a business diversion rate of about 85%. During the reporting period, the Company's core accounting system handled 6,804,800 transactions daily on average, representing a year-on-year increase of 9.58%.

Online Channels

At the end of the reporting period, the Company had 5.677 million personal online channel users¹⁶, up by 8.96% from the end of the previous year, and the electronic channel carried 96.60% of the Bank's wealth management and 80.91% of the bank's fund transactions.

As for the construction of personal online channels, the Company continued to promote the upgrade and optimization of online channels with customer experience as the center, enriched the online customer rights and benefits system, provided customer-specific activities, and continued to provide customers with warmer and more intelligent online financial services.

As for the remote banking center, the Company adjusted and optimized the organizational structure, promoted the integrated development of remote service and remote operation, accelerated the application of intelligent technology and carried out age-appropriate exclusive services. At the end of the reporting period, the satisfaction rate of the Company's remote banking manual services reached 99.47%.

(VI) Major Subsidiaries

The Company strictly complies with the relevant provisions of the Company Law, the Commercial Bank Law, the Guidelines on the Consolidated Management and Supervision of Commercial Banks, the Code of Corporate Governance for Banking and Insurance Institutions and other laws and regulations to exercise

¹⁶ The number of personal online channel users includes the number of personal mobile banking users, personal online banking users, and WeChat banking users.

shareholders' rights in compliance with the law and continuously improve the management of its subsidiaries. During the reporting period, the Company exercised comprehensive and continuous control over corporate governance, capital management, risk management, financial management, incentives and restraints of its subsidiaries, strengthened the Group's strategic leading role over subsidiaries, enhanced the business synergy between the Group and subsidiaries, established a Group linkage management mechanism, formed integrated service within the Group, and continuously enhanced its regional competitive advantages.

1. SHRCB Rural Bank

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

During the reporting period, guided by Xi Jinping's thought of socialism with Chinese characteristics in the new era, the 35 SHRCB rural banks thoroughly implemented the spirit of the 19th National People's Congress, the 6th Plenary Session of the 19th CPC Central Committee, the Central Economic Work Conference and the Central Rural Work Conference, adhered to the leadership of Party building and the strategic positioning, served the revitalization of the countryside, promoted the "Three Major Battles"¹⁷, consolidated the foundation for development, implemented the "Four Enhancements"¹⁸, enhanced the development momentum, and strived to achieve high-quality and sustainable development with the goal of becoming a first-class rural bank.

At the end of the reporting period, 35 SHRCB rural banks achieved a combined net profit of RMB 314 million, total assets of RMB

¹⁷ The "Three Major Battles" refer to the battles for "microfinance business", "liability business", and "talent cultivation".

¹⁸ The "Four Enhancements" refer to improve the level of corporate governance, risk control capability, scientific and technological support capability, and the ability for consolidated management.

33.986 billion, total net assets of RMB 3.678 billion, deposit principal balance of RMB 28.457 billion, loan principal balance of RMB 19.67 billion, and the proportion of loans to farmers and SMEs in total loans reached 88.30%.

2. Yangtze United Financial Leasing Co., Ltd

Founded in June 2015, Yangtze United Financial Leasing Co., Ltd. is one of the first financial leasing companies under banking system in China to implement the mixed ownership reform of state-owned enterprises under the State Council and comprehensively implement the market-oriented operation mechanism. The Leasing Company headquarters in China (Shanghai) pilot free trade zone. As of the end of the reporting period, the registered capital of Yangtze Financial Leasing Co., Ltd. was RMB 2.45 billion, and the Company controlled 51.02% of its equity¹⁹.

During the reporting period, with the vision of "building a leading financial leasing brand with distinctive professional features and convenient customer service capabilities", and in accordance with the business strategy of "fully integrating into the strategic layout of the Group, promoting business restructuring at full speed, and making every effort to build sustainable development momentum", the Yangtze Financial Leasing Company took root in the Yangtze River Delta city cluster. With a focus on professional and featured operations, it centered on four specialized fields - urban transportation, advanced manufacturing, culture and health, and environmental protection and energy - to provide convenient and efficient professional services to small and medium-sized enterprise customers, striving to establish a differentiated competitive advantage and become a bridgehead for SHRCB to deploy its business in the Yangtze River Delta.

At the end of the reporting period, the total assets of Yangtze Financial Leasing Company were RMB 34.255 billion and the net assets were RMB 4.417 billion. During the reporting period, Yangtze Financial Leasing Company achieved operating revenue of RMB 1.272 billion and net profit of RMB 579 million.

(VII) Major Participating Companies

During the reporting period, the Company further optimized the strategic layout of the integration of the Yangtze River Delta and strengthened the business synergy with its participating company, Jiangsu Haimen Rural Commercial Bank Co., Ltd., to jointly promote the realization of the Yangtze River Delta regional strategy and business development.

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

In March 2023, the Company's investment in Hangzhou United Rural Commercial Bank Co., Ltd. was approved by the

Shanghai CBIRC, which agreed to the Company's investment in Hangzhou United Rural Commercial Bank Co. with the number of participating shares of 87,218,056 shares, accounting for 4% of the total shares of the bank.

VIII. Key Focuses in Operation

(I) Net Interest Margin

In 2022, the Group's net interest margin was 1.83%, a decrease of 3 basis points from the previous year. The overall interest rate spread of the banking industry was under pressure as the domestic and international situation was complex and severe, the marketization of interest rates continued to advance and regulators guided financial institutions to give benefits to the real economy. The Group continued to optimize its asset and liability structure and strengthen its liability cost management, and the Group's interest rate spread narrowed slightly.

On the asset side, the Group's return on assets decreased by 11 basis points compared with the previous year. Under the guidance and market environment of benefitting the real economy and market-oriented interest rate reform, the LPR quotation for loans was lowered three times, and the LPR for 1-year and 5-year and above was lowered by 15BP and 35BP in total during the year, and the interest rate for incremental loans continued to go down and the return on assets showed a downward trend. In the face of that downward pressure, the Group increased its efforts in asset structure adjustment and actively responded to market changes. At the end of the reporting period, the Group's loans increased by 0.51 percentage points of interest-earning assets compared with the previous year; second, increased credit support in key areas, optimized the structure of loan investment, at the end of the reporting period, the growth rate of loans to inclusive SMEs, science and technology enterprises, and green loans were higher than the growth rate of other loans; third, accelerated the retail transformation, improve the proportion of personal loans with higher return. At the end of the reporting period, the daily average balance of the Group's personal loans among all loans increased by 0.35 percentage points compared with the previous year, which to a certain extent mitigated the impact of the downward movement of ROA.

On the liability side, the Group's liability cost ratio decreased by 10 basis points compared with the previous year, mainly due to the Group's optimization of its liability structure and strengthening of the term structure of deposits and active management of costs. Firstly, the Group stepped up deposit expansion and consolidated its deposit base. As a core business with high stability and relatively low cost, the proportion of deposits steadily increased, and at the end of the reporting period, the daily average balance of the Group's deposits in interest-bearing liabilities increased by 2.41 percentage points as compared with the previous year; secondly, the effectiveness of active management of deposit term structure continued to be reflected, and the Group continued to enhance its comprehensive service capability and deepen its customer stratification operation, driving the stable growth of demand deposit scale; at the same time, the Group strengthened the management of long maturity and high-cost time deposits to promote the optimization of deposit maturity structure; third, the Group implemented the requirements of marketization of

¹⁹ Company acquired 80 million shares of Yangtze Financial Leasing Company through public auction in November 2021, and the shareholder qualification was approved by Shanghai CBIRC in February 2023, increasing the Company's shareholding from 51.02% to 54.29%.

deposit interest rates, prospectively studied the market changes, optimized the deposit pricing strategy and effectively reduced the interest payment cost of deposits.

Looking ahead to 2023, the external environment faces greater uncertainty, macro policy insists on stability and progress in a stable manner, and interest rate marketization reform continues to advance, the interest rate spread is expected to continue to narrow in 2023, which is also the overall trend for the banking industry. On the asset side, return on assets is expected to maintain a downward trend due to multiple factors such as concessions to the real economy, interest rate marketization reform, and repricing of existing loans. On the liability side, the dividends from the marketization reform of deposit interest rates will continue to be released, and the level of interest payment rate is expected to gradually decline, providing a certain buffer space for the downward trend of return on assets. In the future, the Group will continue to strengthen forward-looking research and judgment, follow the policy guidance and support the development of the real economy. At the same time, the Group will strengthen refined management, further optimize and adjust the asset and liability structure, proactively and flexibly respond to market changes and promote the trend of interest rate spread changes in line with the market.

(II) Net Non-Interest Income

The percentage of the Group's net non-interest income decreased due to the higher base of non-recurring income in the same period last year. During the reporting period, the Group achieved net non-interest income of RMB 4,873 million, representing a year-on-year increase of 1.66% and a 19.01% share of operating income, down by 0.83 percentage points year-on-year. Among them: in the intermediate business, the tendency of residents to save preventively and consumer demand weakened in the first half of the year, resulting in a year-on-year decrease in fee income from agency business, electronic banking and bank card business, etc. The demand for customer business gradually recovered in the second half of the year, resulting in a slight year-on-year decrease of 0.49% in net fee and commission income for the year, which was significantly narrower than that in the first half of the year; in the investment business, the Group improved its judgment of market conditions and flexibly adjusted its asset and liability allocation, resulting in a year-on-year increase of 11.66% in investment income, gains from changes in fair value and exchange; in other areas, the Group received compensation for housing expropriation last year, resulting in a year-on-year decrease of RMB125 million in gain from asset disposal.

Looking ahead to 2023, the recovery of the macroeconomic environment and the fluctuation of market interest rates are highly uncertain, and the growth of the Group's net non-interest income will face certain challenges. In the future, the Group will promote the high-quality development of non-interest income in the following aspects: first, continue to deepen the retail transformation, adhere to the customer-centric approach, focus on key customer segments and businesses, continuously enrich product allocation, deepen the concept of wealth planning and asset allocation, and further enhance the quantity and quality of the contribution of wealth management business to non-interest business from the perspective of creating value for customers; second, firmly adhere to the FPA integrated financing

services, strengthen the promotion of concepts, increase the total amount of financing from the perspective of customers, optimize the financing structure, accelerate the development of the letter of credit business, increase the penetration rate of debt-issuing enterprises, enhance the ability to intervene in large-scale M&A projects, and flexibly use a variety of financial products to address the diversified financing needs of customers; third, continue to strengthen the construction of "trading center" and "agency center", actively capture trading opportunities in the market fluctuations by strengthening forward-looking research and judgment, and actively respond to the diversified needs of customers, enrich the agency product system, expand the coverage of agency products, and enhance the scale of local and foreign currency agency businesses.

(III) Capital Management

The Company's capital management focuses on "strengthening capital restraint and enhancing capital efficiency", and continues to promote the effective implementation of capital management mechanisms and achieve continuous improvement in capital consumption by optimizing the allocation of internal capital resources and transforming into "light capital". At the end of the reporting period, the Group's ratio of risk-weighted assets to total assets was 62.08%, a decrease of 0.91 percentage points compared with the previous year end.

The Group continuously improves its internal capital adequacy assessment process (ICAAP), dynamically balance capital supply and demand, and prospectively formulates capital replenishment plans to ensure adequate and reasonable capital levels. The Company adheres to endogenous accumulation as the main method of capital replenishment, while studying and reserving diversified capital replenishment tools to replenish capital at all levels in a timely manner. During the reporting period, the Company redeemed the existing Tier-II capital bonds of RMB 7 billion and successfully issued a new round of RMB 10 billion of Tier-II capital bonds to maintain the effectiveness of capital instrument replenishment. For details, please refer to the relevant announcements issued by the Company on the Shanghai Stock Exchange website (www.sse.com.cn) and the Company's website (www.shrcb.com).

In the next phase, the Group will consolidate and enhance the effectiveness of capital management, continue to optimize the allocation of internal capital resources and promote the transformation of "light capital", and facilitate the improvement of capital return.

(IV) Asset Quality

The Company continuously strengthened risk control and continued to increase the disposal of non-performing loans, and the asset quality indicators have remained stable for a long time. At the end of the reporting period, the Company's non-performing loan balance was RMB 6,091 million, an increase of RMB 471 million from the end of the previous year; the non-performing loan ratio was 0.94%, unchanged from the end of the previous year. Among them, the balance of substandard loans was RMB 2.461 billion, decreased by RMB 586 million compared with the end of the previous year; the balance of doubtful loans

was RMB 2.343 billion, increased by RMB 652 million compared with the end of the previous year; the balance of loss loans was RMB 1.288 billion, increased by RMB 405 million compared with the end of the previous year.

The Company classified its loans in strict accordance with the core definition of loan risk classification by the regulatory authorities. According to the G0102 definition, the ratio of loans over 60 days past due to non-performing loans was 89.65% and the ratio of loans over 90 days past due to non-performing loans was 86.44%.

The economic environment in 2022 was complex and volatile due to the continued turbulence of the international situation and other factors. The Company focused on high-quality transformation and development, continued to promote the digital transformation process, achieved the successful launch of the new generation of credit management system for corporate credit during the reporting period, effectively improved the risk control capability, strengthened the whole process management of credit, and took multiple measures to achieve a steady decrease in the non-performing rate.

In the next phase, the Company will continue to improve the risk management system for credit business, continue to optimize and iterate the credit management system for corporate credit, upgrade and renovate the early warning system, refine the post-loan management and risk resolution work, strengthen the means and strength of non-performing accountability, and maintain the overall stability of credit asset quality in accordance with the dynamic situation of external regulation and internal business development needs.

(V) Real Estate Loans

The Company implements total control, classification management, list management, closed operation and risk prevention for real estate loans, works in accordance with the requirements of the regulatory authorities on the concentration of real estate loans, maintains stable and orderly real estate financing, continues to promote the financial services work of "ensuring the delivery of buildings, people's livelihood and stability", and actively supports rigid and improved housing demand.

During the reporting period, the Company conscientiously implemented regulatory requirements, strictly restrained real estate concentration indicators, proactively adjusted its own business structure, and focused on supporting urban renewal, park development, and construction of subsidized rental housing, etc. Real estate credit allocation remained stable and orderly.

In the next phase, while actively supporting real estate business related to safeguarding people's livelihood, the Company will further improve its service capacity for non-real estate credit business, actively support small, medium and micro private enterprises that focus on their main business, are financially sound, have marketable products, promising projects, master core technologies and strong comprehensive strength, continuously increase its investment in credit resources for the real economy and continuously optimize its credit structure.

(VI) Science and Technology Innovation Finance

In 2022, the Company insisted on keeping integrity and innovation, focused on the professionalism of product creation, service empowerment, and industry research, and continuously improved the professional services and comprehensive service capacity of science and technology innovation finance. Based on the whole life cycle of science and technology enterprises, we met, guided and even created the financial needs of enterprises throughout their life cycle, played an active role in capital financing and integrated finance, and realized the whole process service of precise positioning, optimized services and gradient cultivation.

As for the services for key science and technology enterprises, at the end of the reporting period, the Company had provided services to 1,873 "special, refined, distinctive, and novel" SMEs and 242 "special, refined, distinctive, and novel 'Small Giants' " in Shanghai. The credit amount was RMB 46.61 billion and RMB 11.385 billion respectively, representing a year-on-year increase of 75% and 168% respectively; the loan balance was RMB 24.038 billion and RMB 5.19 billion respectively, representing a year-on-year increase of 68% and 139% respectively. The Company had served 4,030 national high-tech enterprises, with credit amount of RMB 79.108 billion, up by 48% year-on-year, and loan balance of RMB 35.465 billion, up by 34% year-on-year.

As for the value return of "Xindongneng" customers, during the reporting period, the comprehensive return of enterprises in the Company's "Xindongneng" pool continued to improve, with net operating income and net intermediate business income increasing by 17% and 93% respectively year-on-year.

In terms of capital financing, the Company increased its support for first loans, credit loans and medium- and long-term loans to science and technology enterprises, taking into account the characteristics, financial needs and risk characteristics of science and technology enterprises at the different stages of development, such as start-up, growth and maturity, while adhering to the risk-adjusted rate of return as the basis for resource allocation.

In terms of integrated finance, the Company implemented the "customer-centered" service concept and provided integrated investment banking financial services from the dimensions of note financing, trade financing, bond underwriting, non-standard wealth management and off-balance sheet matchmaking to meet the multi-level financial needs of science and technology enterprises and further enhanced customer stickiness and transformed from asset holding to asset management.

Looking ahead to 2023, science and technology innovation is shaping a new advantage for China's high-quality economic development, and science and technology finance is becoming a necessary driving force for the rapid growth of science and technology enterprises. The Company will continue to further enhance the professionalism and comprehensive capability of science and technology financial services with the direction of "more advanced in science and technology innovation, more comprehensive in science and technology, and earlier in scientific

research". First, we will open up the financing channels for science and technology enterprises and optimize the special products of science and technology finance. Guide credit funds to first loans and credit loans for science and technology enterprises. Support the implementation of seamless renewal mode for high-quality science and technology enterprises, such as renewable loans without principal payment and pay-as-you-go loans, and explore the credit mechanism of "medium and long-term credit term + short-term IOU term + annual review for renewal". Expand the investment in intellectual property pledge loans to help improve the quality and efficiency of market-oriented operation and capitalization of intellectual property. Second, strengthen the awareness of partner bank, form a comprehensive service system with "five specialized services + six dimensions of empowerment" as the core around "Xindongneng" customers, provide comprehensive services by using diversified financial instruments to provide "equity, debt, loan and capital", strengthen the comprehensive empowerment services of "investment bank + commercial bank" and "financing + intelligence" modes, and increase the total amount of customer financing. Third, implement the policy guidance of "to early", "to small" and "to technology", and extend the service customer base forward. Taking "to small" as the starting point, gain benefits from serving the growth process of science and technology enterprises from "small" to "big" to "strong". In addition, take the idea of "scattered" business to enrich the customer source channels in multiple industries and wide regions. Fourth, promote the construction of science and technology innovation financial ecology, optimize the long-term cooperation relationship among government, banks, insurance, industry, brokerage firms, parks and enterprises, and enrich the connotation of the "Xin Ecology" alliance of science and technology innovation. Fifth, realize "two reshaping" of the underlying logic of science and technology innovation finance. On the one hand, reshape the logic of risk evaluation of science and technology finance to evaluate the value and prospect of science and technology innovation enterprises scientifically and effectively. On the other hand, reshape the solution mode of risk-return balance, not only to appropriately increase the NPL tolerance of science and technology innovation finance, but also to ensure the sustainability of its own operation. Sixth, build a science and technology finance structures featuring sound system, reasonable structure, complete support, strong protection. Promote the pilot of science and technology finance business unit system to play a leading role in early pilot and innovative development. Explore the establishment of 10 branches (secondary) with science and technology finance features, deploying for the city's key science and technology innovation financial pilot clustering area.

(VII) Retail Finance

The Company has always adhered to the "customer-centric" business positioning, based on its own resource endowment and business advantages, focused on key customer segments, and continuously promoted the professional management of retail customers; based on customer stratification and classification, focused on the needs and preferences of different customer segments, provided products and services that match customers through creating a full category, characteristic "1+N" product system and a full-coverage, differentiated comprehensive service system for the whole customer cycle, enhanced the breadth and

depth of customer management, and created a retail financial service system with wealth management as the engine.

The effective growth of the value customer base has laid a solid foundation for the high-quality development of the Company's wealth management business. By launching wealth products exclusive to customer segments, improving the customer management mechanism and enriching the customer rights and benefits system, the Company has effectively achieved a double increase in the number of key customer segments and average financial assets per account. At the end of the reporting period, the number of customers with average daily financial assets of RMB 200,000 and above managed by the Company in the past three months reached 918,800 accounts, representing a three-year cumulative increase of 52.05%; the corresponding AUM scale reached RMB 568.636 billion, representing a three-year cumulative increase of 67.75%, and the average AUM per account increased by over 10%.

The construction of the "Five New Towns" has provided a huge potential source of individual clients for the sustainable expansion of the Company's wealth management business. The Company has closely integrated with municipal planning priorities, optimized network layout, enhanced the radiation coverage of the Company's network services, and continuously strengthened the service capacity around the "Five New Towns" and large residential communities, consolidating and enhancing the Company's operational advantages in areas with concentrated retail customer resources. At the end of the reporting period, the number of our branches in the "Five New Towns" and large residential communities reached 130, serving more than 5.46 million retail customers and managing a total of RMB 254.3 billion in financial assets for individual customers, representing a cumulative increase of 53.85% in three years. In the future, the Company will continue to promote the construction of outlets around the "Five New Towns" and large residential communities, closely surround the people's living circle, closely combine the function of financial services with meeting the people's needs for a better life, and realize the common growth with customers.

The growth of the demand for pension financial services has provided a broad space for the development of the Company's wealth management business to strengthen its characteristics. With the aging trend in Shanghai, customers' demand for pension financial services is growing. The Company has continued to enhance the connotation of the "Anxiangxinshenghuo" pension financial brand; and with the carrier of individual pension portfolio account, actively built a pension wealth management service system that is oriented to the full life cycle wealth management needs of individual customers, with the core of pension wealth planning and diversified asset allocation, and featuring inclusiveness, professionalism and integration. The supply capacity of pension financial services has been continuously improved. During the reporting period, the Company provided financial services to nearly 5.24 million elderly customers, accounting for nearly 80% of the city's elderly population; it provided pension payment services to nearly 1.2 million customers and the number of urban and rural residents' pension insurance payment (Resident Insurance) customers accounted for over 90% of Shanghai, ranking first. At the end of the reporting period, the AUM size of the Company's pension payment customers reached RMB 261.566 billion, representing a three-year cumulative increase of 84.8%.

(VIII) Fintech

During the reporting period, the Company further accelerated the digital transformation process, improved the layout of Fintech, facilitated the overall transformation of the enterprise by digital means, empowered the innovative development of the enterprise with Fintech applications, and practiced the social mission of facilitating a better life with inclusive finance.

First, carried out forward-looking planning. We completed the top-level design of digital transformation and restructuring of Fintech governance, and carried out the first round of three-year planning for system clusters, completed the construction planning of 8 major business sections and 23 system clusters involving 200+ systems, and formed a blueprint for system construction in the next three years. Piloted the construction of the business middle desk of major segments according to the plan, and completed the planning and technical demonstration of the data middle desk and technology middle desk.

Second, strengthened the Fintech infrastructure. We built the leading private cloud platform among rural commercial banks, and successfully put into production the new system supporting mobile banking 3.0 and CMIS, and the digital credit platform. Promoted the construction of dual-centered and dual-active infrastructure, 18 sets of information systems were completed and put into operation, and 3 sets of systems were switched over fully automatically, with the switching time shortened from 4 hours to less than 15 minutes.

Third, empowered business development. Deployed digital channel development, identified mobile banking as the main position of retail customer operation, personal mobile banking 7.0 smoothly put into production, corporate Internet banking as the main channel of corporate customer business development, successfully completed the upgrade of Internet banking 3.0 technology platform to enhance the online and mobile business. Accelerated the transformation of digital products and services, realized the online operation of entire corporate wealth management, realized mobile and paperless due diligence for corporate accounts, and created a series of inclusive online products to facilitate the rapid growth of the scale of online inclusive loans, continued to expand the market share, and improved the customer experience. We used Fintech to enhance customer risk warning and monitoring, improved the effectiveness and timeliness of risk control, innovatively introduced intelligent training models and computer vision AI analysis technology, increased the risk warning hit rate of some business scenarios to 90%, and continuously improved the intelligent risk control system.

In the next stage, the Company will continue to focus on value creation and innovative development as the engine, vigorously develop Fintech, accelerate the digital transformation of its business, and enhance its core competitiveness for high-quality development.

(IX) Regional Competitive Advantage

The Company is one of the longest-running financial institutions in Shanghai, and has accumulated a deep customer base by serving the agriculture, rural areas and farmers", SMEs, science

and technology innovation, and local residents for a long time. The Company has significantly increased customer stickiness through attentive service and growing companionship, winning high market recognition and influence, and good brand effect

The Company takes the initiative to grasp the advantages of the suburban market, combining regional planning, industrial upgrading, talent introduction and other policy opportunities to vigorously serve customers in the suburban market. The Company actively participates in the construction of industrial parks in suburban areas to reduce comprehensive development costs. Relying on the advantage of network layout, we focus on the key industries and spatial layout of "Five New Towns" and "north-south transformation", and are deeply involved in the "International Auto Smart City" in Jiading and "Yangtze River Delta Digital Artery" in Qingpu, Songjiang "G60 Science and Technology Innovation Corridor", Fengxian "Oriental Beauty Valley", Nanhui "Digital Connectivity Smart Manufacturing", Jinshan "Fine Chemical Green Transformation", Baoshan "New Materials, Intelligent Equipment" and other leading industrial brand construction, introducing exclusive products for manufacturing finance by formulating special marketing programs. The Company actively carries out banking-governmental cooperation, and has a long-term good relationship with various government departments and other institutions, and has strong advantages in channel development, product innovation and list matching. The Company actively responds to the policy call to alleviate the problem of difficult financing for enterprises, has launched special inclusive products such as bank-tax loan, government procurement loan, science and technology performance loan, intellectual property loan and high-tech enterprise loan to facilitate the development of inclusive customers. The Company continues to expand the coverage of rural payment services in suburban areas and builds an efficient, safe, fast and high-quality rural payment service system. During the reporting period, the Company set up 69 rural cash withdrawal points in the blank areas of outlets in rural areas to optimize the integrated urban and rural payment service environment in Shanghai.

In the next stage, the Company will continue to cultivate the local area, radiate the Yangtze River Delta region, actively focus on Shanghai and the 14th Five-Year Plan of the Yangtze River Delta, focus on key industries and continuously improve the level of service to the real economy.

(X) Company Development Strategy

During the reporting period, the Company formulated its development strategy for 2023-2025. In the new three years, the Company will continue to promote its three core strategies of "adhering to customer centricity, inclusive finance and digital transformation", promote the harmonious unification of scale, structure, quality and efficiency, take the path of light capital, light cost, high efficiency and high quality internal growth, and shift from "quantitative accumulation" to "qualitative leap", and from "quantitative advantage" to "qualitative advantage", achieving high-quality transformation. The Company will build "five financial service systems", namely, a retail financial service system with wealth management as the engine, an integrated financial service system with transaction banking as the engine, an inclusive financial service system with agricultural finance as the essence, a science and technology financial service system with science

and technology innovation finance as the characteristics, and a sustainable development financial service system with green finance as the base color.

IX. Risk Management

During the reporting period, in the face of the complex and ever-changing domestic and international economic environment, the Company adhered to the concept of "enhancing risk management capability and creating value through risk management", followed a prudent risk appetite, promoted the comprehensiveness, independence, foresight and specialization of risk management, took digital risk control as a grip, and safeguarded to the principle of no systemic risk, continued to improve our comprehensive risk management system and enhance our overall risk control capability.

(I) Credit Risk Management

Credit risk refers to the risk of loss due to the debtor or counterparty's failure to perform the obligations stipulated in the contract or the change of credit quality. To manage credit risk effectively, the Company clarifies management principles, improves management structure, implements management responsibilities, continuously improves ways and means of risk identification, measurement, monitoring and control, and optimizes risk reporting and information disclosure.

During the reporting period, the Company actively innovated and transformed, strictly adhered to the lifeline of sustainable development asset quality, and accelerated the enhancement of risk management capability. With system construction as the lead, we combined external regulatory requirements with internal business development, continued to improve the system of rules and regulations, enhanced the risk management system of credit business, optimized the approval authority of credit business, and ensured the healthy development of business; deeply studied the industrial layout and development trend of Shanghai and Yangtze River Delta, scientifically formulated the credit direction, and increased the support to "agriculture, rural areas and farmers", SMEs, science and technology innovation, green development and other key areas; continued to promote the construction of systems related to credit business, and the new generation CMIS system was successfully launched, realizing "all-customer, all-business, all-process, all-collateral, all-warning" management of non-retail credit customers, further improving system support capability and digitalization of non-retail credit business. The Company took full process management as a grip, improved the approval mechanism, promoted the forward movement of risk management, and strengthened multi-dimensional review management; used technology as a support, continuously improved the construction of the internal rating system and risk-weighted asset measurement system, deepened the application of risk measurement techniques and tools, and improved the refinement of risk management; strengthened the implementation and management of the expected credit loss method, and consolidated the foundation of credit risk provision management; and strengthened situation research and judgment, implemented relevant policies and initiatives of the government and regulatory authorities, strengthened post-loan management and identified the basic situation, carried out various types of

credit risk checks, effectively improved risk prevention and control capabilities, and consolidated asset quality.

(II) Market Risk Management

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

During the reporting period, the Company established the market risk limit system for 2022 in accordance with domestic and international economic and financial development trends, business development plans and its own risk tolerance, refined and enriched the market risk limit monitoring and surveillance indicators, and conducted daily monitoring, measurement and reporting; promoted the construction of the Basel III final version of the market risk management system and launched the Basel III market risk management project; closely tracked financial market trends, strengthened research and analysis of interest rate and exchange rate trends; identified and evaluated new products and business risks, and established supporting risk management systems and processes; continued to carry out front and middle-office hierarchical and multi-dimensional trading book transaction behavior analysis and return attribution, carried out structural derivative product valuation model validation, and improved the level of refined market risk management. Market risk indicators and stress test results continued to remain within management targets, and the overall risk level was controllable.

1. Interest Rate Risk Management

(1) Interest Rate Risk Management of Trading Book

Trading book interest rate risk refers to the risk of loss in the economic value of the trading book and overall earnings due to adverse changes in interest rate levels and term structures. The objective of the Company's trading book interest rate risk management is to control interest rate risk within tolerable limits and maximize risk-adjusted returns in accordance with the Company's risk appetite.

During the reporting period, the Company mainly adopted value-at-risk (VaR), stress testing, sensitivity analysis, exposure analysis, profit and loss analysis, price monitoring and other methods to measure and manage the interest rate risk of the trading book. We continued to optimize the market risk limit management system and dynamic management mechanism taking into account business development dynamics and risk management requirements, and realized fast and flexible limit monitoring and dynamic adjustment by relying on the market risk management system.

(2) 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 Company's objective of banking book interest rate risk management is to control the interest rate risk of the banking book within a reasonable and tolerable range for the Company to

avoid material losses on the economic value and overall return of its banking book.

The Company mainly measured the interest rate risk of the banking book by repricing gap analysis, scenario analysis and stress test etc., and regularly assessed the impact of different interest rate shock scenarios on net interest income and economic value. During the reporting period, the Company paid close attention to changes in the internal and external environment, actively responded to the impact of the advancement of the deposit interest rate marketization reform mechanism and the intensification of market interest rate fluctuations, strengthened macro analysis and research, optimized and improved the risk measurement model, proactively adopted interest rate risk management strategies, and used such means as adjusting internal fund transfer pricing, controlling the repricing period of loans and the duration of investment business to manage the interest rate risk of the banking book. As of the end of the reporting period, the Company's repricing periods were reasonably distributed, and all bank book interest rate risk indicators and stress test results were maintained within the limits and warning values, and the overall bank book interest rate risk was controllable.

2. Exchange Rate Risk Management

Exchange rate risk refers to the risk arising from exchange rate fluctuation of the Company's position in each foreign currency (including gold) and foreign exchange derivative financial instruments. The objective of the Company's exchange rate risk management is to ensure that the exchange rate risk is controlled within a reasonable and tolerable range for the Company 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.

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

(III) Liquidity Risk Management

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

The Company aims to establish a liquidity risk management system aligned with the Company's scale of assets and liabilities,

and characteristics and complexity of the business structure; improves the liquidity risk appetite and limit management system to achieve a reasonable balance between capital security, liquidity and efficiency; optimizes the financing management mechanism to meet the needs of Bank-wide business development; comprehensively reviews the overall liquidity of the Group to prevent the internal risk transmission within the Group.

During the reporting period, the Company maintained sound and moderate liquidity position. Based on the macro economy, market environment and business development requirements, the Company set annual liquidity risk appetite indicators; fully utilized internal fund transfer pricing and other tools to optimize asset and liability maturity allocation; strengthened liquidity risk management of business lines and reasonably set liquidity risk limits; continued to optimize the fund position management system, improved daily liquidity management, strengthened fund control at key points, and maintained reasonable provision level; smoothened market financing channels, carried out active liability business flexibly, actively participated in the capital market, carried out the application for the redemption of Tier-II capital bonds and the issuance of special financial bonds; strengthened liquidity risk indicator management, monitored and tracked dynamically and coordinated in a timely manner to ensure the stability of indicators on the basis of compliance with various indicators; developed an annual liquidity risk stress test program and conducted stress tests on a regular basis, actively responded to the possible impact of Henan Rural Bank's difficulty in cash withdrawal, conducted special and annual liquidity risk emergency drills, optimized liquidity risk emergency plans in conjunction with practice, and improved the response capability to unexpected liquidity risk events; developed business continuity response strategies for liquidity management to ensure controllable liquidity risk; continuously optimized the management information system, improved data comprehensiveness and quality, improved monitoring, measurement and control capabilities, and strengthened technological support capabilities.

At the end of the reporting period, the Group's liquidity ratio was 63.09%, liquidity coverage ratio was 253.71% and net stable fund ratio was 135.47%, all of which were higher than regulatory requirements and in line with the Group's annual liquidity risk appetite.

Liquidity Coverage Ratio

Unit: RMB 1000

The Group	December 31, 2022
Liquidity coverage ratio(%)	253.71
High-quality liquid assets	181,691,492
Net cash outflow in the next 30 days	71,613,002

Net stable funding ratio

Unit: RMB 1000

The Group	December 31, 2022	September 30, 2022
Net stable fund ratio(%)	135.47	133.52
Stable fund available	881,516,398	831,079,358
Stable fund needed	650,691,867	622,457,539

(IV) Operational Risk Management

Operational risk refers to the risk of loss caused by unsound or problematic internal procedures, employees and IT systems, as well as external events.

During the reporting period, the Company continued to improve its risk management with the objective of preventing systemic operational risks and material operational risk losses. The Company carried out the Basel III final version of the operational risk consulting project, promoted operational risk management systems, processes, measurement, systems and other related enhancements, strengthened operational risk identification, assessment, monitoring and measurement; carried out operational risk and control self-assessment, improved key risk indicators, strengthened loss data collection and analysis, continued to deepen the use of the three major tools for operational risk, and improved the effectiveness and targeting; continued to benchmark good practices in the industry to improve management; promoted loss data collection, operational risk and control self-assessment, and monitoring of key risk indicators of consolidated subsidiaries.

During the reporting period, the Company had no material operational risk events.

(V) Compliance Risk Management

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

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

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

(VII) Money Laundering Risk Management

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

During the reporting period, the Company implemented the "risk-based" principle, actively performed all anti-money laundering obligations in compliance with anti-money laundering laws and regulations, and established a sound organizational structure for money laundering risk management to ensure the effectiveness of money laundering risk management. The Company's money laundering risk management initiatives include, but are not limited to: continuously updating and improving the internal control system and workflow for anti-money laundering; comprehensively reviewing the Company's money laundering risk management responsibilities and work status, establishing a self-assessment management mechanism for institutional money laundering risks and implementing the first self-assessment; applying the results of money laundering risk assessment for customer and product business, formulating and implementing differentiated control measures that are appropriate to the risks; strengthening the awareness transfer and management supervision of subsidiaries, and ensuring the consistency of the Group's money laundering risk management; accelerating the construction of anti-money laundering digital transformation, agilely developing visual screening aids, and adding and optimizing suspicious transaction monitoring standards; continuously bringing into play the effectiveness of centralized processing, and doing a good job of anti-money laundering key tasks such as customer due diligence and list monitoring; organizing and carrying out various anti-money laundering themed training and education activities, and fulfilling staff training and public education obligations

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

(VII) Legal Risk Management

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

During the reporting period, the Company strengthened the study of Xi Jinping's thought on the rule of law, firmly promoted the rule of law, improved the ability and level of the rule of law and enhanced the ability to prevent legal risks of the enterprise. The Company improved the rules and regulations of the Company's legal line, regularly cleaned up the rules and regulations, organized the interpretation of the rules and regulations, and issued risk alerts on legal issues related to macroeconomic and regulatory policies from time to time to facilitate sound business development. Actively implemented the general counsel system, played the role of general counsel, and issued legal opinions on major investments, major decisions and major operational matters; internalized and refined the systems for the management of related-party transactions, promoted the development of the (new) related-party transaction management system around the new rules on related-party transactions, and helped monitor and control related-party transactions beforehand; organized and conducted special legal training on intellectual property rights, data compliance, antitrust, etc.

through a combination of online and offline methods, organized special legal training to strengthen the knowledge of relevant laws and regulations, enhanced the ability of legal risk prevention and control, and provided strong legal protection for the high-quality development of the Company.

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

(VIII) Reputation Risk Management

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

During the reporting period, the Company continued to strengthen the whole process of reputation risk management, including research and evaluation, monitoring, assessment and training, and enhanced its reputation risk management capability in response to the times. At the same time, the Company attached great importance to positive publicity, followed national strategies and regional development priorities, and carried out thematic publicity around inclusive finance, financial support for the real economy, and facilitating the resumption of work and production, etc., to refresh the brand image, promote the accumulation of reputation capital, and enhance the brand's ability to withstand risks.

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

(IX) Strategic Risk Management

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

During the reporting period, the Company continued to strengthen strategic risk management, paid close attention to the external macroeconomic development situation, maintained strategic determination, strengthened the closed-loop management of the entire strategic process, explored the integration of strategic management with party leadership and corporate governance, regularly assessed the implementation of strategy, and promoted the strengthening of the institutionalization and systematization of strategic management and strategic risk management. The management implemented strategic requirements, focused on strategic key tasks, operated prudently and actively promoted the implementation of strategic initiatives on the ground.

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

(X) IT Risk Management

IT risk refers to the operational, legal and reputation risks etc.

caused by natural factors, human factors, technical loopholes and management defects during the bank's use of IT technologies.

During the reporting period, the Company continued to improve the IT risk management mechanism, promoted the digital transformation of IT risk management and continuously improved the level of IT risk control. We strengthened risk audit of major projects, increased risk control in key areas, carried out IT risk assessment of outsourcing management and business continuity management, strengthened IT risk monitoring, analysis and reporting, timely identification of risks and rectification and optimization, and continuously improved IT risk prevention capability and level; strengthened IT outsourcing risk management, carried out on-site risk assessment of important outsourcing service providers according to regulatory requirements to identify and prevent outsourcing risks; strengthened business continuity management to ensure stable business operation during the special period of resumption of work and production.

During the reporting period, the Company's IT systems operated smoothly and the risk was controllable overall.

(XI) Country Risk Management

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

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

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

X. Company's Future Development Outlook

(I) External Environment, Industry Pattern and Trends

In 2023, the global economic development will further decelerate, the tightening of monetary policy in the United States and Europe will continue for a period of time, and the suppression effect on macroeconomic aggregate demand will be further reflected;

international geopolitical events such as the Russia-Ukraine conflict will still be difficult to settle, bringing downside risks to the global economy. In 2023, China's economic growth momentum centered on domestic demand will gradually strengthen, and the Chinese economy will show good growth momentum under the policy of seeking excellence in stability and speed in stability. The year 2023 will be a year of stability and progress. China will implement a proactive fiscal policy and a prudent monetary policy, strengthen the coordination and cooperation between various policies, and form a synergy to promote high-quality development. In the context of effectively implementing the "two unswerving", enhancing the momentum and vitality of China's socialist modernization, promoting a high level of openness to the outside world and making greater efforts to attract and utilize foreign investment, it provides a good external environment for commercial banks to develop sustainably.

(II) 2023 Business Plan

As a state-owned financial enterprise rooted in Shanghai, the Company will deeply integrate into the construction of Shanghai's "Five New Towns" and the implementation process of "three major tasks", uphold the "ONE SHRCB" business philosophy, adhere to the original aspiration of financial services for the real economy and high-quality development, adhere to the three core strategies, firmly follow "small and scattered" business strategy, accelerate the building of "five financial services system", and continuously promote innovation and transformation, strengthen the Group's comprehensive and specialized service capabilities, facilitate the development of Shanghai's industrial clusters, improve the quality of operation and build a good image as a listed company.

Build a retail financial service system with wealth management as the engine. Deepen the construction of "nine systems" for retail transformation, build a retail financial data marketplace, strengthen the stratification management of customer groups, expand online service channels, and provide customers with professional and stable wealth management and convenient and efficient zero-loan business with professional management capabilities and excellent user experience. Optimize the financial services for "new citizens", deepen the retirement finance and consumer finance scenarios, and strive to provide customers with integrated, differentiated, one-stop and comprehensive financial service solutions. Further promote the transformation of network, optimize the network layout in the "Five New Towns" and various large residential areas²⁰, deepen the "Xinjiayuan" community financial service, and promote the transformation and upgrading of retail business from individual wealth management to family wealth management.

Create an integrated financial service system with transaction banking as the engine. With the concept of integrated financial services, we will build a transaction banking system covering traditional business segments of "treasury management, supply chain finance, trade finance and cross-border finance" and innovative business segments of "investment banking, custodianship and agency business", actively support the development of key regions and major projects in Shanghai,

comprehensively promote financial cooperation with enterprises in towns and villages, increase financial services for private enterprises, and provide comprehensive transaction empowerment for corporate clients with digitalized transaction scenarios and diversified partners.

Create an inclusive financial service system with agricultural finance as the essence. Improve the first product system such as SME guaranteed loans, batch loans, and inclusive e-credit, and actively build the inclusive online brand. Upgrade the business model of agricultural industry chain, accelerate the construction of special financial ecological platforms such as agricultural trade and wholesale²¹, strengthen dynamic credit granting and active credit granting, and create a senseless agricultural industry chain customer experience. Promote the construction of rural credit systems, establish a characteristic integrated financial service model for entire villages, and provides comprehensive, three-dimensional, high-impact and highly accurate cluster and grid-based precise services. Deepen the financial support and penetration in the fields of "beautiful homes", community transformation and residents' housing, education, medical care, pension and other livelihood areas, empowering social governance and promoting common prosperity with financial services.

Create a science and technology financial service system featuring science and technology innovation finance. Accelerate the construction of "four beams and eight pillars"²² service system of science and technology finance, focus on important industrial tracks such as Shanghai's leading industries, key industries and future industries, and improve the coverage rate of national high-tech industrial parks, Shanghai-level special industrial parks and district-level key industrial parks in Shanghai. Optimize the product system of science and technology finance, including "Xinke Loan", special park service solutions and "Commercial Bank + Investment Bank" product portfolio, deepen industry research and empowerment, enhance the capability of science and technology financial services, and meet the multi-level and comprehensive investment and financing needs of customers. Build a "Xin ecology" of science and technology finance, establish a customer-centered "1+N" platform service model, accelerate the construction and empowerment from 6 dimensions including industry integration, resource matching, institutional referral, counseling and consulting, talent services, and Fintech, and actively build The "Xindongneng" science and technology innovation brand, providing customers with a full cycle, multi-level, differentiated empowerment value-added services.

Create a financial service system for sustainable development with green finance as the base color. Improve the green financial management system, explore business innovation in the fields of CCER pledge, CCER future income right pledge and carbon asset portfolio pledge, promote special financial service programs such as SHEA pledge, distributed photovoltaic loan and green construction loan, and enhance the support of green credit and

²¹ Agricultural trade and wholesale refer to farmers' markets and wholesale farmers' markets respectively.

²² The "four beams and eight pillars" refer to the four core customer segments including basic, core, high potential and industrial customers; and the eight systems including franchise institution system, enterprise evaluation system, performance assessment system, innovative product system, technology talent system, industry research system, digital risk control system and external channel system.

²⁰ Large residential area is a large residential community in the municipal plan.

green investment. Practice the concept of green operation and green office, enhance the green development of the Group and build the greenest bank in the Yangtze River Delta.

Firmly focus on the Fintech support system centered on digital transformation. Improve the technology management system, optimize the top-level design of data management, strengthen the digital infrastructure, and empower business value creation and customer experience enhancement with digital transformation. Promote the digital transformation of risk management, improve the Group's consolidated management system, establish and improve the differentiated approval authorization system for inclusive, green and technology businesses, and improve the overall risk management capability and business review and approval efficiency.

(III) Possible Risks

With the effect of the stabilization of the economy, and consumption promotion policies continues to emerge, consumer demand, market circulation, industrial production and business expectations, etc. significantly improve, economic growth is stabilizing and moving upward. Despite the overall positive situation, some internal and external factors will still affect

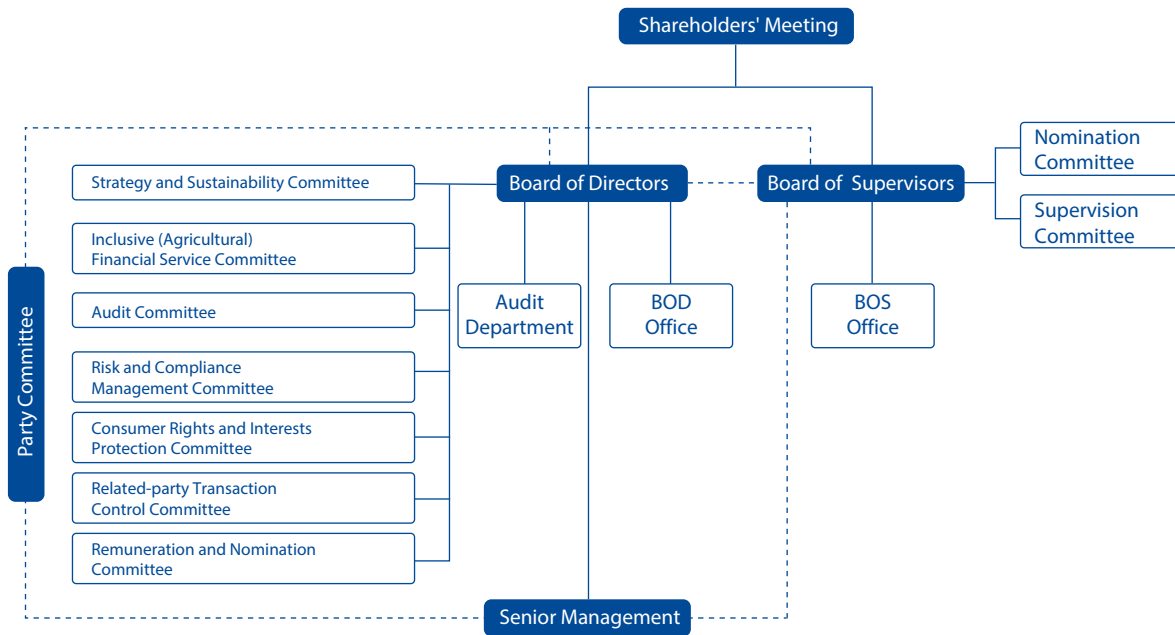
the speed of economic recovery. On the one hand, residents' consumption and investment demand is in the recovery period, the extent of releasing the precautionary savings accumulated in the previous period into actual consumption demand is to be further observed. On the other hand, the complex, volatile and unstable trend of external environment has not changed, import and export, external demand is generally weak with greater uncertainty, the production and operation of enterprises in the real economy, especially export enterprises are still facing certain difficulties, and their financing demand recovery may not meet expectations.

As for monetary policy, it is expected to continue to be steady, flexible, precise and strong in 2023. In order to boost market confidence and support high-quality economic development, the Central Bank will continue to promote the reduction of comprehensive financing costs for enterprises and personal consumption costs, and reduce the debt burden of micro-entities. Interest rate marketization and concessions to the real economy will remain the main direction and long-term trend of the banking industry. Meanwhile, the 1-year LPR and 5-year+ LPR dropped by 15BP and 35BP respectively in 2022, and their negative impact on bank interest margin will also be gradually reflected in the loan repricing in 2023.



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I. Basic Information on Corporate Governance

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

During the reporting period, the Company adhered to the leadership of the Party, strengthened the effective integration of the Party's leadership into all aspects of corporate governance, and strived to transform the Party's advantages into competitive advantages and development advantages in corporate governance. The Company clarified the legal status of the Party Committee in the corporate governance structure in the Articles of Association, ensured the leadership mechanism of "two-way entry and cross-appointment", improved the scope and procedures of the Party Committee's pre-study of "three important and one major" matters, and effectively brought into play the Party Committee's leading role in "setting the direction, managing the overall situation and ensuring implementation".

During the reporting period, the shareholders of the Company enjoyed their rights and performed their duties in accordance with the Articles of Association, and no abuse of rights by shareholders in violation of the Articles of Association to the detriment of the Company, other shareholders and creditors was identified. The Company convened and held Shareholders' Meetings in compliance with the law to ensure that shareholders, especially small and medium-sized shareholders, enjoyed equal status and were able to fully exercise their rights.

During the reporting period, the Board of Directors of the Company held meetings of the Board of Directors and special committees in strict accordance with the Company Law, the Articles of Association and the corporate governance procedures in compliance with the law, effectively protected the legitimate rights and interests of shareholders, paid attention to and safeguarded the interests of depositors and other stakeholders, and effectively performed the main duties of "managing strategy, capital, risk, incentives and culture", formed characteristics in strategic management and incentive constraints, and effectively played the core role of "determining strategy, making decisions and preventing risks".

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

During the reporting period, under the authorization of the Board of Directors and supervision of the Board of Supervisors, the Senior Management of the Company practiced the concept of inclusive financial services, actively implemented the national strategies of serving rural revitalization, common prosperity and "carbon neutrality", promoted strategic management, optimized customer experience and strengthened technological empowerment, maintained a stable and sound development momentum in business operation and successfully ushered in the new journey as a listed company.

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

II. Integrate Party's Leadership into Corporate Governance

During the reporting period, the Company held high the political banner and made effective result on integrating the Party's leadership into corporate governance. Firstly, the Party Committee played the role of gate-keeping and orientation by studying and discussing major business management matters in advance. Insisted on "no authorization for legal matters" and "no pre-discussion for authorized matters", "comprehensive study" to realize the overall gate-keeping of the same batch of matters, and "four whether" as the start for pre-study, focused on improving the quality of agenda, effectively prevented the pre-research and discussion on "everything", ensuring that the Party Committee was more focused on the direction, management of the overall situation, planning for major events, and discussing the key matters. During the reporting period, the 55 Party Committee meetings were held, with 387 decision-making agendas, including 102 issues for pre-study and discussion. Secondly, ensured that all governance bodies perform their respective duties and operate in a coordinated manner through the management of the decision-making chain. The SHRCB's List of "Three Important and One Major" Issues was compiled to clarify the governance subjects with decision-making responsibilities for each decision-making matter in four categories and 78 sub-items and the whole decision-making chain, so as to give full play to the role of each governance subject and truly form a corporate governance mechanism with legal and transparent powers and responsibilities, coordinated operation and effective checks and balances. Thirdly, formed a closed-loop management of decision tracking and implementation through listening to the situation report. The Party Committee regularly listened to the advancement of important work involving strategic, global and critical aspects of operation and management, and timely listened to the advancement of important preceding matters, highlighted the function of senior management in planning measures and implementation of major matters, improved the mechanism of decision tracking and implementation, and realized the closed-loop management of decision-making on major matters.

III. Shareholders' Meeting

(I) Basic Information of Shareholders' Meeting

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

(II) Convening of Shareholders' Meetings

During the reporting period, the Company held one Shareholders' Meeting, namely the 2021 Annual General Meeting of Shareholders held in Shanghai on June 10, 2022. The meeting reviewed and approved six proposals, including the Report on the Work of the Board of Directors for 2021, the Report on the Work of the Board of Supervisors for 2021, the Budget Execution for 2021 and the Budget Proposal for 2022, and the Profit Distribution Proposal for 2021, and listened to seven reports, including the Report on the Performance Evaluation of Directors for 2021, the Report on the Performance Evaluation of Supervisors for 2021, the Report on the Performance Evaluation of Senior Management for 2021, and the Work Report of Independent Directors for 2021. The convening and holding procedures of the Shareholders' Meeting, the qualifications of the attendees and the convener as well as the voting procedures were in compliance with the laws and regulations of the PRC and the relevant provisions of the Articles of Association of the Company, which ensured the shareholders' rights to information, participation and voting on important matters of the Company and ensured that all shareholders were on an equal footing and could fully exercise their rights, and the resolutions passed at the Shareholders' Meeting were legal and valid.

For details of the Shareholders' Meeting, please refer to the disclosure documents including the documents and resolution announcements of the 2021 Annual General Meeting (AGM) of the Company published on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Company (www.shrcb.com). For the attendance of Directors and Supervisors at the AGM, please refer to the "Attendance of Directors at Board Meetings and AGMs" and "Attendance of Supervisors at BOS Meetings and AGMs" in this report.

IV. Directors, Supervisors and Senior Management

(I) Current Directors, Supervisors and Senior Management

Name	Position	Gender	Year of birth	Term of office	No. of shares at the beginning of the period (share)	No. of shares at the end of the period (share)	Change of shares during the reporting period	Remuneration before tax from the Company during the reporting period (RMB 10,000)	Remuneration from the Company's related parties
Xu Li	Chairman of the Board of Directors, Executive Director	Male	1967	January 2019 - November 2023	-	72,000	+72,000	107.07	No
Gu Jianzhong	Vice Chairman of the Board of Directors, Executive Director, President	Male	1974	January 2019 - November 2023	200,000	350,000	+150,000	111.95	Yes
Li Jin	Non-executive Director, Employee Director	Male	1963	March 2019 - November 2023	480,000	510,000	+30,000	98.80	No
Zhou Lei	Non-Executive Director	Male	1978	March 2017 - November 2023	-	-	-	-	Yes
Wang Juan	Non-Executive Director	Female	1972	September 2021 - November 2023	-	-	-	-	Yes
Zhang Chunhua	Non-Executive Director	Female	1972	September 2020 - November 2023	-	-	-	-	Yes
Ye Peng	Non-Executive Director	Male	1972	November 2020 - November 2023	-	-	-	-	Yes
Ha Erman	Non-Executive Director	Female	1975	March 2017 - November 2023	-	-	-	-	Yes
Ruan Liya	Non-executive Director	Female	1983	November 2020 - November 2023	-	-	-	-	Yes
Wang Kaiguo	Independent Director	Male	1958	March 2017 - March 2023	-	-	-	39.52	No
Zhu Yuchen	Independent Director	Male	1961	March 2017 - March 2023	-	-	-	36.72	No
Chen Jiwu	Independent Director	Male	1966	March 2017 - March 2023	-	-	-	37.20	No
Sun Zheng	Independent Director	Male	1957	March 2017 - March 2023	-	-	-	39.23	No
Chen Naiwei	Independent Director	Male	1957	March 2017 - March 2023	-	-	-	37.38	No
Chen Kai	Independent Director	Male	1970	March 2017 - March 2023	-	-	-	37.58	No
Mao Huigang	Independent Director	Male	1972	March 2017 - March 2023	-	110,000	+110,000	39.54	No
Li Jianguo	Chairman of the Board of Supervisors, External Supervisor	Male	1963	April 2018 - November 2023	-	38,000	+38,000	107.07	No
Lian Bolin	External Supervisor	Male	1958	September 2020 - November 2023	-	-	-	38.91	No
Nie Ming	External Supervisor	Male	1960	September 2020 - November 2023	-	-	-	37.64	No
Guo Rufe	Employee Supervisor	Male	1976	October 2021 - November 2023	-	28,000	+28,000	156.36	No
Yang Yuanjun	Employee Supervisor	Male	1966	March 2017 - November 2023	240,000	283,100	+43,100	205.63	No

Name	Position	Gender	Year of birth	Term of office	No. of shares at the beginning of the period (share)	No. of shares at the end of the period (share)	Change of shares during the reporting period	Remuneration before tax from the Company during the reporting period (RMB 10,000)	Remuneration from the Company's related parties
Xu Jingfen	Employee Supervisor	Female	1969	March 2017 - November 2023	-	26,800	+26,800	149.18	No
Jin Jianhua	Vice President	Male	1965	September 2010 - November 2023	647,000	772,000	+125,000	97.95	No
Yu Minhua	Vice President Board Secretary	Male	1976	June 2018 - November 2023 February 2019 - November 2023	269,000	401,000	+132,000	101.89	No
Zhang Hongbiao	Vice President	Male	1968	November 2020 - November 2023	340,000	475,000	+135,000	100.58	No
Gu Xianbin	Vice President Chief Risk Officer	Male	1979	November 2020 - November 2023 October 2017 - November 2023	103,000	219,200	+116,200	97.95	No
Ying Changming	Vice President	Male	1972	November 2020 - November 2023	30,000	153,200	+123,200	100.58	No
Shen Dong	Vice President	Male	1980	September 2021 - November 2023	-	71,900	+71,900	128.83	No

Notes:

- In accordance with regulatory requirements, the above table on the commencement of the term of office of directors, supervisors and senior management involves re-election from the first term of office.
- During the reporting period, directors, supervisors and senior management bought A shares of the Company from the secondary market with their own funds, and the shares changed accordingly, and the reasons for the changes were all increases in holdings.
- The Shanghai CBIRC approved the qualification of Vice President of the Company, Mr. Shen Dong, on January 27, 2022.
- The total pre-tax compensation of the Company's executive directors, chairman of the Board of Supervisors, employee directors, employee supervisors and senior management includes the remuneration received from the Company during the reporting period attributable to the current year and the Company's contributions to social insurance, housing provident fund, enterprise annuity and supplementary medical insurance.
- The final remuneration of the Company's executive directors, chairman of the Board of Supervisors, employee directors and senior management for 2022 is subject to confirmation by the competent authorities, and the remainder will be disclosed upon confirmation.
- The remuneration received by Gu Jianzhong from related parties of the Company during the reporting period represented the remuneration deferred from the period of his remuneration relationship with Shanghai International Group Co., Ltd.

(2) Outgoing Directors, Supervisors and Senior Management

Name	Position	Gender	Year of birth	Term of office	No. of shares at the beginning of the period (share)	No. of shares at the end of the period (share)	Change of shares and reasons	Remuneration before tax from the Company during the reporting period (RMB 10,000)	Remuneration from the Company's related parties
Huang Jian	Non-Executive Director	Male	1969	April 2018 - December 2022	-	-	-	-	Yes
Zhang Zuoxue	Non-Executive Director	Male	1972	November 2020 - April 2022	-	-	-	-	Yes
Shao Xiaoyun	Non-Executive Director	Female	1961	April 2019 - June 2022	-	-	-	-	Yes
Xu Peiqi	Shareholder Supervisor	Male	1989	May 2020 - November 2022	-	-	-	-	Yes

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

1. Directors

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

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

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

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

Li Jin, male, born in June 1963, graduate degree, EMBA, senior economist.

Now, he is the Deputy Secretary of the Party Committee, Employee Director and Chairman of the Trade Union of SHRCB, executive member of the 5th Council of Research Association of Ideological and Political Work of China Financial Institutions, the Director of the Shanghai State-owned Enterprises Ideological and Political Work Research Association, and Board member of Shanghai Party History and Party Construction Press. He was Director of the Cooperation Division, Director of the Rural Commercial Bank Supervision Division, Director of the State-owned Banks Supervision Division of CBIRC Shanghai, Director of the Supervision Division and Chief Supervisor of Bank of Communications (Deputy Inspector), member of the Party Committee and Vice President of SHRCB.

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

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

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

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

Zhang Chunhua, female, born in March 1972, master's degree, auditor.

Now, she is the member of the Discipline Inspection Committee, Chief Economist and General Manager of Finance Management Department of Shanghai Jiushi Co., Ltd., Secretary of the Party Branch, Chairman, and General Manager of Shanghai Jiushi Investment Management Co., Ltd., Director of Shanghai Lingang Economic Development (Group) Co., Ltd., and Non-Executive Director of SHRCB. She was a member of the Party Committee of Education Work in Pudong New District, Shanghai, Deputy Director of Pudong New District Education Bureau, Deputy Head and Director of Planning and Finance Office of Zhuqiao Town, Pudong New District, Director of Economic Responsibility Audit Division, Director of Financial Audit Division (Deputy Director Level) and Deputy Director of Regulations Division of Audit Bureau of Pudong New District, Shanghai.

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

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

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

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

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

She is currently a member of the Party Committee and Chief Financial Officer of Zhejiang Expressway Co. Ltd., and Non-Executive Director of SHRCB. She was the Head of Investment of Zhejiang Jinji Real Estate Co., Ltd., Head of Investment Development Department, Assistant Manager, Assistant General Manager of Strategic Development and Legal Affairs Department, and Deputy General Manager of Strategic Development and Legal Affairs Department of Zhejiang Communications Investment Group Co., Ltd.

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., Executive Director and Manager of Ningbo Zhongping Enterprise Management Co., Ltd., Chairman of PE Association of Shanghai, Vice President of China Academy of Productivity Science, Director of Shanghai Kingstar Software Technology Co., Ltd., Independent Director of Shanghai Dazhong Public Co., Ltd., Independent Director of Caitong Fund Management Co., Ltd., Independent Director of Zhongliang Holding Group Co., Ltd., Independent Director of Anxin Trust Co., Ltd., Independent Director etc. of Greenland, and Independent Director of SHRCB. 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, Executive Director and General Manager of Shanghai Yaling Technology Co., Ltd., Executive Director and General Manager of Shanghai Yaling Zunhong Trading Co., Ltd., Director of ASIA PACIFIC FUTURES PTE LTD, Independent Director etc. of Greentown China Holding Co., Ltd., and Independent Director of SHRCB. 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., Independent Director of TaxChina Co., Ltd., Vice Chairman of TaxChina Consultation Co., Ltd., Member of the of the 12th CPPCC National Committee and Representative of the 10th and 11th National People's Congress.

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., Executive Director and President of Vstone, Executive Director of Shanghai Kaihui Investment Management Co., Ltd., Executive Director of Vstone Investment Management Co., Ltd., Director of Bengbu Wangsheng Supply Chain Management Co., Ltd., Director of Beijing October Inn Technology Co. Ltd., Supervisor of Shanghai Kaiying Catering Co., Ltd., Chairman of Shanghai Yuanlukang Vegetable and Fruit Cooperative, Independent Director of Infinity Bidco, and Independent Director of SHRCB. 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, and honorary member of FCPA.

He is currently Legal representative of Shanghai Xuankai Corporate Management Firm, Vice Chairman of Accounting Society of China, Director of SHUFE Software Co., Ltd., and Independent Director of Bank of Shanghai Co., Ltd., Industrial Securities Co., Ltd., SAIC, China Eastern Airline and SHRCB. 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 Chairman of Shanghai Pudong FTA Intellectual Property Right Association, 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., Zhejiang Medicine Co., Ltd., SAIC Motor, Spring Airlines Co., Ltd., and SHRCB. 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, Professor of Fudan University Law School, Executive President of Advanced Institute of Lawyers, Fudan University,

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

He is currently Vice Chairman and Deputy General Manager of Eastmoney.com, Executive Director of Shanghai Eastmoney Network Technology 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., Executive Director and General Manager of Shanghai Youyou Business Consulting Co., Ltd., Executive Director and General Manager of Chengdu Jinghe Enterprise Management Co., Ltd., Executive Director and General Manager etc. of Chengdu Eastmoney Information Technology Co., Ltd., and Independent Director of SHRCB. 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, Executive Director of Shanghai Huyue Information Technology Co., Ltd., and Executive Director and General Manager of Shanghai Eastmoney Financial Data Service Co., Ltd.

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 the Municipal Government of Huangpu District, Shanghai, Member of Shanghai Huangpu District NPC Standing Committee, 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 Shanghai International Economic and Trade Arbitration Commission, 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 Bright Dairy Co., Ltd., and Independent Director of SHRCB. He was Director, and Executive Partner of Shanghai Jinmao P.R.C. Lawyers.

2. Supervisors

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

He is currently the Chairman of SHRCB 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, member of the Party Committee and Vice President 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).

Lian Bolin, male, born in May 1958, master's degree, bachelor's degree in economics, senior economist, and a representative of the 15th Shanghai People's Congress.

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

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

He is currently Lawyer of Beijing Anli (Shanghai) Partners, Arbitrator of the Shanghai Arbitration Commission, and Independent Director

of Sino-Australian International Trust Co., Ltd., Independent Director of UOB (China) Limited, Singapore, etc., External Supervisor of SHRCB. He was Director and Vice President of the Head Office of Mizuho Bank (China) Co., Ltd, Vice President of the International General Department and Shanghai Branch of the Tokyo Head Office of Fuji Bank, Japan, Vice President of the Shanghai Branch of Mizuho Corporate Bank, General Manager of the Compliance Department of the Head Office of Shanghai Pudong Development Bank, Deputy Director of Financial Law Research Center, Shanghai Academy of Social Sciences Institute of Law, member of the First, Second and Third Standing Committee of Shanghai Pudong New District Committee of the Chinese People's Political Consultative Conference, Representative of the 13th and 14th Shanghai People's Congress.

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

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

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

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

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

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

3. Senior Management

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

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

He is currently member of the Party Committee and Vice President of SHRCB, Chairman and Party Secretary of Yangtze United Financial Leasing Co., Ltd., Equity Director of the 3rd Board of Rural Credit Banks Fund Clearing Center, Executive Director of Shanghai Numismatic Society, member of 10th Board of Shanghai Public Security Association of Enterprises and Institutions, and Corporate Representative in Shanghai Payment & Clearing Association. He previously served as President of the Bank of Shanghai (Fumin Sub-branch), President of the Bank of Shanghai (Waitan Sub-branch), Deputy Chief, and Chief (temporary) of the Financial Institution, Shanghai Financial Services Office, and President Assistant of SHRCB.

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

He is currently member of the Party Committee, Vice President and Secretary to the Board of Directors of SHRCB, Director of the 8th Board of Shanghai Young Entrepreneurs Association, Executive Member of the 4th Board, China Gold Association, and Vice Chairman of Shanghai Venture Capital Association. He was Assistant General Manager and Deputy General Manager of the Credit Approval Department of SHRCB, and Vice President (presiding), Party Committee Secretary and President of Yangpu Branch of SHRCB.

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

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

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

He is currently the Vice President and Chief Risk Officer of SHRCB. He was the Secretary of the Party Committee and President of Chongming Sub-branch of SHRCB, the Director of the Head Office, General Manager of the Corporate Finance Department, Director of Corporate Business.

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

He is currently the Vice President of SHRCB, the 3rd Vice President of Shanghai Youth Entrepreneurship and Employment Promotion Association. He was the Director of the Party Committee Office and Secretary of the directly affiliated Party Committee of SHRCB, Office Director, Secretary of the Party Committee and the President of Jiading Sub-branch.

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

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

(IV) Remuneration of Directors, Supervisors and Senior Management

Decision-making procedures for remuneration of directors, supervisors and senior management	The remuneration of non-executive directors, shareholder supervisors and external supervisors paid by the Company is subject to the review and approval by the shareholders' meeting. The remuneration of the Company's legal representative is subject to the review and confirmation by the superior competent authorities and the approval by the Board of Directors. The remuneration of the Company's Senior Management is subject to the review by the Board of Directors.
Basis for determining the remuneration of directors, supervisors and senior management	The remuneration of non-executive directors (including independent 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 SHRCB Professional Managers' Assessment and Management Measures and SHRCB Professional Managers' Remuneration Management Measures approved by the Board of Directors.
Actual payment of remuneration to directors, supervisors and senior management	The actual payment of remuneration to directors, supervisors and senior management during the reporting period is in (i) and (ii) of this section.
Total remuneration actually received by all directors, supervisors and the senior management at the end of the reporting period	During the reporting period, directors, supervisors and senior management of the Company received total remuneration from the Company attributable to the year of RMB 19,075,600. The final total remuneration of directors, supervisors and senior management paid by the Company has yet to be confirmed by the competent authorities and will be disclosed when it is determined.

(V) Changes of Directors, Supervisors and Senior Management

Date	Name	Position	Change	Reason for change
April 12, 2022	Zhang Zuoxue	Non-Executive Director	Resignation as a non-executive director of the Company	Job Change
June 14, 2022	Shao Xiaoyun	Non-Executive Director	Resignation as a non-executive director of the Company	Retirement at age
November 10, 2022	Xu Peiqi	Shareholder Supervisor	Resignation as a shareholder supervisor of the Company	Job Change
December 27, 2022	Huang Jian	Non-Executive Director	Resignation as a non-executive director of the Company	Job Change

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

No punishment by securities regulatory authorities in recent three years.

V. Board of Directors

(I) Responsibilities of the Board of Directors

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

(II) Composition of the Board of Directors

At the end of the reporting period, there were 16 directors on the Board of Directors of the Company, including 2 executive directors, namely Mr. Xu Li and Mr. Gu Jianzhong; 14 non-executive directors, including 1 employee director, namely Mr. Li Jin; 6 shareholder directors, namely Mr. Zhou Lei, Ms. Wang Juan, Ms. Zhang Chunhua, Mr. Ye Peng, Ms. Ha Erman and Ms. Ruan Liya; and 7 independent directors, namely Mr. Wang Kaiguo, Mr. Zhu Yuchen, Mr. Chen Jiwu, Mr. Sun Zheng, Mr. Chen Naiwei, Mr. Chen Kai and Mr. Mao Huigang. Two executive directors have been engaged in financial management for a long time and have rich experience in banking management; one employee director holds the position of deputy secretary of the Party Committee and chairman of the labor union in the Company and has rich working experience in protecting the personal interests of employees; six shareholder directors come from large state-owned enterprises and hold important positions such as chairman, general manager, deputy general manager and financial officer, with rich experience in corporate management, finance and accounting; the seven independent directors have diversified backgrounds, with strong professionalism and social influence in financial management, accounting, auditing, law and information technology, respectively.

(III) Board of Directors' Meetings

The Board of Directors has complied with the laws, regulations and the Articles of Association, made scientific and prudent decisions, maintained strategic determination and gave full play to its leading role in decision-making. During the reporting period, the Board held a total of 10 meetings, including 6 on-site + correspondence meetings and 4 correspondence meetings, and 113 proposals were reviewed or listened to, covering the work report of the Board of Directors, annual business work report, operating budget and profit distribution proposal, periodic reports, risk and internal control, remuneration and performance, major foreign investment, major related-party transactions, formulation and revision of important rules, etc. and other important matters.

For details of the board meetings, please refer to the announcement of board resolutions published on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Company (www.shrcb.com). For the attendance of the board meetings, please refer to "Attendance of Directors at Board of Directors' Meetings and General Meetings of Shareholders" in this report.

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

During the reporting period, the Board of Directors of the Company strictly implemented the relevant resolutions passed at the AGM and conscientiously implemented the profit distribution proposal for the year 2021 and the financial budget proposal for the year 2022 as reviewed and approved at the AGM.

(V) Directors' Performance of Duties

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

During the reporting period, all directors of the Company performed their duties in good faith, diligently, professionally and efficiently, and attended more than 2/3 of the on-site meetings of the Board of Directors in person, with an average attendance rate of 95%. The on-site attendance in person and by proxy as well as the performance time complied with the regulatory requirements. The attendance of directors at Shareholders' Meetings and board meetings is as follows:

Name of director	Board of Directors						General Meeting of Shareholders attendance
	Number of meetings to be attended during the year	Number of meetings attended in person ¹	Number of meetings attended by correspondence	Number of meetings attended by proxy ²	Number of absence	Not attending two consecutive meetings in person	Number of meetings attended / Number of meetings during tenure
Executive Director							
Xu Li	10	10	4	0	0	No	1/1
Gu Jianzhong	10	7	5	3	0	Yes ³	1/1
Non-Executive Director							
Li Jin	10	9	6	1	0	No	0/1
Zhou Lei	10	9	7	1	0	No	1/1
Wang Juan	10	9	7	1	0	No	0/1
Zhang Chunhua	10	10	8	0	0	No	1/1
Ye Peng	10	10	7	0	0	No	1/1
Ha Erman	10	10	8	0	0	No	1/1
Ruan Liya	10	10	10	0	0	No	0/1
Independent Director							
Wang Kaiguo	10	9	7	1	0	No	1/1
Zhu Yuchen	10	9	9	1	0	No	0/1
Chen Jiwu	10	10	8	0	0	No	1/1
Sun Zheng	10	10	7	0	0	No	1/1
Chen Naiwei	10	10	7	0	0	No	1/1
Chen Kai	10	10	7	0	0	No	1/1
Mao Huigang	10	9	7	1	0	No	1/1
Outgoing Director							
Huang Jian	9	8	7	1	0	No	0/1
Zhang Zuoxue	1	1	0	0	0	No	0/0
Shao Xiaoyun	4	4	3	0	0	No	0/1

Notes:

- 1."Number of meetings attended in person" includes on-site attendance and participation in meetings via telephone and video.
2. Directors who were unable to attend the meetings of the Board of Directors in person have delegated other directors to attend and exercise their voting rights on their behalf.
3. Mr. Gu Jianzhong was unable to attend the meetings of the Board of Directors in person during the period from September 1, 2022 to December 23, 2022 due to his closed study at the Party School of the CPC Central Committee. He delegated other directors to attend and exercise the voting rights on his behalf on all these meetings.

2. Directors' Objection to Relevant Matters of the Company

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

3. Adoption of Directors' Recommendations

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

4. Performance of Duties of Independent Directors

During the reporting period, the Board of Directors of the Company had 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 actively participated in the meetings of the Board of Directors and each special committee. During the reporting period, the Board of Directors held 10 meetings, and the attendance rate of the independent directors in person reached 96%. Their office hours to the Bank had met the regulatory requirements of not less than 15 working days, among which the independent directors who were the

heads of the Audit Committee and the Related-party Transaction Control Committee had met the regulatory requirements of not less than 20 working days.

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

During the reporting period, independent directors gave full play to their professional roles in promoting the Company's deepening of strategic management and accelerating the implementation of new regulatory regulations. Firstly, the independent directors guided and promoted the Company to deepen the reform of the remuneration system of professional managers, and further strengthen the implementation of strategies through the assessment and evaluation of the "key minority", and for the first time, the Company explored the adoption of on-site reporting by professional managers, emphasizing the implementation of the strategic OKR tasks of professional managers as an important reference for the evaluation of their performance by the Board of Directors, which enhanced the communication between the Board of Directors and the professional managers, and optimized the Board of Directors' incentive constraints and assessment supervision of the senior management. Secondly, the independent directors took the initiative to guide the Company to implement the Measures for the Management of Related-party Transactions of Banking and Insurance Institutions of the CBIRC, convened a seminar on the implementation of the new regulations for the management, and promoted the reshaping of the management structure and process of related-party transactions that "the Board of Directors is responsible, the management does its duty and the business level performs its duty". Thirdly, the independent directors took the lead in conducting a study on the implementation of the expected credit loss method to understand the Company's study and implementation of the CBIRC's Measures for the Implementation of the Expected Credit Loss Method for Commercial Banks, provided advice and suggestions for the effective implementation of the expected credit loss method for the Company, and urged the senior management to organize training and accelerate the implementation, and promoted the Company's audit capability to meet the new requirements and reach a new level.

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

The Board of Directors of the Company had 7 special committees, including the Strategy and Sustainability Committee, Inclusive (Agricultural) Financial Service Committee, Audit Committee, Risk and Compliance Management Committee, Consumer Rights and Interests Protection Committee, Related-party Transaction Control Committee, and Remuneration and Nomination Committee. During the reporting period, the special committees under the Board of Directors had earnestly performed their duties, given full play to the supporting role of professional research and decision-making, put forward professional opinions and suggestions, and effectively supported the scientific decision-making of the Board of Directors. 30 meetings were held, which reviewed or listened to 146 proposals.

1. Strategy and Sustainability Committee

At the end of the reporting period, the members of the Strategy and Sustainability Committee consisted of five directors, including Mr. Xu Li (Chairman), Mr. Zhou Lei, Mr. Ye Peng, Mr. Wang Kai Guo and Mr. Zhu Yuchen.

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

During the reporting period, the Strategy and Sustainability Committee held 6 meetings (January 28, April 28, August 18, September 28, October 28, December 28) and reviewed 18 proposals including the strategic OKR tasks at the head office level and bank leadership level, annual profit distribution proposal, annual and semi-annual capital adequacy reports, investment in equity participation in regional rural commercial banks, issuance of non-capital financial bonds, property disposal etc. It also listened to five reports on the operation and management of the holding rural banks and Yangtze River Financial Leasing, and the annual green financial development. The Strategy and Sustainability Committee focused on strengthening the analysis of business development environment during the strategy period, conducted regular evaluation of the strategy implementation, guided the preparation of the new three-year strategy, strengthened guidance on investment management, capital management and green finance, and paid close attention to the development of the holding company and the Group's overall risk prevention and control.

2. Inclusive (Agricultural) Financial Service Committee

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

The Inclusive (Agricultural) Financial Service Committee is mainly responsible for studying the strategic planning, basic policy system

and development and operation objectives of the Company's inclusive financial services and financial services for "agriculture, rural areas and farmers", and evaluating and supervising the implementation of such services.

During the reporting period, the Inclusive (Agricultural) Financial Service Committee held two meetings (on January 28 and August 18) to review 2 proposals including the Committee's work summary and work plan, and amendment to the Committee's work rules, and listened to four reports on inclusive finance work and financial services for "agriculture, rural areas and farmers" in 2021 and 2022. The Inclusive (Agricultural) Financial Service Committee paid attention to the situation of the Company's inclusive financial services and financial services for "agriculture, rural areas and farmers", kept track of the latest regulatory regulations and policy guidance, increased guidance on the Bank's inclusive business and financial services for "agriculture, rural areas and farmers", and promoted the sustainable development of the Bank's inclusive financial services.

3. Audit Committee

At the end of the reporting period, the Audit Committee consisted of five directors, including Mr. Sun Zheng (Chairman), Ms. Zhang Chunhua, Mr. Ye Peng, Mr. Chen Naiwei and Mr. Mao Huigang.

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

During the reporting period, the Audit Committee held four meetings (January 28, April 28, August 18 and October 28) and reviewed 12 proposals including periodic reports, annual and semi-annual internal audit work reports and internal audit system optimization plan etc., and listened to 12 reports including annual internal control audit assessment and annual external audit of related-party transactions. The Audit Committee gave full play to its role of auditing, reviewing and supervising, effectively performing the relevant duties of the Audit Committee, reviewing and expressing opinions on the Company's financial reports to ensure their truthfulness, accuracy and completeness; supervised and evaluated the Company's internal control, internal audit work and the work of external auditors; reviewed the Company's internal audit work plan and supervised its implementation, guided the effective operation of the internal audit department; supervised the external auditors to be honest and diligent; coordinated the communication between the internal audit department and external auditors.

4. Risk and Compliance Management Committee

At the end of the reporting period, the Risk and Compliance Management Committee consisted of six directors, including Mr. Gu Jianzhong (Chairman), Ms. Wang Juan, Ms. Ha Erman, Ms. Ruan Liya, Mr. Chen Jiwu and Mr. Chen Kai.

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

During the reporting period, the Risk and Compliance Management Committee held five meetings (January 28, April 28, August 18, October 28, December 28) and reviewed 16 proposals, including the comprehensive risk and compliance risk management self-assessment report, the annual internal control evaluation report, the annual institutional money laundering risk self-assessment report, and the risk appetite strategy etc.; and listened to 18 reports including the Company's comprehensive risk management situation, fraud prevention and control, anti-money laundering, data governance, practitioner behavior assessment, various risk stress tests, and implementation of risk appetite strategy etc. The Risk and Compliance Management Committee diligently performed its duties, actively promoted the implementation of risk management strategy, strengthened comprehensive risk management, strictly adhered to the bottom line of compliance, and ensured the sound development of the bank's business.

5. Consumer Rights and Interests Protection Committee

At the end of the reporting period, the Consumer Rights and Interests Protection Committee consisted of six directors, including Mr. Gu Jianzhong (Chairman), Ms. Wang Juan, Ms. Ha Erman, Ms. Ruan Liya, Mr. Chen Jiwu and Mr. Chen Kai.

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

During the reporting period, the Consumer Rights and Interests Protection Committee held two meetings (January 28 and April 28) and reviewed four proposals, including a summary of the Committee's work and plans and the Company's consumer protection work and plans, and listened to a report on the 2021 special audit of consumer rights and interests protection. The Consumer Rights and Interests Protection Committee monitored the implementation of consumer rights and interests protection, gave full play to the Committee's

professional functions in consumer rights and interests protection, effectively implemented the "eight rights" of financial consumers, optimized the management mechanism of consumer rights and interests protection, promoted standardized operation, and protected the legitimate rights and interests of financial consumers in accordance with the law.

6. Related-party Transaction Control Committee

At the end of the reporting period, the members of the Related-party Transaction Control Committee consisted of three directors, including: Mr. Mao Huigang (Chairman), Mr. Sun Zheng and Mr. Chen Naiwei.

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

During the reporting period, the Related-party Transaction Control Committee held 6 meetings (January 28, April 28, June 20, August 18, October 28, December 28) and reviewed 30 proposals including major related-party transactions and the formulation and revision of the related-party transaction system etc., listened to six reports, including annual and semi-annual related-party transactions and internal transactions, annual special audit of related-party transactions and internal transactions, and annual external audit of related-party transactions etc. The Related-party Transaction Control Committee promoted the reshaping of management structure and process according to the new regulations of the CBIRC on related-party transactions; improved the system construction, enhanced the level of mechanism control of the related-party transaction system; strengthened the review and reporting of related-party transactions, standardized the conduct of related-party transactions, and effectively assumed the responsibilities of related-party transaction management around the Company's development strategy and risk control requirements.

7. Remuneration and Nomination Committee

At the end of the reporting period, the members of the Remuneration and Nomination Committee consisted of four directors, including: Mr. Wang Kaiguo (Chairman), Mr. Li Jin, Mr. Zhu Yuchen and Mr. Chen Jiwu.

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

During the reporting period, the Remuneration and Nomination Committee held 5 meetings (January 28, April 28, August 18, October 28 and December 28) and reviewed 10 proposals, including the evaluation of directors' performance, the evaluation of annual performance and tenure assessment of senior management, the performance assessment of the head of the Audit Department, the nomination of candidates for directors, the reform of the remuneration system for professional managers and the revision of the Committee's working rules etc., and listened to 4 reports, including the report of independent directors, the special audit of remuneration and performance management, and the Company's remuneration management etc. The Remuneration and Nomination Committee actively performed its duties and guided the further deepening of the reform of the remuneration system for professional managers, the setting of assessment targets for professional managers, the annual and tenure assessment, the evaluation of directors' performance, the preliminary examination of directors' qualifications for appointment and other related work.

VI. Board of Supervisors

(I) Board of Supervisors' Responsibilities

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

(II) Composition of the Board of Supervisors

At the end of the reporting period, there were 6 supervisors on the Board of Supervisors of the Company, including 3 external supervisors, namely Mr. Li Jianguo, Mr. Lian Bolin and Mr. Nie Ming, and 3 employee supervisors, namely Mr. Guo Rufe, Mr. Yang Yuanjun and Ms. Xu Jingfen. The proportion of employee supervisors and external supervisors among the members of the Board of Supervisors are in compliance with the regulatory requirements. The members of the Board of Supervisors of the Company have the professional ethics and professional ability required for the performance of their duties and are able to ensure that the Board of Supervisors can effectively perform its supervisory functions.

(III) Meetings of the Board of Supervisors

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

For details of the meetings of the Board of Supervisors, please refer to the announcement of resolutions of the Board of Supervisors published on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Company (www.shrcb.com). For the attendance of the Supervisors at the Board of Supervisors meetings, please refer to the "Attendance of Supervisors at the BOS Meetings and Shareholders' Meetings" in this report.

(IV) Performance of Duties of Supervisors

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

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

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

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

Name of supervisor	BOS Meeting attendance						Shareholders' Meeting attendance
	Number of meetings to be attended during the year	Number of meetings attended in person ¹	Number of meetings attended by correspondence	Number of meetings attended by proxy	Number of absence	Not attending two consecutive meetings in person	Number of meetings attended / Number of meetings during tenure
External Supervisor							
Li Jianguo	4	4	1	0	0	No	1/1
Lian Bolin	4	4	1	0	0	No	1/1
Nie Ming	4	4	1	0	0	No	1/1
Employee Supervisor							
Guo Rufei	4	4	1	0	0	No	1/1
Yang Yuanjun	4	4	1	0	0	No	1/1
Xu Jingfen	4	4	1	0	0	No	1/1
Outgoing Supervisor							
Xu Peiqi	4	4	1	0	0	No	1/1

Note: 1. The number of meetings "attended in person" includes on-site attendance and participation in meetings via telephone and video.

2. Supervisors' Objections to Matters Related to the Company

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

3. Performance of Duties by External Supervisors

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

participated in research and training, and carefully studied the relevant systems and regulations of the competent regulatory authorities. The Chairman of the Board of Supervisors attended the Party Committee meeting and the Board of Directors meeting of the Company, and the Secretary of the Board of Supervisors was appointed to attend the General Meeting of the President, supervising the Board of Directors and the senior management's major business management decisions.

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

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

1. Nomination Committee

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

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

During the reporting period, the Nomination Committee held one meeting to study and review the performance evaluation of the Company's directors, supervisors and senior management for 2021.

2. Supervision Committee

At the end of the reporting period, the Supervision Committee consisted of four supervisors, including Mr. Li Jianguo (Chairman), Mr. Nie Ming, Mr. Yang Yuanjun and Ms. Xu Jingfen.

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

During the reporting period, the Supervision Committee of the Board of Supervisors held one meeting to study and review the Supervisory Evaluation Report of the Company's Board of Supervisors for 2021.

VII. Senior Management

(I) Responsibilities of Senior Management

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

(II) Composition of Senior Management

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

VIII. Employees of the Parent Company and Major Subsidiaries

(I) Employees

	Unit: Person
Total number of employees in the parent Company and major subsidiaries	10,876
Number of employees in the parent Company	9,093
Number of employees in major subsidiaries	1,783
Number of outgoing and retired employees of parent Company and major subsidiaries	2,838
Professional composition of employees in the parent Company	
Management	1,484
Bank business personnel	6,638
Technical personnel	668
Administrative personnel	303
Education level of employees in the parent Company	
College degree or below	1,139
Undergraduate degree	6,072
Graduate degree and doctor's degree	1,882

Note: The number of employees includes labor dispatchers.

(II) Remuneration Policy

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

The Company reasonably determined total wages combining wages and efficiency, taking into account the constraint standards on remuneration by risk cost control indicators as stipulated in the Supervisory Guidelines on Sound Remuneration of Commercial Banks, while taking into account labor productivity, labor cost input-output ratio, market benchmarking of employee wage levels, etc., as well as the guideline for corporate wages. The Company's implementation plan for total wage management, total wage budget and settlement were reported to the supervising authorities in accordance with regulations. The remuneration of the Company's employees consists of fixed remuneration, variable remuneration and benefit income. Fixed remuneration includes basic salary, allowance and transportation subsidy, variable remuneration includes all kinds of current and deferred performance-based salary, and benefit income includes social insurance premium and housing provident fund, etc. During the reporting period, the total amount of remuneration for employees in positions that have a significant impact on the Bank's risk and other risk-related positions considered by the Company was RMB 2.121 billion.

During the reporting period, the Company's net profit attributable to shareholders of the parent company was RMB 10.974 billion. At the end of the reporting period, the Group had a capital adequacy ratio of 15.46%, a non-performing loan ratio of 0.94%, a provision coverage ratio of 445.32% and a leverage ratio of 7.62%. The Company actively fulfilled its social responsibility, strictly complied with the risk management policy requirements of national and local regulators, implemented the latest regulatory requirements and regularly published social responsibility reports.

The Company implemented performance appraisal based on the principle of "distribution according to work and assessment based on performance" and established a performance appraisal system consisting of indicators for compliance, risk management, operational efficiency, development and transformation and social responsibility, highlighting performance orientation, strengthening positive incentives, increasing the proportion of risk and compliance appraisal indicators and continuously improving resource allocation efficiency.

The Company has formulated the SHRCB's Trial Measures for the Management of Deferred Payment and Recourse to Withholding of Performance-based Remuneration, and established a mechanism for deferred payment and recourse of employees' performance-based

compensation. The remuneration payment term is reasonably determined according to the performance and risk change of business activities involved in the post. In case of any disciplinary punishment or major risk event, the leading group or working group meeting for deferred payment and recourse of performance-based compensation will be held every year to propose the accountability and punishment plan, deduct the deferred payment, and recover with recourse. During the reporting period, the amount of deferred pay for performance of the Company's employees was RMB 329 million and RMB 4,024,200 deferred pay for performance was deducted for certain reasons.

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

(III) Training Programs

During the reporting period, the Company focused on the Group's strategic development goals, carried out staff training in an orderly manner combining with the differentiated HR management positioning and value output requirements. Firstly, paid close attention to the construction of talent reserve management, opened the training program for middle-level and section-level reserve talents in the middle youth class and Xinhua plan, and did a good job in front empowerment of management positions. Focused on the training of young cadres, optimized the construction of a digital and composite learning program that is consistent, diversified, agile, light, and efficient, and carried out the third phase of training course for young and middle-aged cadres of the Company. Broadened business horizons, strengthened management empowerment, organized and carried out "Xinhua Plan" training courses for high potential employees. Through a series of activities such as initial diagnosis of shortcomings, enterprise visits and micro-rotation learning, we explored the potential of employees and promoted the rapid growth of young backbone employees with excellent performance. Second, refined training coverage horizontally and vertically, horizontally focused on layered empowerment, vertically realized systematized training for different professional sectors. Focused on strategic priorities, the Company differentiated and customized training programs, and promoted multi-level training for middle-level senior staff (Linghang Class), middle-level deputy staff (Yuanhang Class), team leaders in the grass root level, business backbones of various lines and new employees. The Company systematically planned and implemented the training of professional talents in corporate finance, retail, operation and technology sectors. Third, the new HEROS platform training module was launched to strengthen the digital operation of training. Built the training module of HEROS platform, orderly and completely migrated the data of Xinpeipan platform to HEROS platform. Fully constructed, integrated and utilized online learning resources, adopted online methods such as live learning, organization pushing classes and examinations, further enhanced online training penetration and continuously promoted the digital transformation of training. During the reporting period, the Company organized a total of 1,755 employee training courses, with 362,712 person-times participation by employees in the training courses, achieving a percentage of 99.43% of trained employees.

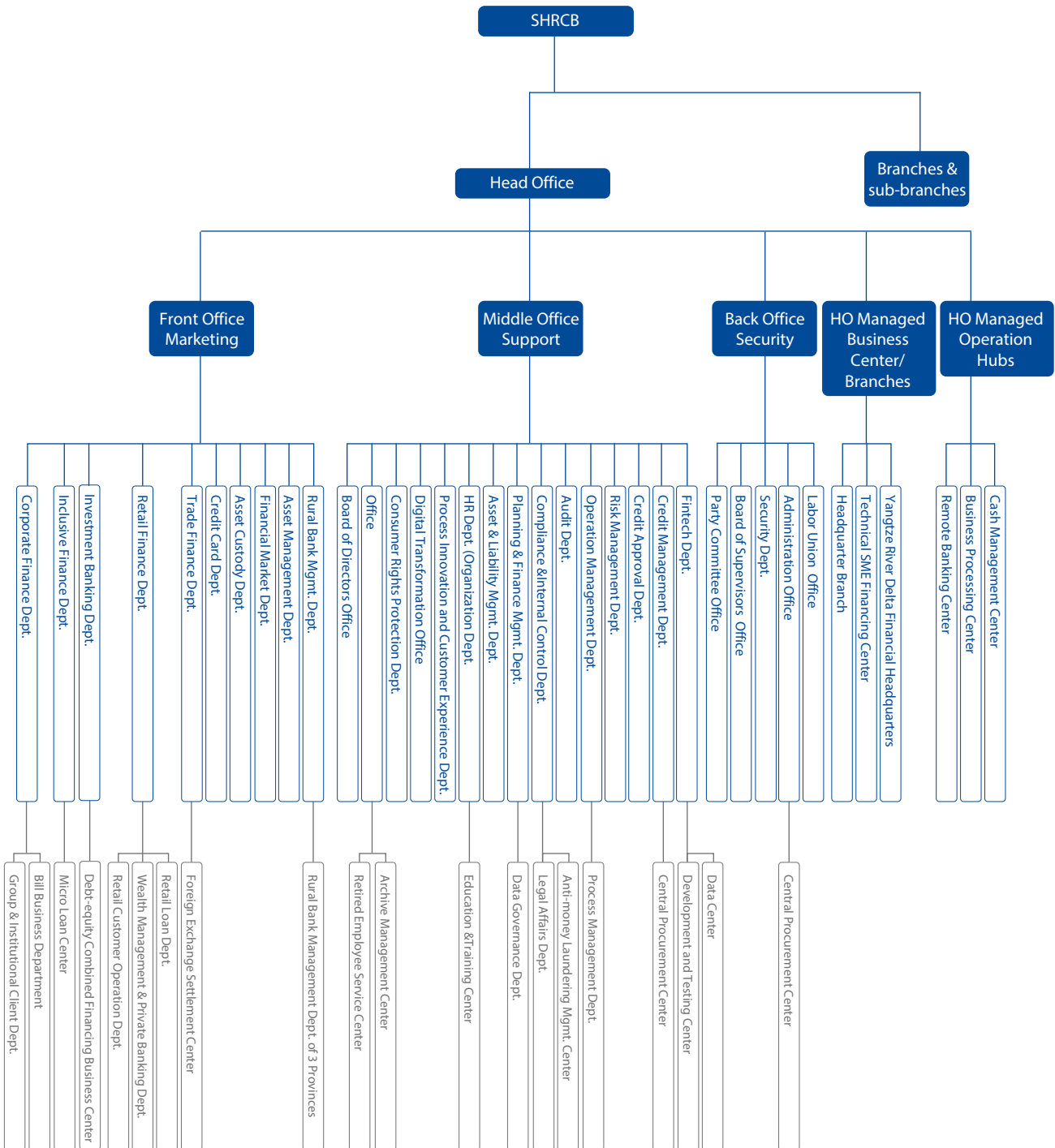
Facing the severe challenges of the complex economic situation, we deeply implement the spirit of the 20th National People's Congress, focus on the three core strategies of "insisting on customer centricity, inclusive finance and digital transformation", accelerate the empowerment of business transformation, refine the professional ability of each business line, strengthen practical training to enhance productivity, and consolidate internal strength to improve quality and increase efficiency. First, focus on the key talent team, including middle-level, section-level management and reserve team construction, according to the requirements of transformation and development, consolidate the cadre capacity building, strengthen the external situation awareness, enhance innovation and change management, promote digital transformation and talent team building capacity; second, continue to improve the training system for professional line team, build structured, high-quality online courses for important positions, synchronize and strengthen the midfield empowerment with precise and targeted launch of training resources; third, carry out Bank-wide training on digital transformation and improve technological literacy, cultivate data thinking and master general skills for all staff, and strengthen professional empowerment and enhance technical support in the technology line; fourth, optimize the construction of internal training resources, accelerate the construction of internal trainer teams in each professional segment, continue to carry out the case study teaching competition, present the research results of the whole bank with cutting-edge vision, and extract the excellent experience of high-performing personnel to share and exchange; Fifth, continue to optimize the construction of online learning platform function, strengthen the function of publicizing platform of Xinpeipan, and improve the training experience.

(IV) Labor Outsourcing

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

Total number of working hours for labor outsourcing	8,145 person-months
Total compensation paid for labor outsourcing	166 million

IX. Company Organization Chart



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

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

During the reporting period, the implementation of the Company's annual profit distribution plan for 2021 was strictly in accordance with relevant provisions of the Articles of Association and was reviewed and approved by 2021 AGM. The criteria and ratio of cash dividends were clear and explicit, the relevant decision-making procedures and mechanisms were complete, the independent directors performed their duties and responsibilities, expressed clear opinions on the profit distribution plan and played their due roles, and the small and medium shareholders had the opportunity to fully express their opinions and demands and their legitimate rights and interests were fully protected. The Board of Directors of the Company has implemented the profit distribution plan.

(II) 2022 Profit Distribution Proposal

1. Statutory surplus reserve is accrued at 10% of the Company's audited net profit of RMB 10.606 billion for 2022, amounting to RMB 1.061 billion.
2. General risk reserve is accrued at the difference between accrued reserve and 1.5% of the risk asset balance at the end of the period, amounting to RMB 1.694 billion.
3. As a result of the above profit distribution, the Company's balance of undistributed profit as of December 31st, 2022 was RMB 29.577 billion. The discretionary surplus reserve of RMB 2.958 billion was provided at 10% of this amount.
4. Based on the total share capital registered on the date of registration for the implementation of equity distribution, a cash dividend of RMB 3.42 (including tax) per 10 ordinary shares will be distributed, totaling RMB 3.298 billion (including tax). After the above-mentioned distribution, the remaining undistributed profits are carried forward to the next year. In 2022, the Company does not issue bonus shares and does not convert capital reserve to share capital.

The above-mentioned profit distribution proposal is subject to the review by the 2022 AGM.

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

Unit: RMB 1000

Year of dividend distribution	Number of bonus shares per 10 shares (shares)	Dividends per 10 shares (yuan) (tax included)	Number of conversions per 10 shares (shares)	Amount of cash dividends (tax included)	Net profit attributable to ordinary shareholders of the listed company in the consolidated statements for the year of dividend distribution	Ratio of net income attributable to ordinary shareholders of the listed company in the consolidated statements (%)
2022	-	3.42	-	3,298,400	10,974,378	30.06
2021	-	5.60	-	5,400,889	9,697,866	55.69
2020	-	-	-	-	8,160,671	-

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

The Company has no controlling shareholder.

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

The Company has established an internal incentive and restraint mechanism matching the modern financial enterprise system. The Board of Directors has made clear the requirements for performance evaluation and remuneration distribution of the Senior Management in accordance with the SHRCB Professional Managers' Assessment Management Measures, and SHRCB Professional Managers' Remuneration Management Measures.

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

XIII. Internal Control

During the reporting period, the Company continued to improve the construction of the internal control system, continued to play the leading and guiding role of the middle desk, and continued to deepen the results of the "Year of Internal Control and Compliance Management".

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

Second, accelerated the new practice exploration of "data internal control compliance". Promoted the development of a new related-party transaction management system around the new related-party transaction regulations, and continued to promote the construction of CIS off-site systems to effectively enhance the digital and intelligent level of compliance and internal control management.

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

The Board of Directors of the Company reviewed and approved SHRCB's 2022 Annual Internal Control Evaluation Report. During the reporting period, the Company maintained effective internal controls in all material aspects of financial reporting and non-financial reporting, and the internal control was generally operating well and in compliance with the relevant requirements for information disclosure by listed companies, and there were no material or significant internal control deficiencies. For the general internal control deficiencies identified in the internal control evaluation, the Company has taken active measures for rectification.

KPMG Huazhen(LLP)has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2021 and issued the Audit Report on Internal Control of SHRCB with unqualified opinion.

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

XIV. Internal Audit

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

During the reporting period, the Company further strengthened the leadership of the Party and established the leading group of audit work of the Party Committee of SHRCB; audits covered comprehensive risk management areas such as operational risk, credit risk, liquidity risk, information technology risk, market risk and reputation risk; focused on the effectiveness of corporate governance such as information disclosure, investor relations management, consumer rights and interests protection and related-party transactions; explored the construction of the operational development quality index framework system, focusing on the process of strategy implementation; deepened the supervision and audit linkage, inspection and audit linkage, to play a supervisory synergy; promoted the construction of a new generation of audit platform, explored remote audit, reflecting the effectiveness of digital transformation work; effectively performed audit oversight responsibilities, improved audit rectification and closed loop, and served the overall strategic development of the Company.

XV. Information Disclosure and Insider Information Management

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

During the reporting period, the Company attached great importance to the protection of investors' right to information, strictly complied with the relevant laws and regulations on information disclosure, disclosed all material information in a true, accurate, complete, timely and fair manner, and implemented all regulatory requirements. In accordance with the principle of "openness, fairness and impartiality", the Company disclosed corporate governance and management information truthfully, accurately and completely, ensuring that the disclosures were concise, clear and easy to understand, while maintaining the continuity and consistency of information disclosure.

During the reporting period, the Company disclosed 4 regular reports, 55 interim announcements and 111 announcement documents, covering major matters such as resolutions of the "three meetings", implementation of profit distribution, stabilization of share price, bond issuance, changes in directors, supervisors and senior management, etc. No errors or omissions in information disclosure occurred. In addition to regular disclosure channels, the Company actively explored and adopted H5 and WeChat long charts to display core data indicators in periodic reports to enhance investors' reading experience.

The Company continued to optimize and improve the information disclosure management system and strictly implemented the relevant regulatory provisions on information disclosure of listed companies. During the reporting period, it revised the Information Disclosure Management Measures, the Management Measures for Insider Information Informants, the Management Measures for Internal Reporting of Material Matters and other information disclosure-related systems, strengthened the management of information disclosure and insider trading, strived to enhance the timeliness and accuracy of the reporting of material and sensitive information, effectively prevented the risk of insider trading and continuously consolidated the basic management of information disclosure.

During the reporting period, the Company was awarded the "2022 Best Practice for BOD Office of Listed Companies" by the China Association for Public Companies. As a newly listed company, the Company received this award, which fully reflected the high recognition of the capital market for the Company's high quality corporate governance and information disclosure.

XVI. Investor Relations Management

The Company has established an efficient, professional and collaborative investor relations management system. During the reporting period, the Company took into account the latest spirit of investor relations management, actively revised the Investor Relations Management Measures, optimized the content of the investor relations section of the Company's official website, enriched the form of investor communication and further improved the investor relations management system.

The Company has established a multi-channel and high-frequency communication mechanism with investors, through channels such as the Company's official website, investor mailboxes, consultation telephone and the "SSE Info" platform, and in various forms such as Shareholders' Meetings, investor presentations, reception of visits and roadshow visits, to answer questions from investors, securities analysts and other participants in the capital market about the Company's strategic management and business development.

During the reporting period, the Company held a total of three annual results presentations, and after the release of the 2021 annual report, the Company responded quickly and efficiently by holding its first annual results presentation after listing in the form of "video + online text interaction", which attracted the active participation of hundreds of professional investment institutions and many small and medium-sized investors, with a total of over 480,000 views. After the release of the 2022 interim results, the Company actively participated in the 2022 Group Reception Day and Interim Results Presentation for Listed Companies in Shanghai, and was one of the seven representatives of listed companies attending the event in the first year of listing to explain the interim results to the investors in the form of live streaming.

During the reporting period, the Company actively participated in investment strategy meetings and exchanges organized by brokerage firms, and organized a number of banking analysts and institutional investors to conduct online or offline research with the Company, with dozens of exchange activities throughout the year, reaching nearly 100 institutional investors. During the reporting period, the Company received more than 200 calls from small and medium-sized investors and handled nearly 100 messages from investors on the Company's investor mailbox and "SSE Info" platform, attaching importance to protecting the rights and interests of small and medium-sized investors and effectively meeting the communication needs of institutions and small and medium-sized investors.

During the reporting period, the Company was awarded the "Excellent Practice Company in Annual Report Presentation of Listed Companies 2021" by China Association for Public Companies and "Best Innovation Practice Award" by China Excellence IR in Roadshow China roadshow, successfully presenting our business results and strategic plans to the capital market and effectively enhancing the recognition and understanding of the capital market.



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With the mission of "facilitating better life with inclusive finance", the Company adheres to the core spirit of corporate culture of "value virtue and goodness, benefit the city and the people, pursue excellence with diligence, and realize the shared dream of harmony", integrates corporate social responsibility into management practice, and makes every effort to serve the real economy, "agriculture, rural areas and farmers", SMEs, science and technology innovation and community residents, continue to fulfill our social responsibilities in a diligent and pragmatic manner. Since 2007, the Company has published social responsibility reports for 16 consecutive years and for the first time, it has published its annual social responsibility and Environmental, Social and Governance (ESG) report for 2022.

During the reporting period, the Company officially signed the United Nations Principles for Responsible Banking and joined the United Nations Environment Programme Finance Initiative (UNEP FI), becoming the first commercial bank in Shanghai to commit to the United Nations Principles for Responsible Banking. The Company was also enlisted in the "Local CSR Pioneers 100 Index" in the Blue Book on Social Responsibility of State-owned Enterprises (2022) published by the SASAC; received the "2022 ESG Golden Bull Award - Emerging Enterprise" from the CSR 100 Forum; and received A rating in the MSCI ESG Rating by MSCI and WIND ESG rating, one of the few banks in China with double-A ratings.

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

I. Environmental Information Situation

The Company has implemented the national green development concept and the goal of "carbon peaking and carbon neutrality", actively embraced green transformation and change, incorporated the green development concept into its overall strategy, and built a green finance brand with rural commercial characteristics. Firstly, the Company successfully launched the industry-leading green finance business management system with digital transformation, introduced external ESG rating data of credit bond subjects in the whole market, carried out ESG rating and early warning monitoring, carried out physical risk analysis of credit bond subjects and climate risk stress test, and pioneered the digital management system of green finance. Secondly, for the first time, we tried to carry out environmental benefit measurement of green credit, and selected clean energy power generation industry as a representative of emerging green industries, sewage treatment industry as a representative of traditional green industries and waste incineration power generation industry as a representative of featured green industries from corporate project loans for environmental benefit measurement. Thirdly, we strengthened the disclosure of environmental risk information, participated in the pilot environmental information disclosure work organized by the PBOC Shanghai Branch, and compiled the SHRCB 2021 Annual Environmental Information Disclosure Report, which included environmental-related governance structure, environmental-related policies and systems, innovation of environmental-related products and services, environmental risk management process, impact of environmental factors on financial institutions, and environmental impact of institutional investment and financing activities. During the reporting period, the Company publicly disclosed this report for the first time, fulfilling its environmental responsibilities with practical actions and striving to achieve a positive combination of economic and ecological benefits.

The Company vigorously promoted green operation and practices environmental and social responsibility. Firstly, adhered to the concept of green procurement. The Company implemented the "dual carbon" requirement in procurement projects, fully incorporated "green level" into the technical scoring of centralized procurement projects, and included suppliers' certificates of emission reduction, environmental protection, carbon neutrality and other related certifications as one of the procurement scoring items to practice green procurement. In addition, we gave full consideration to environmental protection, resource conservation, safety and health, recycling and low-carbon and recycling promotion, gave priority to the procurement of electronic equipment with national 3C certification and green environmental protection mark, and actively promoted electronic procurement and other online procurement methods to reduce energy consumption and carbon emissions in the procurement process. Second, practiced green building construction. The Company took green, healthy and low-carbon as the direction of exploration in the construction of outlets, and gradually activated a variety of new materials and techniques in the construction of pilot outlets, such as negative oxygen ion board, diatom mud, silica calcium fireproof board, natural moss wall, anechoic and acoustic furniture screen, energy-saving lighting, air conditioning, sanitary ware, etc., and eliminated heavy-pollution and high-energy consumption decorative materials in the construction, and discovered and used healthy and environmentally friendly decorative materials. The Company upgraded the "Xin Project" platform to complete the immediate feedback and data summary of remote monitoring and provided analytical data support for the optimization of energy consumption. Thirdly, promoted the construction of green data center. The Company selected a third-party professional company to conduct building energy audits for the Zhangjiang Business Processing Center to explore energy-saving potential, improve equipment operation efficiency, and promote effective implementation of energy-saving and emission reduction measures. The photovoltaic panels on the cross-street flyover of our Zhangjiang Business Processing Center have an annual average photovoltaic power generation capacity of about 480,000 kwh, which can save 156 tons of standard coal, 130 tons of carbon dioxide emission, 475 tons of carbon dust emission, 14.32 tons of sulfur dioxide emission and 7.16 tons of nitrogen dioxide emission for the society. The Zhangjiang Data Center has adopted a number of energy-saving measures, such as intelligent water temperature regulation and off-peak power consumption, which have saved more than RMB 400,000 in electricity costs. Fourth, actively advocated green office. We improved our video conferencing system, optimized the functions of our collaborative office system, and promoted paperless meetings and electronic file management; we strengthened the refined management of office rooms, official vehicles, meeting rooms, warehouses and other properties through the system to reduce unnecessary energy consumption; we installed a printing management system in the office area of the head office building to reduce office paper consumption. The Company completed the construction of an energy data statistical platform, through which

energy consumption data was reported to provide more scientific, accurate and realistic monitoring of energy consumption data of the whole bank, and provided powerful data support for energy consumption level and energy-saving potential. Fifth, advocated green travel. Actively advocated employees to use public transportation to travel and increase publicity efforts. At the same time, increased the proportion of hybrid and pure electric vehicles purchased for official use, reduced fuel consumption and exhaust emissions, and truly achieved environmental protection, energy conservation and efficiency.

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

II. Empower Social Governance with Inclusive Finance

The Company focuses on the difficulties, pain points and blockages of social governance at the grassroots level in Shanghai, and continues to explore and practice in empowering social governance. The Company is firmly practicing the idea of people's finance, actively contributing financial wisdom and power in promoting "people's city built by the people and for the people", practicing social responsibility and facilitating a better life for the people.

During the reporting period, the Company invested in the work of stabilizing the economy with a high sense of responsibility and mission, and actively demonstrated its role in winning the battle for the defense of Greater Shanghai. Firstly, the Company took on the role of a state-owned enterprise and made every effort to assist enterprises to relieve their difficulties. Issued 20 inclusive finance initiatives, established RMB 20 billion of relief loans, RMB 10 billion of special financing for the city to guarantee supplies at two levels, RMB 3 billion of special consumer credit to meet the credit needs of enterprises. Second, made charitable donations to contribute to public welfare. Donated RMB 21.261 million, actively practicing the social responsibility of listed companies. Third, helped promote the resumption of enterprise production. The Company issued 18 financial support implementation plans, focused on the white list of work and production resumption, fee reduction and concessions, renewal of loans without principal payment, deferred principal and interest payment, etc., and set up a special credit line of RMB 10 billion to support the recovery and revitalization of the cultural and tourism industry; through more than 50 online communications, the Company visited nearly 6,000 customers in the cloud to identify the difficulties, pain points and needs of enterprises. Fourth, built a "war against pandemic" fortress to ensure continuous service. Set up a business continuity emergency response team and formed a "fire team" to station in the Bank; at the same time, launched a "double-cycle" emergency operation mode to ensure that the Bank's high-quality financial services would not stop.

At the same time, the Company focused on the possible overdue loans in some industries and customers. On the one hand, we made a comprehensive post-risk evaluation and did not blindly withdraw or cut off loans; on the other hand, we did not fear or hesitate to lend to customers with potential and risk resistance, and provided credit support to help enterprises grow by providing differentiated financial services to achieve a win-win situation with them.

The Company continued to build a social governance scenario empowered by inclusive finance, facilitating Shanghai to achieve efficient governance, create high quality of life and promote high quality development. The Company developed special financial services for veterans, providing credit and financing, settlement and financial management, project matching and other services to meet the various financial needs of veterans and assist government departments in providing employment and entrepreneurship services for veterans. Formulated SHRCB Action Plan for Financial Support to "New Citizens" to promote financial services in the field of "new citizens". We strengthened the bank-lease with our subsidiary Yangtze Financial Leasing, and instructed Yangtze Financial Leasing to set up a special industrial customer department to serve SMEs, and set up a team to embed in the relevant branches of the Group to realize a combination of financial services for SMEs and flexibly support the financial needs of SMEs. The Company launched the construction of community finance "Xinjiayuan" public welfare service station, which mainly provided a package of convenient services for community residents, such as health care, culture and entertainment, group purchase, home life, community welfare, finance and law, housing and comprehensive finance. In addition, the Company continued to carry out the construction of electric vehicle charging piles, the construction of elevator retrofitting scenarios in old neighborhoods, and researched and explored services for key populations and projects such as individual businesses, community elderly care and ageing-friendly renovation. During the reporting period, the Company was awarded the honorary title of "2021 Bank of the Year for Inclusive Financial Services" by the China Times.

III. Consolidate and Expand the Achievements of Poverty Alleviation

The Company conscientiously implements the important instructions of General Secretary Xi Jinping on deepening East-West collaboration and targeted assistance work, as well as the relevant requirements of the Party Central Committee and the State Council on consolidating and expanding the results of poverty alleviation, adheres to the people-centered development ideology, insists on the direction of common prosperity, conscientiously implements the corporate mission of "facilitating better life with inclusive finance", prioritizes the consolidation and expansion of the poverty alleviation results, makes comprehensive arrangements to orderly promote the development of the areas removed from poverty, the comprehensive rural revitalization, and the improvement of people's lives, striving to build a more inclusive, warmer and more responsible bank.

During the reporting period, the Company continued to help Maguan County in Wenshan Prefecture, Yunnan Province, and made the promotion of rural planning and construction and social governance in the counterpart areas a focus of the new round of assistance, donating RMB 992,600 to further focus on consolidating and expanding the results of poverty eradication and promoting effective linkage between rural revitalization. Continued to implement health support policies and help improve disease prevention conditions. The Company donated RMB 600,000 to carry out the "Medical Road Above the Clouds" public welfare health project and conducted four public welfare medical checkups in difficult areas of Yunnan to bring effective service of high-quality medical resources to poverty-eradicated areas and enhance the health concept of the poverty-eradicated population. In response to the call of China Banking Association to provide targeted assistance to Inner Mongolia, we donated RMB 792,600 for infrastructure improvement projects of homes for the elderly and pre-school education projects of kindergartens to promote the improvement of people's life and education resources in poverty-stricken areas.

The Company supported the development and growth of rural specialty industries to improve the independent development capacity of relatively economically weak areas, raised farmers' income and improved their living standards. During the reporting period, the Company continued to carry out a new round of comprehensive rural assistance projects with Chongming District, donating RMB 5 million for the investment and construction of comprehensive rural assistance projects; continued to vigorously implement consumption assistance, completing the purchase of assistance products for RMB 7.6 million, effectively helping people in difficult areas to increase their income.

In 2023, the Company will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the spirit of the 20th CPC National People's Congress, earnestly implement the decisions and plans of the Party Central Committee and the State Council, further implement the work of "100 enterprises helping 100 villages" and comprehensive rural support on the basis of consolidating and expanding the results of poverty eradication, empower social governance with inclusive finance, facilitate rural rejuvenation, promote the development of the areas out of poverty and improve the lives of the people.

IV. Serve Rural Revitalization

The Company has always adhered to the mission of "facilitating better life with inclusive finance", and has done a solid and orderly job of financial services for rural revitalization, empowering social governance, facilitating common prosperity, and serving "agriculture, rural areas and farmers", has made great efforts to serve the "three rural areas", striving to build the brand of "main force in supporting agriculture finance" in Shanghai.

Firstly, we took the rural revitalization strategy as the guide and continuously strengthened the top-level design. In order to thoroughly implement the No. 1 Document of the Central Government, the Company formulated SHRCB's Opinions on In-depth Implementation of the Spirit of the No. 1 Document of the Central Government in 2022 and the supporting implementation plan. The Company signed a strategic cooperation agreement with the Municipal Committee of the Youth League and the Agricultural and Rural Commission of Pudong District on financial services for rural revitalization; and signed a strategic contract with Shanghai United Credit Union Co., Ltd. to become the first financial institution in Shanghai to apply agriculture-related data from United Credit Union.

Second, used digital transformation as a grip to empower the industry chain ecological finance. The Company actively provided customized online financial services for the industrial chain of core enterprises, covering scenarios of grain crops, livestock and poultry, fruits and eggs and milk, lending a total of RMB 1.063 billion to customers upstream and downstream of the industrial chain, serving nearly 2,000 new agricultural subjects including farmers, which promoted the replication and promotion of the model by other large state-owned banks and joint-stock banks. The Company's Fintech-enabled white-finned broiler industry chain project was selected as a typical case of inclusive finance in China by the China Banking Association in 2022. Launching the satellite remote sensing project and the "Xinnongtong" mini-program to speed up the digital transformation results for the all-round financial empowerment of the industry chain ecology. Cooperated with Shanghai Guarantee Center to implement the first online batch guarantee business for farmers in Shanghai.

Third, used credit to the whole village as a carrier, to help the construction of rural credit system. The Company launched the "whole village credit granting" 2.0 program, further refined and upgraded the supporting services for integrity towns and villages, and completed the evaluation of 58 integrity villages and 3 integrity towns, actively granting credit of nearly RMB 175 million to more than 840 villagers. The Company's branches carried out grid-based party building with fixed observation points for rural revitalization under its jurisdiction, with a coverage rate of 90%. In accordance with the requirements of the PBOC to establish the service points for farmers to withdraw money in suburban areas, the Company set up 69 financial service stations and became the first financial institution in Shanghai to open the function facilitating farmers to withdraw money.

Fourth, the Company continued to broaden its service coverage with the support of channel construction. Under the framework of strategic cooperation between the Company and Shanghai Municipal Agricultural and Rural Commission, the Company jointly launched the activity of "Shanghai Cuisine Grand Tournament" with exclusive financial service rights and interests; in cooperation with Shanghai Rural Revitalization Research Center, the Company held the activity of "Secretary's Dialogue", in which the Company gave advice on how finance can facilitate rural governance. The Company also cooperated with Shanghai Academy of Agricultural Sciences to conduct research and provided a basis for the Company's financial innovation.

Fifth, with the mission to safeguarding the overall situation, the whole Bank made efforts to fight against the pandemic and ensure the supply. The Company actively fulfilled its social responsibility as a financial institution to safeguard the overall situation. In response to the emergency call from the Shanghai Municipal Agricultural and Rural Commission, we donated 23,600 pieces of pandemic prevention materials to 76 agricultural products supply units. In response to the urgent need for funds for procurement of agricultural products, the Company opened a special service called "Xinongle loan for pandemic prevention" to provide loans to enterprises at both urban and rural levels.

V. Consumer Rights and Interests Protection

The Company has implemented the "people-centered" development philosophy adhered to the "customer-centered" strategy, focused on the eight rights of financial consumers, and integrated the protection of financial consumer rights and interests with corporate governance, corporate culture and business development strategies to effectively fulfill the main responsibility of consumer rights and interests protection.

The Company continued to improve the consumer rights and interests protection system and comprehensively promoted the management of consumer protection in the whole process. During the reporting period, the Company revised its consumer protection management practices, education and publicity management practices, annual consumer protection assessment and evaluation management practices, and prepared emergency handling regulations for major emergencies; established a personal information protection committee at the senior management level to strengthen the Bank's personal information protection management efforts; continued to do a good job of consumer protection reviews and risk alerts, and clarified work directions and work priorities to further consolidate the effectiveness of consumer interests and rights protection.

The Company continued to build the "SHRCB Xiaoxiaole" consumer protection logo, cultivated and expanded the team of education and publicity lecturers, and established an all-round, deep and multi-platform financial knowledge publicity and education system. During the reporting period, the Company explored innovative publicity channels, enriched its education and publicity materials, paid attention to "the old and the young", and focused on topics such as "meta-universe" and "smart aging" to continuously improve the effectiveness of consumer rights and interests protection publicity and education, and effectively protect the right to education of financial consumers. Throughout the year, the Company conducted 2,669 online and offline educational and promotional activities, investing nearly RMB 1.558 million and serving 4.946 million financial consumers.

The Company always made the management of consumer complaints a priority and publicized information on the channels for receiving complaints in its business branches, official website, mobile banking and other channels to open up channels for consumer complaints. During the reporting period, the Company received a total of 3,198 consumer complaints, with a 100% complaint response rate. In terms of regional distribution, there were 3,183 cases in Shanghai and 15 cases in other regions of China (Kunshan, Jiangsu, Jiashan, Zhejiang and Xiangtan, Hunan). In terms of business distribution, mainly concentrated in credit card, loan and debit card business, among which: credit card category accounted for 29.49%, mainly related to credit card use and repayment, market activities, points and value-added services; loan category accounted for 31.21%, mainly related to personal housing loans and other consumer loans; debit card category accounted for 10.29%, mainly related to debit card account management and use; the rest of the complaints were mainly related to RMB savings, payment and settlement and functional business. The Company actively and properly dealt with consumer complaints, continued to promote the construction of a multi-dispute resolution mechanism, improved the quality and efficiency of conflict resolution, focused on source management and retrospective rectification work, and continuously improved the quality of products and services.



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

Commitment background	Type of commitment	Commitment party	Main content of commitment	Commitment time and duration	Yes/No deadline for performance
Commitments related to the IPO	Avoid horizontal competition	Shanghai State-owned Assets Management Co., Ltd., China COSCO Shipping Corporation Ltd., BaoSteel Corporation Ltd., Shanghai Jiushi (Group) Co., Ltd., China Pacific Life Insurance Co., Ltd., Shanghai Guosheng Assets Co., Ltd., Zhejiang Expressway Co., Ltd., Shanghai International Group Co., Ltd., Shanghai International Group Asset Management Co., Ltd.	The Company undertakes to treat fairly the commercial banks invested by the Company and the enterprises controlled by the Company and will not use its position as a major shareholder of SHRCB or use the information obtained from such position to make decisions or judgments that are unfavorable to SHRCB but favorable to other commercial banks invested by the Company and the enterprises controlled by the Company. In exercising its rights as a shareholder of SHRCB, the Company will exercise its rights as a shareholder in the best interests of SHRCB, exercise its rights and perform its obligations as a shareholder on an equal footing with other shareholders, and will not compromise its judgment as a shareholder of SHRCB as a result of the Company's and its controlled enterprises' investments in other commercial banks.	During the period as a major shareholder of SHRCB	Yes
	Standardize related-party transactions	Shanghai State-owned Assets Management Co., Ltd., China COSCO Shipping Corporation Ltd., BaoSteel Corporation Ltd., Shanghai Jiushi (Group) Co., Ltd., China Pacific Life Insurance Co., Ltd., Shanghai Guosheng Assets Co., Ltd., Zhejiang Expressway Co., Ltd., Shanghai International Group Co., Ltd., Shanghai International Group Asset Management Co., Ltd.	The Company will strictly regulate the related-party transactions with SHRCB and its subsidiaries (controlling/wholly owned). When conducting related-party transactions, it will strictly follow the market rules and conduct transactions in a fair and reasonable manner based on the general commercial principles of equality, mutual benefit, and compensation of equal value, and fulfill the related-party transaction procedures and information disclosure obligations in accordance with relevant laws and regulations as well as regulatory documents and the Articles of Association of SHRCB. If the Company violates the above commitments, it shall immediately stop the relevant related-party transactions and take necessary measures to correct and remedy them in a timely manner.	During the period as a major shareholder of SHRCB	Yes
	Fulfill the commitment of the share price stabilization plan	Shanghai State-owned Assets Management Co., Ltd., China COSCO Shipping Corporation Ltd., BaoSteel Corporation Ltd., Shanghai Jiushi (Group) Co., Ltd., China Pacific Life Insurance Co., Ltd., Shanghai Guosheng Assets Co., Ltd., Zhejiang Expressway Co., Ltd., Shanghai International Group Co., Ltd., Shanghai International Group Asset Management Co., Ltd., directors (excluding independent directors) and the senior management.	After the share price stabilization measures under the share price stabilization proposal are triggered, the Company will carry out the share price stabilization work and fulfill the Company's share price stabilization obligations in accordance with the requirements of the share price stabilization plan and the relevant resolutions of the Board of Directors and the SHRCB general meeting of shareholders. The Company shall comply with the requirements of relevant laws, regulations and regulatory documents give full consideration to the protection of the legitimate rights and interests of shareholders and fulfill the corresponding information disclosure obligations when fulfilling its share price stabilization obligations. If it fails to fulfill the above commitments, the Company shall be subject to the binding measures in the share stabilization plan.	Within three years after listing	Yes
	Restriction on sale of shares	Shareholders who hold more than 51% of the shares in aggregate in order before the issuance, shareholders who added shares by way of capital increase six months before the date of IPO filing, employee directors, employee supervisors and senior management who hold shares of the Company, and natural person shareholders who hold more than 50,000 shares of the Company's internal staff shares with confirmed rights.	Restrictions on the circulation of shares held by shareholders prior to the issuance of the Company and the shareholders' commitment to voluntarily lock up their shares (please refer to the prospectus of the Company's IPO (A shares) for details).	Lock-up period after listing	Yes

Commitment background	Type of commitment	Commitment party	Main content of commitment	Commitment time and duration	Yes/No deadline for performance
Other commitments	Restriction on sale of shares	The senior management of the Company	Ordinary shares of SHRCB bought from the secondary market with their own funds during the period from November 10 to November 11, 2021, shall lock up for two years from the date of purchase.	Two years from the date of purchase	Yes
Other commitments	Restriction on sale of shares	Senior management and certain directors and supervisors of the Company	Ordinary shares of SHRCB bought from the secondary market with their own funds during the period from August 19 to October 24, 2022, shall lock up for two years from the date of shareholding increase plan. (October 24, 2022).	Two years from the date of shareholding increase plan	Yes
Whether the commitment is strictly fulfilled in a timely manner			Yes		
Specific reasons for failure to fulfill commitments and next steps (if any)			N/A		

II. Fund Occupancy and Recovery Progress in the Reporting Period

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

III. Non-compliant Guarantees

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

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

Please refer to note 5 of the financial statement for details.

V. Appointment of Accounting Firm and Sponsor

The Company has engaged KPMG Huazhen (LLP) as its external auditor for 2022.

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

Unit: RMB million

	Current appointment
Name of the auditor	KPMG Huazhen (LLP)
Remuneration for the auditor	370
Terms of audit	1 year
Name of CPA of the auditor	Li Ying, Shi Haiyun

Unit: RMB million

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

VI. Major Litigation and Arbitration

During the reporting period, the Company had no significant litigation or arbitration matters. The Company was involved in a number of legal proceedings in the ordinary course of business, most of which were initiated by the Company to recover non-performing loans. At the end of the reporting period, there were 91 lawsuits filed by the Company as plaintiff that were still pending for adjudication, involving an amount of RMB 1.722 billion. There were 13 lawsuits (including third parties) in which the Company was sued as a

defendant that were still pending for adjudication, involving an amount of RMB 99 million. The Company believes that the above lawsuits and arbitrations will not have a material adverse effect on the Company's financial or operating results.

VII. Related-party Transactions

(I) Overview of Related-party Transactions

The Company conducts related-party transactions in accordance with the Measures for the Administration of Related-party Transactions of Banking and Insurance Institutions and Interim Measures for the Administration of Equity in Commercial Banks promulgated by CBIRC, as well as corporate accounting standards and relevant regulations of the CSRC and the Shanghai Stock Exchange.

The Company's related-party transactions are within the normal scope of business and are conducted on terms no better than similar transactions with non-related parties in accordance with general commercial principles, reflecting the fairness of the prices of the related-party transactions and not constituting a material impact on the Company's financial position and operation results.

During the reporting period, the related-party transactions occurring within the estimated annual daily related-party transactions quota of the Company have been reviewed and approved in accordance with the authorization. For details, please refer to the SHRCB Announcement on the Estimated Amount of Daily Related-party Transactions for 2022 (Announcement No. 2022-018) and SHRCB Announcement on New Daily Related-party Transactions (Announcement No. 2022-047).

(II) Approval of Major Related-party Transactions

During the reporting period, related-party transactions that should be submitted to the Board of Directors for approval were reviewed and disclosed in a timely manner. Details are as follows:

After approval at the 12th meeting of the 4th Board of Directors, it was agreed to grant a credit line of RMB 3.5 billion to Haitong Unitrust International Financial Leasing Co., Ltd. and its affiliates and an investment line of RMB 2.1 billion to the asset management plan of Shanghai Guotai Junan Securities Asset Management Co., Ltd. For details, please refer to the SHRCB Announcement on Related-party transactions (Announcement No. 2022-004) disclosed by the Company on the website of Shanghai Stock Exchange.

After approval at the 14th meeting of the 4th Board of Directors, it was agreed to grant a credit line of RMB 1.1 billion to Shanghai Lingang Economic Development (Group) Co., Ltd., For details, please refer to the SHRCB Announcement on Related-party transactions (Announcement No. 2022-019) disclosed by the Company on the website of Shanghai Stock Exchange.

After approval at the 16th meeting of the 4th Board of Directors, it was agreed to grant a credit line of RMB 1.5 billion to Shanghai State-owned Assets Management Co., Ltd., RMB 6.11 billion to China Pacific Insurance (Group) Co., Ltd. and its subsidiaries (including product accounts) For details, please refer to the SHRCB Announcement on Related-party transactions (Announcement No. 2022-028) disclosed by the Company on the website of Shanghai Stock Exchange.

After approval at the 17th meeting of the 4th Board of Directors, it was agreed to grant a credit line of RMB 22.2 billion to Shanghai International Group Co., Ltd., RMB 8 billion to COSCO Shipping Group Co., Ltd., RMB 4.57 billion to Shanghai Jiushi Co., Ltd., RMB 4 billion to Shanghai Guosheng Group, RMB 3.73 billion to Zhejiang Communications Investment Group Co., Ltd., RMB 4.7 billion to China Taiping Life Insurance Co., Ltd., RMB 5.05 billion to Shenergy Co., Ltd., RMB 12.9 billion to Yangtze United Financial Leasing Co., Ltd., RMB 2.4 billion to SPDB Financial Leasing Co., Ltd., RMB 8.1 billion to China Merchants Securities Co., Ltd., RMB 6.75 billion to Shenwan Hongyuan Securities Co. Ltd., RMB 8.06 billion to Orient Securities Co., Ltd., RMB 4 billion to AXA SPDB Investment Managers Co., Ltd., RMB 6.7 billion to China Cinda Asset Management Co. Ltd., RMB 4.4 billion to China Orient Asset Management Co., Ltd., RMB 6.254 billion to China Eastern Airline Co., Ltd. For details, please refer to the SHRCB Announcement on Related-party transactions (Announcement No. 2022-035) disclosed on the website of the Shanghai Stock Exchange.

After approval at the 19th meeting of the 4th Board of Directors, it was agreed to increase the credit line Haitong Unitrust International Financial Leasing Co., Ltd. to RMB 4.6 billion. For details, please refer to the SHRCB Announcement on Related-party transactions (Announcement No. 2022-047) disclosed by the Company on the website of Shanghai Stock Exchange.

(III) Related-party Transactions

As at the end of the reporting period, the balance of credit related-party transactions of the Company was RMB 27,287,709,600, including RMB 27,091,754,800 of credit related-party transactions with related legal persons and RMB 195,954,800 of credit related-party transactions with related natural persons.

During the reporting period, the cumulative amount of the Company's asset transfer related-party transactions was RMB 402,100, the cumulative amount of service related-party transactions was RMB 77,469,800 and the cumulative amount of other related-party transactions was RMB 56,050,278,800.

At the end of the reporting period, the Company's credit balance to a single related party did not exceed 10% of the net capital at the end of the previous quarter, the aggregate credit balance to the group customers of a single related legal person or unincorporated organization did not exceed 15% of the net capital at the end of the previous quarter, and the credit balance to all related parties did not exceed 50% of the net capital at the end of the previous quarter, and the indicators were in compliance with the requirements of the CBIRC for the concentration of related-party transactions.

VIII. Major Contracts and the Enforcement

(I) Custody, Contracts and Leases

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

(II) Guarantee

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

(III) Entrusted Cash Asset Management

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

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

Not applicable.

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

Not applicable.

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

During the reporting period, neither the Company nor its directors, supervisors, senior executives and the first largest shareholder were subject to any investigation by 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.

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

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

XI. Other Major Events

(I) Stabilization of Share Price

The Company has triggered the share price stabilization matters on October 26, 2022, according to the share price stabilization plan, Shanghai International Group and its subsidiaries Shanghai State-owned Assets Management Co., Ltd. and Shanghai International Group Asset Management Co., Ltd., Shanghai Jiushi (Group) Co., Ltd. and Zhejiang Expressway Co., Ltd. plan to increase the shares of the Company within 6 months from November 9, 2022 with their own funds through the Shanghai Stock Exchange system. Shanghai International Group and its subsidiaries Shanghai State-owned Assets Management Co., Ltd. and Shanghai International Group Asset Management Co., Ltd. Plan to increase no less than RMB 73.48 million of shares, while Shanghai Jiushi (Group) Co., Ltd. and Zhejiang Expressway Co., Ltd. Plan to increase no less than RMB 61.6428 and RMB 39.2093 million of shares. The program has not yet been completed.

For details, please refer to the SHRCB Announcement on Share Price Stabilization Plan (Announcement No. 2022-048), SHRCB Announcement on the Progress of Implementation of Share Price Stabilization Measures (Announcement No. 2022-051, 2022-052 and 2023-002) disclosed on the website of the Shanghai Stock Exchange.

(II) Plan to Increase the Shareholding by Directors, Supervisors and Senior Management

The senior management and some directors and supervisors of the Company, totaling 14 persons (hereinafter referred to as "the subject of shareholding increase"), plan to increase their holdings of A shares of the Company by not less than RMB 6,600,000 within 6 months from August 19, 2022 by means of centralized bidding transactions on the trading system of the Shanghai Stock Exchange with their own funds. The price of the Company's shares to be increased will not set at a range. During the reporting period, the above-mentioned subjects of shareholding increase have increased their holdings of 1,201,200 shares of the Company by way of centralized bidding through the trading system of Shanghai Stock Exchange for a cumulative amount of RMB 6,790,074, and the shareholding increase plan has been completed.

For details, please refer to the SHRCB Announcement on the Voluntary Shareholding Increase Plan of Senior Management and Some Directors and Supervisors of the Company (Announcement No. 2022-036) SHRCB Announcement on the Progress of Voluntary Shareholding Increase of Senior Management and Some Directors and Supervisors of the Company (Announcement No. 2022-039), SHRCB Announcement of on the Completion of the Implementation of the Voluntary Shareholding Increase Plan of Senior Management and Some Directors and Supervisors of the Company and the Results of the Shareholding Increase (Announcement No. 2022-043)

(III) Issuance/Redemption of Tier-II Capital Bonds

1. Issuance of Tier-II Capital Bonds

On March 3, 2022, the Company publicly issued 10-year fixed-rate Tier-II capital bonds of RMB 7 billion in the national interbank bond market with a coupon rate of 3.67%, interest payable annually and with a prerequisite issuer redemption right at the end of the fifth year.

On July 20, 2022, the Company publicly issued 10-year fixed-rate Tier-II capital bonds of RMB 3 billion with a coupon rate of 3.39% in the national interbank bond market, payable annually with issuer redemption rights with preconditions at the end of the fifth year.

For details, please refer to the SHRCB Announcement on the Issuance of Tier-II Capital Bonds Receiving Administrative Permission from the PBOC (Announcement No. 2021-033), SHRCB Announcement on the Completion of Issuance of Phase II Tier-II Capital Bonds in 2022 (Announcement No. 2022-030).

2. Redemption of Tier-II Capital Bonds

On March 8, 2022, the Company redeemed in full the "2017 SHRCB Tier-II Capital Bonds (Phase I)" with a size of RMB 4 billion and a coupon rate of 4.70%.

On August 17, 2022, the Company redeemed in full the "2017 SHRCB Tier-II Capital Bonds (Phase II)" with a size of RMB 3 billion and a coupon rate of 4.80%.

For details, please refer to the SHRCB Announcement on the Redemption of Tier-II Capital Bonds (Announcement No. 2022-009), and SHRCB Announcement on the Redemption of Tier-II Capital Bonds (Announcement No. 2022-037)

(IV) Brand Identity Renewal and Upgrade

On August 25, 2022, the Company launched a new brand logo for the market, and announced the change of the Company's English abbreviation to "SHRCB" and the change of its official website to "www.shrcb.com". In January 2022, we launched the official IP "Xiaoyuanbao" and the new visual identity (VI) system in 2021, announcing the complete renewal and upgrade of the Company's brand image.

This brand image renewal and upgrade is a major strategic plan implemented by the Company to actively adapt to the economic and social development trend, market competition demand, customer aesthetic preference and mobile Internet communication requirements, which will help the Company further enhance its comprehensive competitiveness, optimize customer experience and build an excellent brand.

For details, please refer to the SHRCB Announcement on the Change of Brand Logo, Official Website URL and Investor Service Email Address (Announcement No. 2022-038) disclosed by the Company on the website of Shanghai Stock Exchange.





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I. Changes in Shares

(I) Changes in Ordinary Shares

Unit: Share

Type of shareholder	Before change		Change during reporting period	After change	
	No. of shares	Percentage to the total		No. of shares	Percentage to the total
I. Restricted shares	8,680,000,000	90.00%	-3,657,319,000	5,022,681,000	52.08%
1.Shareholding by the State	-	-	-	-	-
2.Shareholding by state-owned legal entities	5,944,638,008	61.64%	-1,311,247,638	4,633,390,370	48.04%
3. Shareholding by other domestic entities	2,735,361,992	28.36%	-2,346,071,362	389,290,630	4.04%
Including: Shareholding by domestic legal entities	1,456,616,710	15.10%	-1,454,243,430	2,373,280	0.02%
Shareholding by domestic natural person	1,278,745,282	13.26%	-891,827,932	386,917,350	4.02%
4.Shareholding by foreign entities	-	-	-	-	-
Including: Shareholding by foreign legal entities	-	-	-	-	-
Shareholding by foreign natural person	-	-	-	-	-
II. Unrestricted shares	964,444,445	10.00%	+3,657,319,000	4,621,763,445	47.92%
1.RMB Ordinary Shares	964,444,445	10.00%	+3,657,319,000	4,621,763,445	47.92%
2.Domestically listed foreign shares	-	-	-	-	-
3.Overseas-listed foreign shares	-	-	-	-	-
4.Other	-	-	-	-	-
III. Total shares	9,644,444,445	100.00%	-	9,644,444,445	100.00%

(II) Description of Changes in Ordinary Shares

On August 19, 2022, 3,657,319,000 shares of the Company's initial public offering of partially restricted shares were listed for circulation. For details, please refer to the SHRCB Announcement on the Listing and Circulation of Some Restricted Shares in the Initial Public Offering (2022-031) published on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Company (www.shrcb.com).

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

Not applicable.

(IV) Changes in Restricted Shares

Unit: Share

Shareholder Name	Number of restricted shares at the beginning of the year	Number of shares released from restricted sale during the year	Increase in the number of restricted shares during the year	Number of restricted shares at the end of the year	Reason for restricted sale	Release date
Taiping Life Insurance Co., Ltd.	414,904,000	414,904,000	-	-	IPO restriction	August 19, 2022
Shanghai Shendi (Group) Co., Ltd.	357,700,000	357,700,000	-	-	IPO restriction	August 19, 2022
Lanhai Holding Group Co., Ltd.	336,000,000	336,000,000	-	-	IPO restriction	August 19, 2022
Shanghai Shanxin Real Estate Co., Ltd.	125,400,000	125,400,000	-	-	IPO restriction	August 19, 2022
Orient International (Holding) Co., Ltd.	114,000,000	114,000,000	-	-	IPO restriction	August 19, 2022
Other restricted shares for his IPO circulation	2,313,288,280	2,309,315,000	-	3,973,280	IPO restriction	August 19, 2022
Total	3,661,292,280	3,657,319,000	-	3,973,280	-	-

II. Securities Issuance and Listing

(I) Securities Issuance During the Reporting Period

During the reporting period, the Company did not issue any new ordinary shares and did not publicly issue corporate bonds listed on the stock exchange.

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

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

(III) Existing Internal Employee Shares

Issue date of internal employee shares	Issue price of internal employee shares (RMB)	Number of internal employee shares issued (shares)
-	-	386,917,350
Description of the status of existing internal employee shares	Employee shares are mainly obtained through the following ways: 1. The shares of the Company subscribed by internal employees at the time of establishment; 2. The conversion of capital reserve to share capital after the establishment of the Company; 3. Through inheritance, judicial judgment and other ways.	

III. Shareholders

(I) Number of Shareholders

No. of shareholders of ordinary shares as of the end of the reporting period	202,476
No. of shareholders of ordinary shares as of the end of the previous month prior to the disclosure data of the annual report	193,104
No. of shareholders of preferred shares with restored voting rights as of the end of the reporting period	0
No. of shareholders of preferred shares with restored voting rights as of the end of the previous month prior to the disclosure data of the annual report	0

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

Unit: Share

Top 10 shareholders							
Shareholder's name (full name)	Increase/decrease during the reporting period	No. of shares held at the end of period	Percentage (%)	No. of restricted shares	Pledged/arked/frozen shares		Nature of shareholder
					Status	No. of shares	
Shanghai State-owned Assets Management Co., Ltd.	+89,836,176	895,796,176	9.29	800,000,000	-	-	State-owned legal entities
China COSCO Shipping Corporation Ltd.	-	800,000,000	8.29	800,000,000	-	-	State-owned legal entities
BaoSteel Corporation Ltd.	-	800,000,000	8.29	800,000,000	-	-	State-owned legal entities
Shanghai Jiushi (Group) Co., Ltd.	+10,914,490	744,757,346	7.72	733,842,856	-	-	State-owned legal entities
China Pacific Life Insurance Co., Ltd.	-	560,000,000	5.81	560,000,000	-	-	State-owned legal entities
Shanghai Guosheng Assets Co., Ltd.	+176,000	476,001,214	4.94	474,047,514	-	-	State-owned legal entities
Zhejiang Expressway Co., Ltd.	+851,200	468,303,221	4.86	465,500,000	-	-	State-owned legal entities
Taiping Life Insurance Co., Ltd.	-	414,904,000	4.30	-	-	-	State-owned legal entities
Shanghai Shendi (Group) Co., Ltd.	-	357,700,000	3.71	-	-	-	State-owned legal entities
Lanhai Holding Group Co., Ltd.	-	336,000,000	3.48	-	Pledge/Freeze	336,000,000	Domestic non-state legal person

Unit: Share

Top 10 unrestricted shareholders			
Shareholder name	No. of unrestricted floating shares	Type and number of shares	
		Type	Number
Taiping Life Insurance Co., Ltd.	414,904,000	RMB ordinary shares	414,904,000
Shanghai Shendi (Group) Co., Ltd.	357,700,000	RMB ordinary shares	357,700,000
Lanhai Holding Group Co., Ltd.	336,000,000	RMB ordinary shares	336,000,000
Hong Kong Securities Clearing Co., Ltd.	140,231,997	RMB ordinary shares	140,231,997
Shanghai Shanxin Real Estate Co., Ltd.	125,400,000	RMB ordinary shares	125,400,000
Orient International (Holding) Co., Ltd.	114,000,000	RMB ordinary shares	114,000,000
Shanghai State-owned Assets Management Co., Ltd.	95,796,176	RMB ordinary shares	95,796,176
Shanghai Haixing Asset Management Co., Ltd.	87,568,848	RMB ordinary shares	87,568,848
Shanghai Qingpu Asset Management Co., Ltd.	80,000,000	RMB ordinary shares	80,000,000
Shanghai Light Industry Foreign Economic and Technical Cooperation Co., Ltd.	71,730,000	RMB ordinary shares	71,730,000
Description of repurchase special account among the top ten shareholders			-
Description of the above shareholders' proxy and abstention from voting rights			-
Description of the above shareholders' related relationship or concerted action		Among the above top ten shareholders, Shanghai State-owned Assets Management Co., Ltd. and its related parties and concert parties, Shanghai International Group Co., Ltd. and Shanghai International Group Asset Management Co., Ltd. held a combined 9.99% of the Company's shares at the end of the reporting period; among the above unrestricted shareholders, the Company is not aware of their affiliation or whether they are acting in concert.	
Description of shareholders of preferred shares with restored voting rights and the number of shares held		Not applicable	

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

Unit: Share

No.	Name of restricted shareholders	No. of restricted shares held	Availability of restricted shares for listing and trading		Restricted sale conditions
			Available for trading	Number of new shares available for listing and trading	
1	Shanghai State-owned Assets Management Co.	800,000,000	August 19, 2024	-	-
2	China COSCO Shipping Corporation Ltd.	800,000,000	August 19, 2024	-	-
3	BaoSteel Corporation Ltd.	800,000,000	August 19, 2024	-	-
4	Shanghai Jiushi (Group) Co., Ltd.	733,842,856	August 19, 2024	-	-
5	China Pacific Life Insurance Co., Ltd.	560,000,000	August 19, 2024	-	-
6	Shanghai Guosheng Assets Co., Ltd.	474,047,514	August 19, 2024	-	-
7	Zhejiang Expressway Co., Ltd.	465,500,000	August 19, 2024	-	-
8	Tang Yahui	800,000	August 19, 2024	-	-
9	8 holders of internal employee shares	500,000	Released in batches, specifically: August 19, 2024: 75,000 shares; August 19, 2025: 75,000 shares; August 19, 2026: 75,000 shares; August 19, 2027: 25,000 shares; August 19, 2029: 250,000 shares.		-
Description of the above shareholders' related relationship or concerted action		Among the above top ten shareholders, Shanghai State-owned Assets Management Co., Ltd. and its related parties and concert parties, Shanghai International Group Co., Ltd. and Shanghai International Group Asset Management Co., Ltd. held a combined 9.99% of the Company's shares at the end of the reporting period			

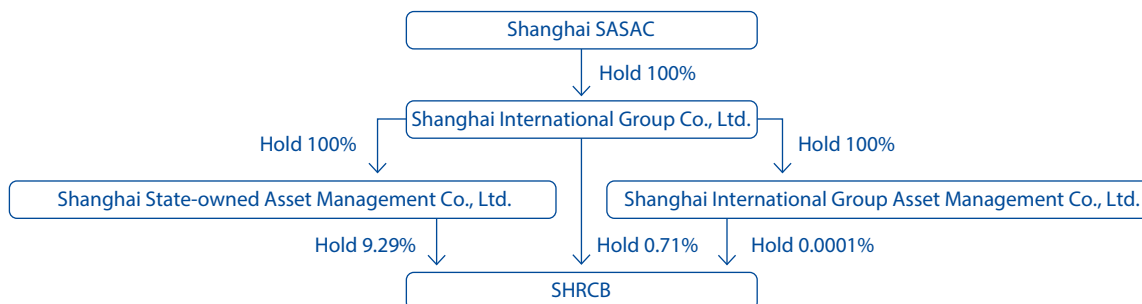
IV. Major Shareholders

(I) Controlling Shareholders and Actual Controllers

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

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

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



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

Shanghai International Group Co., Ltd. was established on April 20, 2000, with a registered capital of RMB 30 billion. The legal representative is Yu Beihua. Registered address is No. 511 Weihai Road, Jing'an District, Shanghai. Unified social credit code is 91310000631757739E. Its business scope includes: investment dominated by financial investment and supported with non-financial investment, capital operation and asset management, financial research, and social and economic consultation. As of the end of the reporting period, Shanghai International Group Co., Ltd. held 68,638,200 shares of the Company, accounting for 0.71% of the Company's total share capital. The controlling shareholder and the actual controller of Shanghai International Group Co., Ltd. is SASAC Shanghai. The ultimate beneficiary is Shanghai International Group Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Shanghai International Group Co., Ltd. include Shanghai State-owned Assets Management Co., Ltd., Shanghai International Group Asset Management Co., Ltd., Shanghai Guoxin Investment Development Co., Ltd., etc.

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

Shanghai International Group Asset Management Co., Ltd. was established on December 16, 1987 with a registered capital of RMB 3.5 billion. Legal representative is Wang Tayu. Registered address is Zone C, 3/F, No. 511, Weihai Road, Jing'an District, Shanghai. Unified social credit code is 91310106132201066T. Business scope includes: various domestic and foreign investment business, asset management business, enterprise management, financial consultation (not engaging in agency bookkeeping), investment consultation (not engaging in brokerage). As of the end of the reporting period, Shanghai International Group Asset Management Co., Ltd. held 10,000 shares of the Company, accounting for 0.0001% of the Company's total share capital. The controlling shareholder of Shanghai International Group Asset Management Co., Ltd. is Shanghai International Group Co., Ltd.; the actual controller, SASAC Shanghai; and

the ultimate beneficiary, Shanghai International Group Asset Management Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Shanghai International Group Asset Management Co., Ltd. include Shanghai International Group Co., Ltd., Shanghai State-owned Assets Management Co., Ltd., Shanghai Xiayang Lake Investment Management Co., Ltd., etc.

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

1. China COSCO Shipping Corporation Ltd.

China COSCO Shipping Corporation Ltd. was established on February 5, 2016 with a registered capital of RMB 11 billion. The legal representative is Wan Min. The registered address is No. 5299, Binjiang Avenue, Pudong New District, Shanghai. The unified social credit code is 91310000MA1FL1MMXL. The business scope includes: international shipping, international maritime auxiliary business; import and export business of goods and technology; international freight forwarding business of sea, land and aviation; proprietary ship leasing; sale of ships, containers and steel; offshore engineering equipment design; terminal and port investment; sale of communication equipment, information and technology services; warehousing (except for hazardous chemicals); development, transfer, consultation, services of technology related to ships and spare parts, and equity investment funds.

As of the end of the reporting period, China COSCO Shipping Corporation Ltd. held 800,000,000 shares of the Company, accounting for 8.29% of the Company's total share capital. Ms. Zhang Xueyan was proposed to be nominated by China COSCO Shipping Group Company Limited to be a director of the Company²³. The controlling shareholder and actual controller of China COSCO Shipping Corporation Ltd. is SASAC, and the ultimate beneficiary is China COSCO Shipping Corporation Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of China COSCO Shipping Corporation Ltd. include COSCO Shipping Co., Ltd., China Shipping Group Co., Ltd., COSCO Shipping Bulk Co., Ltd., etc. As of the end of the reporting period, China COSCO Shipping Corporation Ltd., its related parties and concerted actors jointly held 8.29% of the Company's shares, and there was no pledge of the Company's shares.

2. BaoSteel Corporation Ltd.

BaoSteel Corporation Ltd. was established on February 3, 2000 with a registered capital of RMB 22,268,411,550. The legal representative is Zou Jixin. Registered address is No. 885, Fujin Road, Baoshan District, Shanghai. Unified social credit code 91310000631696382C. Business scope includes: licensed projects: production of hazardous chemicals; hazardous chemicals business; hazardous waste management; power generation business, power transmission business, power supply (distribution) business; port operations; road cargo transportation (excluding hazardous goods); road transport of hazardous goods; special equipment manufacturing; motor vehicle inspection and testing services. (Projects subject to approval in accordance with the law, approved by the relevant departments before operating activities, and specific business projects subject to the relevant department approval documents or permits) general projects: steel, iron smelting; steel rolling processing; commonly used non-ferrous metal smelting; non-ferrous metal rolling processing; coal and products sales; metal ore sales; metal materials sales; high-quality special steel materials sales; special equipment sales. Sales of renewable resources; sales agents; technology services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; production of chemical products (excluding licensed chemical products); sales of chemical products (excluding licensed chemical products); manufacturing of basic chemical raw materials (excluding the manufacture of hazardous chemicals and other licensed chemicals); general cargo warehousing services (excluding hazardous chemicals and other items subject to licensing approval); domestic cargo transportation, domestic freight forwarding agent; domestic container freight forwarding agent; non-residential real estate leasing; land use rights leasing; machinery and equipment leasing; transportation equipment leasing services; ship leasing; special equipment leasing; drafting, computing and measuring instruments manufacturing; drafting, computing and measuring instruments sales; business management consulting; environmental protection monitoring; bidding agency services; motor vehicle repair and maintenance; goods import and export; technology import and export; import and export agent; metal scrap and scrap processing.

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

²³ The Proposal on the Nomination of Ms. Zhang Xueyan as a Candidate for Non-executive Director of the Company was reviewed and approved by the 21st Meeting of the 4th Board of Directors of the Company on December 28, 2022 and will be submitted to the shareholders' meeting for review, and her qualification for appointment is subject to the approval of the regulatory authorities.

3. Shanghai Jiushi (Group) Co., Ltd.

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

As of the end of the reporting period, Shanghai Jiushi (Group) Co., Ltd. held 744,757,346 shares of the Company, accounting for 7.72% of the total share capital of the Company. Shanghai Jiushi (Group) Co., Ltd. nominated Ms. Zhang Chunhua as a director of the Company. The actual controller of Shanghai Jiushi (Group) Co., Ltd. is SASAC-Shanghai, and the ultimate beneficiary is Shanghai Jiushi (Group) Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Shanghai Jiushi (Group) Co., Ltd. include Shanghai Qiangsheng Holding Co. Ltd., Shanghai Jiushi Public Transportation Group Co., Ltd., Shanghai Jiushi Sports Industry Development (Group) Co., Ltd., and Shanghai Public Transportation Card Co., Ltd., etc. As of the end of the reporting period, Shanghai Jiushi (Group) Co., Ltd. held 7.72% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares.

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 8,628,200,000. 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 CBIRC.

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

(IV) Other Major Shareholders under CBIRC Regulatory Definition

1. 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 2F, No.1 Changqing North Road, Pudong New District. 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.

As of the end of the reporting period, Shanghai Guosheng Assets Co., Ltd. held 476,001,214 shares of the Company, accounting for 4.94% of the Company's total share capital. Ms. Ha Erman was nominated by Shanghai Guosheng Assets Co., Ltd. as the director of the Company. The controlling shareholder of Shanghai Guosheng Assets Co., Ltd. is Shanghai Guosheng (Group) Co., Ltd.; the actual controller, SASAC Shanghai; and the ultimate beneficiary, Shanghai Guosheng Assets Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Shanghai Guosheng Assets Co., Ltd. include Shanghai Assets Equity Group Limited Co., Shanghai Shengrong Industry Co., Ltd., Shanghai Lvhong Investment Development Co., Ltd., etc. As of the end of the reporting period, Shanghai Guosheng Assets Co., Ltd. held 4.94% of the Company's shares together with its related parties and concerted actors, and there was no pledge of the Company's shares.

2. 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 licensed projects: road management and maintenance; construction engineering; construction engineering design; catering services. Labor dispatching services (projects subject to approval by the relevant authorities before the commencement of business activities, specific business projects subject to approval results). General projects: equity investment; technology services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; information technology consulting services; car towing, road rescue, clearance services; car wash services; parking services; general cargo storage services (excluding hazardous chemicals and other items requiring licensing approval).

As of the end of the reporting period, Zhejiang Expressway Co., Ltd. held 468,303,221 shares of the Company, accounting for 4.86% of the Company's total share capital. Ms. Ruan Liya was nominated by Zhejiang Expressway Co., Ltd. as the director of the Company. The controlling shareholder of Zhejiang Expressway Co., Ltd. is Zhejiang Communications Investment Group Co., Ltd.; the actual controller, SASAC Zhejiang; and the ultimate beneficiary, Zhejiang Expressway Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Zhejiang Expressway Co., Ltd. include Zhejiang Shangsang Expressway Co., Ltd., Zhejiang Jinhua Yongjin Expressway Co., Ltd., and Zhejiang Longli-Lilong Expressway Co., Ltd., etc. As of the end of the reporting period, Zhejiang Expressway Co., Ltd. and its related parties and concerted actors jointly held 4.85% of the Company's shares, and there was no pledge of the Company's shares.

3. Taiping Life Insurance Co., Ltd.

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

As of the end of the reporting period, Taiping Life Insurance Co., Ltd. held 414,904,000 shares of the Company, accounting for 4.30% of the Company's total share capital. Mr. Li Guanying²⁴ was proposed to be nominated by Taiping Life Insurance Co., Ltd. as a director of the Company. The controlling shareholder of Taiping Life Insurance Co., Ltd. is China Taiping Insurance Holdings Co., Ltd.; the actual controller, the Ministry of Finance of the People's Republic of China; and the ultimate beneficiary, Taiping Life Insurance Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Taiping Life Insurance Co., Ltd. include Taiping Senior Living Investments Co., Ltd, Taiping Senior Living Industry Management Co., Ltd., Taiping Property (Beijing) Co., Ltd., etc. As of the end of the reporting period, Taiping Life Insurance Co., Ltd. held 4.30% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares.

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

Shanghai Shendi (Group) Co., Ltd. was established on August 8, 2010 with a registered capital of RMB 22,250,650,000. Legal representative is Yang Jinsong. Registered address is 10F, No.88 Shendi South Road, Pudong New District, Shanghai. Unified social credit code is 913100005601172662. Business scope includes: licensed projects: real estate development and operation. (Projects subject to approval in accordance with the law, approved by the relevant authorities before the commencement of business activities, specific business projects subject to the relevant approval documents or permits); general projects: investment activities with proprietary funds; non-residential real estate leasing; parking services; advertising design, agency; digital advertising design, agency; advertising; advertising production; digital advertising release; digital advertising production; conference and exhibition services; hotel management; electric vehicle charging infrastructure operation; engineering management services; municipal facilities management; electronic and mechanical equipment maintenance (excluding special equipment); information consulting services (excluding licensed information consulting services); business management consulting; financial consulting; import and export of goods; technology import and export.

²⁴ The Proposal on the Nomination of Li Guanying as a Candidate for Non-Executive Director of the Company was reviewed and approved by the 17th Meeting of the 4th Board of Directors of the Company on 18 August 2022 and will be submitted to the shareholders' meeting for review, and its qualification for appointment is subject to the approval of the regulatory authorities.

As of the end of the reporting period, Shanghai Shendi (Group) Co., Ltd. held 357,700,000 shares of the Company, accounting for 3.71% of the Company's total share capital. Mr. Le Jiawei²⁵ was proposed to be nominated by Shanghai Shendi (Group) Co., Ltd. as a director of the Company. Shanghai Shendi (Group) Co., Ltd. has no controlling shareholder; the actual controller, SASAC Shanghai; and the ultimate beneficiary, Shanghai Shendi (Group) Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Shanghai Shendi (Group) Co., Ltd. also include Shanghai Shendi Construction Co., Ltd., Shanghai Shendi Tourism and Resort Development Co., Ltd., Shanghai Shendi Development Co., Ltd., etc. As of the end of the reporting period, Shanghai Shendi (Group) Co., Ltd. held 3.71% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares.

5. Orient International (Holding) Co., Ltd.

Orient International (Holding) Co., Ltd. was established on October 25, 1994 with a registered capital of RMB 10 billion. The legal representative is Tong Jisheng. Registered address is 1F, Building 1, No.1488 Hongqiao Road, Changning District. The unified social credit code is 913100001322319278. The business scope includes: operating and agency for the import and export business of textiles, clothing and other commodities, undertaking Sino-foreign joint venture, cooperative production, processing and compensation trade business, operating technology import and export business, foreign project contracting of light textile and clothing industries, domestic bidding for international projects, all kinds of labor and personnel dispatch to foreign countries, international freight forwarding business, property brokerage, proprietary house leasing.

As of the end of the reporting period, Orient International (Holding) Co., Ltd. held 114,000,000 shares of the Company, accounting for 1.18% of the Company's total share capital. Mr. Dong Fang²⁶ is proposed to be nominated by Orient International (Holding) Co., Ltd. as the supervisor of the Company. The controlling shareholder and actual controller of Orient International (Holding) Co., Ltd. is SASAC Shanghai, and the ultimate beneficiary is Orient International (Holding) Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Bank, Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Orient International (Holding) Co., Ltd. include Shanghai Textile (Group) Co., Ltd., Orient International Group Shanghai Investment Co., Ltd., Orient International Holding Shanghai Foreign Trade Co., Ltd., etc. As of the end of the reporting period, Orient International (Holding) Co., Ltd. and its related parties and concerted actors jointly held 1.18% of the Company's shares, and there was no pledge of the Company's shares.

V. Other Information as Stipulated by CBIRC

In March 2022, the Shanghai Financial Court froze 32 million shares of the Company (pledged) held by Shanghai Huachen Lundefeng Group Co., Ltd, a shareholder of the Company, for a period from March 17, 2022 to March 15, 2025. The above 32 million shares have been entrusted by the Shanghai Financial Court to the Shanghai Stock Exchange for disposal and bidding transaction on the stock judicial assistance execution platform on 23 September 2022, and the transfer of equity has been completed during the reporting period.

In June 2022, the Shanghai Second Intermediate People's Court froze 336 million shares of the Company (pledged) held by the Company's shareholder, Lanhai Holdings (Group) Co., Ltd. for the period from June 21, 2022 to June 20, 2025, and the above shares were frozen by the Shanghai Financial Court, Xuzhou Tongshan District People's Court, Shanghai Pudong New District People's Court and Shanghai First Intermediate People's Court from June 22, 2022 to November 15, 2022, respectively.

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

²⁵ The Proposal on the Nomination of Le Jiawei as a Candidate for Non-Executive Director of the Company was reviewed and approved at the 17th Meeting of the 4th Board of Directors of the Company on 18 August 2022 and will be submitted to the shareholders' meeting for review, and his qualification for appointment is subject to regulatory approval.

²⁶ The Proposal on the Nomination of Le Jiawei as a Candidate for Non-Executive Director of the Company was reviewed and approved at the 17th Meeting of the 4th Board of Directors of the Company on 18 August 2022 and will be submitted to the shareholders' meeting for review, and his qualification for appointment is subject to regulatory approval.



The Company's 2022 financial statements have been audited by KPMG Huazhen(LLP), and signed by CPAs Li Ying and Shi Haiyun, and a standard unqualified audit report has been issued. The full text of the financial report is attached.


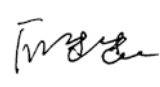



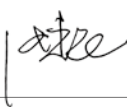
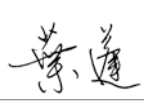
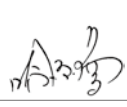
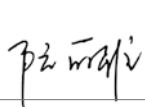
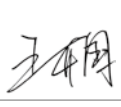

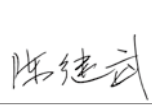
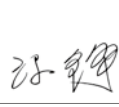
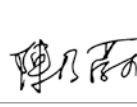
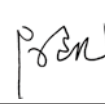



Written Confirmation on the Company's 2022 Annual Report by SHRCB Directors, Supervisors, and the Senior Management

According to relevant regulations and requirements, we, as the Company's directors, supervisors, and the senior management, issue the following comments after fully knowing and reviewing the Company's 2022 Annual Report:

1. The Company runs in strict accordance with the Accounting Standards for Business Enterprises and related system specifications. The Company's 2022 Annual Report fairly reflects the Company's financial conditions and operation outcomes within this reporting period.
2. All data involved in the annual report has been verified and confirmed, reflecting the principles of steadiness, prudence, objectiveness, authenticity, accuracy and comprehensiveness. We hold the view that the Company's 2022 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 2022 annual financial statements have been audited by the KPMG Huazhen(LLP)who has issued a standard unqualified opinion.







Signature of Director

				
Xu Li	Gu Jianzhong	Li Jin	Zhou Lei	Wang Juan
				
Zhang Chunhua	Ye Peng	Ha Erman	Ruan Liya	Wang Kaiguo
				
Zhu Yuchen	Chen Jiwu	Sun Zheng	Chen Naiwei	Chen Kai
				
Mao Huigang				

Signature of Supervisors

				
Li Jianguo	Guo Rufe	Yang Yuanjun	Xu Jingfen	Lian Bolin
				
Nie Ming				

Signature of Senior Management

				
Gu Jianzhong	Jin Jianhua	Yu Minhua	Zhang Hongbiao	Gu Xianbin
				
Ying Changming	Shen Dong			

Financial Statements and Auditor's Report For the year ended 31 December 2022



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AUDITOR'S REPORT

KPMG Huanzhen Shenzi NO. 2305708

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

Opinion

We have audited the accompanying financial statements of Shanghai Rural Commercial Bank Co., Ltd. (hereinafter referred to as "Shanghai Rural Commercial Bank" or the "Bank"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2022, the consolidated income statement and income statement, the consolidated cash flow statement and cash flow statement, and the consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, Shanghai Rural Commercial Bank's and consolidated financial position of as at 31 December 2022, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

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

The Key Audit Matter

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

Determination of provision for losses of loans and advances to customers

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

The Key Audit Matter

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

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

How the matter was addressed in our audit

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

- understanding and evaluating the design and operating effectiveness of key internal control over financial reporting related to provision for losses of loans and advances to customers.
- understanding and evaluating the design and operating effectiveness of key internal control over financial reporting related to credit approval, recording, monitoring, regular credit re-rating and provision for impairment loss; particularly, evaluating the design and operating effectiveness of key internal control over financial reporting related to staging classification based on the credit quality of loans and advances to customers at all levels;
- understanding and evaluating, with the assistance of our information technology experts, the design and operating effectiveness of relevant information system control, including general IT control of the system, data transmission between systems, mapping of the ECL model parameters, and system calculation logic setting of the ECLs of loans and advances to customers etc.

Determination of provision for losses of loans and advances to customers

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

The Key Audit Matter

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

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

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

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

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

How the matter was addressed in our audit

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

Consolidation of structured entities

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

The Key Audit Matter

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

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

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

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

How the matter was addressed in our audit

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

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

Other Information

Management of Shanghai Rural Commercial Bank is responsible for the other information. The other information comprises all the information included in 2022 annual report of Shanghai Rural Commercial Bank, other than the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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



KPMG Huazhen LLP

Beijing, China

27 April 2023

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

(Engagement partner)



Li Ying

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



Shi Haiyun

Consolidated balance sheet and balance sheet as at 31 December 2022

	Note	The Group		The Bank	
		2022	2021	2022	2021
Assets					
Cash and deposits with central bank	V.1	70,251,957	70,275,826	64,708,998	66,244,961
Due from placements with other banks and financial institutions	V.2	32,366,243	21,177,689	28,256,671	17,837,705
Precious metal		24,679	46,690	24,679	46,690
Placements with banks and other financial institutions	V.3	51,239,439	60,919,427	54,623,311	63,472,961
Derivative financial assets	V.4	1,198,288	1,062,871	1,198,288	1,062,871
Financial assets purchased under resale agreements	V.5	28,527,869	46,926,783	28,037,714	46,626,644
Loans and advances to customers	V.6	643,951,491	588,984,441	624,991,113	571,005,810
Financial investment:					
- Financial assets held for trading	V.7	44,080,000	72,420,004	76,004,300	72,420,004
- Debt investments	V.8	143,318,577	147,621,457	141,916,350	145,541,114
- Other debt investments	V.9	216,000,307	102,036,545	172,244,398	102,036,545
- Investments in other equity instruments	V.10	236,500	111,500	236,500	111,500
Finance lease receivables	V.11	12,216,424	17,822,507	-	-
Long-term receivables	V.11	20,546,536	14,086,457	-	-
Long-term equity investments	V.12	443,305	407,346	3,005,654	2,969,695
Fixed assets	V.13	5,307,741	5,039,790	5,111,722	4,908,661
Construction in progress		1,124,011	1,438,325	1,048,623	1,348,430
Right-of-use assets	V.14	656,065	706,981	559,487	584,630
Deferred tax assets	V.15	6,604,309	5,865,456	6,184,296	5,414,929
Other assets	V.16	3,305,380	1,426,166	3,077,195	1,242,608
Total assets		1,281,399,121	1,158,376,261	1,211,229,299	1,102,875,758

Consolidated balance sheet and balance sheet as at 31 December 2022

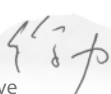
	Note	The Group		The Bank	
		2022	2021	2022	2021
Liabilities and shareholders' equity					
Liabilities					
Borrowings from central bank	V.18	37,095,461	39,538,115	36,541,866	38,699,752
Due to placements with other banks and financial institutions	V.19	10,783,444	4,927,959	14,479,816	9,681,577
Placements from banks and other financial institutions	V.20	28,923,860	34,902,156	5,342,803	10,871,421
Financial liabilities held for trading		55,955	46,699	24,673	46,699
Derivative financial liabilities	V.4	1,247,609	1,047,230	1,247,609	1,047,230
Financial assets sold under repurchase agreements	V.21	30,370,457	29,173,075	18,931,447	29,173,075
Customer deposits	V.22	961,369,501	855,366,636	932,087,120	827,549,571
Employee benefits payables	V.23	3,144,897	2,866,592	2,813,867	2,585,970
Taxes payables	V.24	1,552,563	1,528,359	1,424,463	1,418,654
Debt securities issued	V.25	87,225,642	85,313,202	87,225,642	85,313,202
Lease liabilities	V.14	603,813	630,197	514,748	521,571
Provisions	V.26	611,151	339,439	611,151	339,439
Other liabilities	V.27	12,699,121	5,365,165	10,062,794	3,133,173
Total liabilities		1,175,683,474	1,061,044,824	1,111,307,999	1,010,381,334
Shareholders' equity					
Share capital	V.28	9,644,444	9,644,444	9,644,444	9,644,444
Capital reserve	V.29	16,495,416	16,495,416	16,784,499	16,784,499
Other comprehensive income	V.30	1,616,018	1,631,197	1,345,029	1,631,197
Surplus reserve	V.31	28,013,982	24,278,035	27,552,704	23,877,675
General risk reserve	V.32	12,785,082	11,909,737	12,262,297	11,412,670
Retained earnings	V.33	33,279,027	29,809,274	32,332,327	29,143,939
Total equity attributable to shareholders of the Bank		101,833,969	93,768,103	99,921,300	92,494,424
Non-controlling interests		3,881,678	3,563,334	-	-
Total shareholders' equity		105,715,647	97,331,437	99,921,300	92,494,424
Total liabilities and shareholders' equity		1,281,399,121	1,158,376,261	1,211,229,299	1,102,875,758

The notes on pages 118 to 203 form part of these financial statements.

These financial statements were approved by the Board of Directors of the Bank on 27 April 2023.

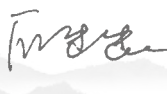
Xu Li

Legal Representative



Gu Jianzhong

President



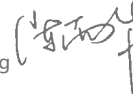
Yao Xiaogang

Chief Financial Officer



Chen Nahua

Head of the Accounting Department



Consolidated income statement and income statement for the year ended 31 December 2022

	Note	The Group		The Bank	
		2022	2021	2022	2021
I. Operating Income					
Interest income		43,452,865	41,075,496	39,988,083	37,696,569
Interest expense		(22,698,617)	(21,704,773)	(21,410,971)	(20,331,966)
Net interest income	V.34	20,754,248	19,370,723	18,577,112	17,364,603
Fee and commission income		2,448,001	2,434,089	2,484,765	2,464,209
Fee and commission expense		(292,338)	(267,864)	(268,606)	(255,678)
Net fee and commission income	V.35	2,155,663	2,166,225	2,216,159	2,208,531
Investment income	V.36	1,586,676	1,411,877	1,693,527	1,491,873
Including: Income from investments in associates		34,033	40,635	34,033	40,635
Income from derecognition of financial assets measured at amortised cost		4,034	-	-	-
Other income		25,364	53,726	14,377	23,282
Gains from changes in fair value	V.37	532,786	678,404	532,786	678,404
Exchange gains		519,069	272,683	519,069	272,683
Other operating income		33,747	66,163	29,067	59,635
Gains from asset disposals		19,717	144,518	19,717	144,782
Operating income		25,627,270	24,164,319	23,601,814	22,243,793
II. Operating expenses					
Taxes and surcharges		(268,602)	(264,188)	(256,423)	(246,146)
Operation and administrative expenses	V.38	(7,798,740)	(7,221,524)	(7,098,432)	(6,537,780)
Credit impairment losses	V.39	(3,865,210)	(4,498,459)	(3,604,602)	(4,142,814)
Asset impairment (losses) / gains		(3,701)	3,016	-	3,105
Other operating costs		(16,394)	(15,235)	(15,928)	(14,106)
Operating expenses		(11,952,647)	(11,996,390)	(10,975,385)	(10,937,741)
III. Operating Profit		13,674,623	12,167,929	12,626,429	11,306,052
Add: Non-operating income		42,002	53,756	36,365	45,675
Less: Non-operating expenses		(47,650)	(43,475)	(38,994)	(40,980)
IV. Profit before income tax		13,668,975	12,178,210	12,623,800	11,310,747
Less: Income tax expenses	V.40	(2,275,798)	(2,131,291)	(2,017,423)	(1,915,208)
V. Net profit		11,393,177	10,046,919	10,606,377	9,395,539
(1) Net profit classified by continuity of operations ("-" for net loss):					
Net profit from continuing operations		11,393,177	10,046,919	10,606,377	9,395,539
Net profit from discontinued operations		-	-	-	-
(2) Net profit classified by ownership ("-" for net loss):					
Shareholders of the Bank		10,974,378	9,697,866	10,606,377	9,395,539
Non-controlling interests		418,799	349,053	-	-

Consolidated income statement and income statement for the year ended 31 December 2022

	Note	The Group		The Bank	
		2022	2021	2022	2021
VI. Other comprehensive income, net of tax	V.30	(15,179)	855,028	(286,168)	855,028
Other comprehensive income (net of tax) attributable to shareholders of the Bank		(15,179)	855,028	(286,168)	855,028
Other comprehensive income that will be reclassified to profit or loss Other comprehensive income recognised under equity method		1,926	(3,467)	1,926	(3,467)
Changes in fair value of financial assets classified as at fair value through other comprehensive income		(142,967)	1,134,853	(413,956)	1,134,853
Provisions for impairment of financial asset classified as at fair value through other comprehensive income.		125,862	(276,358)	125,862	(276,358)
Other comprehensive income (net of tax) attributable to non-controlling interests		-	-	-	-
VII. Total comprehensive income		11,377,998	10,901,947	10,320,209	10,250,567
Total comprehensive income attributable to shareholders of the Bank		10,959,199	10,552,894	10,320,209	10,250,567
Total comprehensive income attributable to non-controlling interests		418,799	349,053	-	-
VIII. Earnings per share					
Basic and diluted earnings per share	V.41	1.14	1.08		

The notes on pages 118 to 203 form part of these financial statements.

Consolidated cash flow statement and cash flow statement for the year ended 31 December 2022

	Note	The Group		The Bank	
		2022	2021	2022	2021
Cash flows from operating activities:					
Net increase in borrowings from the central bank		-	10,572,762	-	10,566,801
Net increase in the amount due to customers and due from placements with other banks and financial institutions		111,182,911	86,800,232	108,797,026	83,846,791
Net increase in financial assets sold under repurchase agreements		1,188,522	-	-	-
Net decrease in the amount due from placements with central bank and other banks and financial institutions		459,969	3,869,222	856,214	1,863,256
Net decrease in placements with banks and other financial institutions		19,143,523	-	18,593,523	-
Net decrease in financial assets purchased under resale agreements		18,400,744	-	18,590,776	-
Net decrease in financial assets held for trading		28,862,998	-	-	-
Interest received		35,323,704	34,223,621	31,821,682	30,917,495
Fee and commission received		2,745,088	2,547,836	2,784,058	2,566,687
Proceeds from other operating activities		7,302,145	3,987,685	6,715,746	3,774,094
Sub-total of cash inflows		224,609,604	142,001,358	188,159,025	133,535,124
Net increase in loans and advances to customers		(55,972,855)	(83,487,022)	(55,073,593)	(80,501,478)
Net increase in placements with banks and other financial institutions		-	(283,049)	-	(810,154)
Net increase in financial assets purchased under resale agreements		-	(10,494,491)	-	(11,088,691)
Net increase in financial assets held for trading		-	(2,370,496)	(3,061,302)	(2,370,496)
Net decrease in borrowings from the central bank		(2,394,992)	-	(2,110,290)	-
Net decrease in placements from banks and other financial institutions		(5,902,988)	(7,165,733)	(5,536,989)	(8,890,984)
Net decrease in financial assets sold under repurchase agreements		-	(7,501,925)	(10,241,290)	(7,501,925)
Net payment for lease assets		(1,214,070)	(3,638,446)	-	-
Interest paid		(19,864,525)	(17,057,293)	(18,639,009)	(15,558,513)
Fee and commission paid		(309,878)	(267,864)	(284,722)	(255,678)
Payment to and for employees		(4,962,481)	(4,644,670)	(4,526,709)	(4,256,786)
Net payment of various taxes		(5,238,541)	(4,718,629)	(4,741,730)	(4,178,010)
Other cash payments relating to operating activities		(3,718,431)	(1,519,221)	(3,503,714)	(1,362,991)
Sub-total of cash outflows		(99,578,761)	(143,148,839)	(107,719,348)	(136,775,706)
Net cash flows from / (used in) operating activities	V. 42(1)	125,030,843	(1,147,481)	80,439,677	(3,240,582)

Consolidated cash flow statement and cash flow statement for the year ended 31 December 2022

	Note	The Group		The Bank	
		2022	2021	2022	2021
Cash flows from investing activities:					
Proceeds from disposal of investments		90,979,038	100,255,949	87,720,038	100,225,994
Investment returns received		8,686,055	10,212,444	8,761,757	10,243,460
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		28,862	188,340	28,141	187,365
Sub-total of cash inflows		99,693,955	110,656,733	96,509,936	110,656,819
Payment for acquisition of investments		(199,753,224)	(101,796,574)	(153,777,371)	(100,636,574)
Net payment for acquisition of subsidiaries, joint ventures or associates		-	-	-	(85,000)
Payment for acquisition of fixed assets, intangible assets and other long-term assets		(701,943)	(784,478)	(622,973)	(734,712)
Sub-total of cash outflows		(200,455,167)	(102,581,052)	(154,400,344)	(101,456,286)
Net cash flow (used in) / from investing activities		(100,761,212)	8,075,681	(57,890,408)	9,200,533
Cash flows from financing activities:					
Proceeds from issue of bonds and interbank certificates of deposit		100,245,004	122,862,683	100,245,004	122,862,683
Proceeds from investors		-	8,543,969	-	8,528,969
Sub-total of cash inflows from financing activities		100,245,004	131,406,652	100,245,004	131,391,652
Repayments of borrowings		(98,379,137)	(125,233,211)	(98,379,137)	(125,233,211)
Payment for dividends, profit distributions or interest		(5,220,703)	(4,861,304)	(5,121,516)	(4,782,485)
Repayments of lease liabilities		(255,020)	(269,768)	(222,862)	(228,500)
Sub-total of cash outflows from financing activities		(103,854,860)	(130,364,283)	(103,723,515)	(130,244,196)
Net cash flows (used in) / from financing activities		(3,609,856)	1,042,369	(3,478,511)	1,147,456
Effect of foreign exchange rate changes on cash and cash equivalents		454,552	(87,797)	454,552	(87,797)
Net increase / (decrease) in cash and cash equivalents	V. 42(2)	21,114,327	7,882,772	19,525,310	7,019,610
Add: Cash and cash equivalents at the beginning of the year		33,705,073	25,822,301	30,807,690	23,788,080
Closing balance of cash and cash equivalents	V. 42(3)	54,819,400	33,705,073	50,333,000	30,807,690

The notes on pages 118 to 203 form part of these financial statements.

Consolidated statement of changes in shareholders' equity for the year ended 31 December 2022

	2022								
	Attributable to shareholders of the Company							Non-controlling interests	Total
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Sub-total		
I. Balance at 1 January 2022	9,644,444	16,495,416	1,631,197	24,278,035	11,909,737	29,809,274	93,768,103	3,563,334	97,331,437
II. Changes for the year									
(I). Total comprehensive income	-	-	(15,179)	-	-	10,974,378	10,959,199	418,799	11,377,998
(II). Appropriation of profits									
1. Appropriation for surplus reserve	-	-	-	3,735,947	-	(3,735,947)	-	-	-
2. Appropriation for general risk reserve	-	-	-	-	875,345	(875,345)	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(2,893,333)	(2,893,333)	-	(2,893,333)
4. Dividends distributions of subsidiaries	-	-	-	-	-	-	-	(100,455)	(100,455)
III. Balance at 31 December 2022	9,644,444	16,495,416	1,616,018	28,013,982	12,785,082	33,279,027	101,833,969	3,881,678	105,715,647

	2021								
	Attributable to shareholders of the Company							Non-controlling interests	Total
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Sub-total		
I. Balance at 1 January 2021	8,680,000	8,947,939	776,169	20,935,430	10,207,445	27,663,861	77,210,844	3,261,052	80,471,896
II. Changes for the year									
(I). Total comprehensive income	-	-	855,028	-	-	9,697,866	10,552,894	349,053	10,901,947
(II). Shareholders' contributions of capital									
1. Contribution by ordinary shareholders	964,444	7,564,525	-	-	-	-	8,528,969	15,000	8,543,969
(III). Appropriation of profits									
1. Appropriation for surplus reserve	-	-	-	3,342,605	-	(3,342,605)	-	-	-
2. Appropriation for general risk reserve	-	-	-	-	1,702,292	(1,702,292)	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(2,507,556)	(2,507,556)	-	(2,507,556)
4. Dividends distributions of subsidiaries	-	-	-	-	-	-	-	(78,819)	(78,819)
(IV). Others	-	(17,048)	-	-	-	-	(17,048)	17,048	-
III. Balance at 31 December 2021	9,644,444	16,495,416	1,631,197	24,278,035	11,909,737	29,809,274	93,768,103	3,563,334	97,331,437

Statement of changes in shareholders' equity for the year ended 31 December 2022

	2022						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total
I. Balance at 1 January 2022	9,644,444	16,784,499	1,631,197	23,877,675	11,412,670	29,143,939	92,494,424
II. Changes for the year							
(I). Total comprehensive income	-	-	(286,168)	-	-	10,606,377	10,320,209
(II). Appropriation of profits							
1. Appropriation for surplus reserve	-	-	-	3,675,029	-	(3,675,029)	-
2. Appropriation for general risk reserve	-	-	-	-	849,627	(849,627)	-
3. Distributions to shareholders	-	-	-	-	-	(2,893,333)	(2,893,333)
III. Balance at 31 December 2022	9,644,444	16,784,499	1,345,029	27,552,704	12,262,297	32,332,327	99,921,300
	2021						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total
I. Balance at 1 January 2021	8,680,000	9,219,974	776,169	20,612,301	9,772,127	27,161,873	76,222,444
II. Changes for the year							
(I). Total comprehensive income	-	-	855,028	-	-	9,395,539	10,250,567
(II). Shareholders' contributions of capital							
1. Contribution by ordinary shareholders	964,444	7,564,525	-	-	-	-	8,528,969
(III). Appropriation of profits							
1. Appropriation for surplus reserve	-	-	-	3,265,374	-	(3,265,374)	-
2. Appropriation for general risk reserve	-	-	-	-	1,640,543	(1,640,543)	-
3. Distributions to shareholders	-	-	-	-	-	(2,507,556)	(2,507,556)
III. Balance at 31 December 2021	9,644,444	16,784,499	1,631,197	23,877,675	11,412,670	29,143,939	92,494,424

The notes on pages 118 to 203 form part of these financial statements.

I. General information

Shanghai Rural Commercial Bank Co., Ltd. (the "Bank") is a joint-stock commercial bank reconstructed from the former Shanghai Rural Credit Cooperatives, including one municipal cooperative agency, 14 county-level cooperative agencies and 219 credit cooperatives sub-agencies. It was incorporated in Shanghai, the People's Republic of China ("China") on 23 August 2005, headquartered in Shanghai. The Bank went public on Renminbi ordinary share market ("A-share") and is traded under the code 601825 in Shanghai Stock Exchange.

The Bank obtained its finance approval license No. B0228H231000001 from China Banking Regulatory Commission ("CBRC") and obtained its business license No. 310000000088142 from Shanghai Municipal Administration of Industry and Commerce. The registered address of the Bank is No. 70 of East Zhongshan Number Two Road, and the unified social credit code is No. 913100007793473149.

The Bank and its 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.

In respect of these financial statements, Mainland China excludes Hong Kong Special Administrative Region of the PRC ("Hong Kong"), Macau Special Administrative Region of the PRC ("Macau") and Taiwan; areas outside Mainland China refer to Hong Kong, Macau, Taiwan and other countries and regions.

For key subsidiaries included in the consolidation scope for the year, refer to Note V. 12.1.

II. Basis of preparation

The financial statements have been prepared on a going concern basis.

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by the Ministry of Finance ("MOF"). These financial statements present truly and completely the consolidated financial position and financial position of the Bank as at 31 December 2022, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Bank for the year then ended.

These financial statements also comply with the disclosure

requirements of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2014.

III. Significant accounting policies and accounting estimates

1. Accounting period

The accounting period is from 1 January to 31 December.

2. Functional currency

The Bank's functional currency is Renminbi and these financial statements are presented in Renminbi. The functional currency is determined by the Bank and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

3. Accounting treatments for business combinations involving entities under common control and not under common control

A transaction or event constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets) which meet the definition of a business. Business combinations are classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether an acquired set of assets constitutes a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is a business. If the concentration test is met, the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group should perform the assessment according to the guidance on the determination of a business.

When the set of assets the Group acquired does not constitute a business, acquisition costs should be allocated to each identifiable asset and liability on the basis of their relative fair values at the date of acquisition. The accounting treatments for business combinations described below are not applied.

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated

financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously-held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. If (1) is less than (2), the difference is recognised in profit or loss for the current period. Other acquisition-related costs are expensed when incurred. The acquiree's identifiable assets, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair values. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination involving entities not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognises any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. In addition, any amount recognised in other comprehensive income and other changes in the owners' equity under equity accounting in prior reporting periods relating to the previously-held equity interest that may be reclassified to profit or loss are transferred to investment income at the date of acquisition. For any previously-held equity interest that is designated as equity investment at fair value through other comprehensive income, the other comprehensive income recognised in prior reporting periods is transferred to retained earnings and surplus reserve at the date of acquisition.

4. Consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Bank and its subsidiaries (including the structured entities controlled by the Bank). Control exists when the investor has all of the following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are

included in the consolidated financial statements from the date that control commences until the date that control ceases.

A structured entity is one that is not designed to have voting or similar rights as a determining factor when determining its controlling party. The basis for the activities related to this entity is usually a contractual arrangement or other forms of arrangement.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Bank, the Bank makes necessary adjustments to the financial statements of the subsidiary based on the Bank's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in full in the financial statements.

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair values of those identifiable assets and liabilities at the acquisition date.

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period. The remaining equity investment is re-measured at its fair value at the date when control is lost, and any resulting gains or losses are also recognised as investment income for the current period.

When the Group loses control of a subsidiary in multiple arrangements in which it disposes of its long-term equity investment in the subsidiary in stages, the following factors are considered to determine whether the Group should account for the multiple arrangements as a single transaction:

- arrangements are entered into at the same time or in contemplation of each other;
- arrangements work together to achieve an overall commercial effect;
- the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;
- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

If each of the multiple arrangements does not form part of a single transaction, the arrangements conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of equity investment in subsidiaries where control is retained.

If each of the multiple arrangements forms part of a single transaction which eventually results in the loss of control in the subsidiary, these multiple arrangements are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each arrangement prior to the loss of control shall be recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

(4) Changes in non-controlling interests

Where the Bank acquires more interest in a subsidiary from the subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without losing control, the difference between the portion of the interest in the subsidiary's net assets being acquired or disposed of and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

5. Foreign currency translation

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates or rates that approximate the spot exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the financial reporting date are translated into Renminbi at the foreign exchange rates ruling at that date. Changes in the fair value of monetary items denominated in foreign currency classified as financial assets at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of these

items and other changes in the carrying amount of these items. Translation differences related to changes in the amortised cost are recognised in the profit or loss, and other changes in the carrying amount are recognised in other comprehensive income. Any foreign exchange gains and losses on monetary items denominated in foreign currencies are recognized in profit or loss.

Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss, except for the differences arising from the re-translation of equity investments at fair value through other comprehensive income, which are recognised in other comprehensive income.

6. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

7. Precious metal

Precious metals comprise gold, silver and other precious metals. The Group's non-trading precious metals are initially measured at cost at the time of acquisition and subsequently measured at the lower of cost and net realisable value. The Group's precious metals acquired for trading purposes are initially recognised at fair value at the time of acquisition and subsequently measured at fair value at the balance sheet date, with the relevant changes recognised in profit or loss.

8. Financial instruments

Financial instrument refers to any contract that gives rise to a financial asset of a party and a financial liability or equity instrument of another party.

(1) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial asset or financial liability is measured initially at fair value. For financial assets and financial liabilities measured at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model under which a financial asset is managed and

its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held under a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis, and the instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period

of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

Financial assets at fair value through profit or loss

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and that is not part of a hedging relationship should be recognised in profit or loss when the financial asset is derecognised, reclassified, amortised under the effective interest method or when an impairment gain or loss is recognised.

Debt investments measured at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, and impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments designated at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities at fair value through profit or loss

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

These liabilities are subsequently measured at fair value. The gain or loss (including interest expense) on the financial liability is recognised in profit or loss, except when:

- the financial liability is part of a hedging relationship;
- the financial liability is a financial liability designated at fair value through profit or loss, and changes in its fair value arising from changes in the Group's own credit risk are recognised in other comprehensive income.

Other financial liabilities

Other financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities arising from transfers of financial assets that do not qualify for derecognition or from continuing involvement in the transferred financial assets, financial guarantee contracts and loan commitments.

(4) Financial guarantee contracts and loan commitments

Financial guarantee contracts

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value on the date of providing the guarantee. Subsequent to initial recognition, deferred income related to financial guarantee is amortised in profit or loss in accordance with relevant accounting policies. A financial guarantee liability is measured at the higher of:

- the amount of the loss allowance determined in accordance with the impairment policies for financial instruments (see Notes III.8(7)); and
- the amount initially recognised less the cumulative amount of income.

Loan commitments

The term "loan commitments" refers to definite commitments to provide credit pursuant to terms and conditions prescribed in advance.

The Group provides loan commitments that are assessed for impairment based on ECLs. The Group has not committed to grant loans at any below-market interest rates or to make cash payments or issue other financial instruments as a net settlement of loan commitments.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group can not separately identify the ECL on the undrawn commitment component from those on the loan component, the ECL on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECL exceed the gross carrying amount of the loan, the ECL are recognised as a provision.

(5) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts;
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(6) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred; and although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

the financial asset has been transferred; and if the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, and it retains control over the transferred asset, then the relevant financial asset is recognised to the extent of continuing involvement in the transferred financial asset, and the corresponding liability is recognised as well.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(7) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;
- contract assets;
- debt investments measured at FVOCI;
- lease receivables;
- financial guarantee contracts issued, which are not measured at FVTPL.

Financial assets measured at fair value, including debt investments or equity securities at FVTPL, equity securities designated at

FVOCI and derivative financial assets, are not subject to the ECL assessment.

(a) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The Group measures ECLs of a financial instrument in a way that reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

The Group applies a 'three-stage model' for measuring ECLs for financial instruments based on significant changes or credit impairment in credit risk since initial recognition:

Stage 1: Financial instruments that have not had a significant increase in credit risk since initial recognition. For these assets, 12-month expected credit losses are recognised;

Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised;

Stage 3: Financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised.

Note XII.1.3 provides more detailed information on how to measure the expected credit loss provision.

(b) Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income and not deducted from the carrying amount of the assets. For loan commitments and financial guarantee contracts issued, which are not measured at FVTPL, an allowance for losses is recognised in the provisions (see Note V.26).

(c) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This generally occurs when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(8) Amendments to financial asset contracts

In some cases (e.g. restructured loans), the Group may modify or renegotiate its contracts for financial assets. The Group assesses whether the terms of the modified or renegotiated contract have changed substantially.

If there is a material change in the terms of the modified contract, the Group derecognises the original financial asset and recognises a new financial asset in accordance with the modified terms.

If there is no substantial change in the terms of the modified contract but it results in a change in contractual cash flows, the Group recalculates the carrying amount of the financial asset and recognises the relevant gains or losses in profit or loss. The recalculated carrying amount of the financial assets shall be recognised at the present value determined by discounting the amended or renegotiated contractual cash flows by the original effective interest rate of the financial assets (or the credit-adjusted effective interest rate of purchased or originated credit-impaired financial assets). For all the costs or expenses arising from an amended or renegotiated contract, the Group shall adjust the carrying amount of the financial assets and amortise them for the remaining life of the amended financial assets. The Group shall compare the risk of default at the balance sheet date based on the new contract terms with the risk of default at initial recognition based on the original contract terms when evaluating whether the credit risk of the relevant financial instrument has increased significantly.

(9) Equity instruments

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Group for repurchasing self-issued equity instruments are deducted from shareholders' equity.

9. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date when the derivative transaction contract is entered into and are subsequently measured at their fair value. A derivative financial instrument with a positive fair value is recognised as an asset and a negative fair value is recognised as a liability.

If the hybrid contract contains a host contract that is an asset under the financial instruments standards, derivatives embedded in contracts where the host is a financial asset are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. If the hybrid contract contains a host contract that is not an asset under the financial instruments standards, when certain embedded derivative financial instruments are not closely related to the economic characteristics and risks of their host contracts, a separate instrument with the same terms as the embedded derivative instrument meets the definition of a derivative financial instrument, and the hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss, the embedded derivative financial instruments should be separated from the hybrid contract and treated as a separate derivative financial instrument. These embedded derivative financial instruments are measured at fair value and the corresponding changes in fair value are included in profit or loss.

Gains or losses derived from changes in the fair value of derivative financial instruments that do not qualify for hedge accounting should be recognised directly in profit or loss.

10. Financial assets purchased under resale agreements and financial assets sold under repurchase agreements

Financial assets purchased under resale agreements are capital where the Group acquires financial assets which will be resold at a fixed price under resale agreements. Financial assets sold under repurchase agreements are capital where the Group sells financial assets which will be repurchased at a fixed price under repurchase agreements.

Financial assets purchased under resale agreements and financial assets sold under repurchase agreements are reflected in the balance sheet based on the actual payments or receipts when incurred. Financial assets purchased under resale agreements are not recognised and are recorded off-balance sheet; underlying assets sold under repurchase agreements are still reflected in the balance sheet.

The bid-ask spread of financial assets purchased under resale agreements and sold under repurchase agreements is amortised using the effective interest method in the relevant transaction period and is recognised as interest income and interest expense accordingly.

11. Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Group's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to retained earnings.

For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Group, in exchange for control of the acquiree.

(b) Long-term equity investments acquired other than through a business combination

A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Bank's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method unless the investment is classified as held for sale. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Group recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

For the impairment of investments in subsidiaries, refer to Note III.17.

In the Group's consolidated financial statements, subsidiaries are accounted for in accordance with the policies described in Note III.4.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.11(3)) and rights to the net assets of the arrangement.

An associate is an entity over which the Group has significant influence (see Note III.11(3)).

An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

The accounting treatments under the equity method adopted by the Group are as follows:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

- After acquiring the investment, the Group recognises its share

of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group.

- In calculating its share of the investee's net profit or loss, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income based on the fair value of the investee's identifiable net assets at the date of acquisition after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in full in the financial statements.

- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised. For the impairment of the investments in joint ventures and associates, refer to Note III. 17.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's relevant activities unilaterally;
- Whether decisions relating to the investee's relevant activities require the unanimous consent of all participant parties that share control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but is not control or joint control of those policies.

12. Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group

for use in the supply of services, for rental or for administrative purposes with useful lives over one accounting year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.13.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	Estimated useful life (years)	Residual value rate	Annual depreciation rate
Plant and buildings	20	5.00%	4.75%
Transportation facilities	5	5.00%	19.00%
Electronic equipment	5-10	5.00%	9.50-19.00%
Machinery and equipment	5-10	5.00%	9.50-19.00%
Office equipments	5-10	5.00%	9.50-19.00%

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

(3) For the impairment of fixed assets, refer to Note III.17.

(4) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

- on disposal; or
- when no future economic benefits are expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

13. Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs, and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is classified as construction in progress and transferred to fixed assets when it is ready for its intended use. No depreciation is recorded against construction in progress.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note III.17).

14. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note III.17). For an intangible asset with finite useful life, its cost estimated less residual value and accumulated impairment losses is amortised on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

Useful lives and amortisation methods of intangible assets with finite useful lives are reviewed at least at each year-end.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

15. Long-term deferred expenses

Expenditures incurred with a beneficial period of over one year are recognised as long-term deferred expenses. Long-term deferred expenses are amortised over their beneficial periods, and are stated in the balance sheet at cost less accumulated amortisation and impairment losses.

16. Foreclosed assets

Foreclosed assets refer to the physical assets or property rights of the debtor, guarantor or third party that are compensated by the Group for exercising creditor's rights or security interests in accordance with the law.

The foreclosed financial assets are initially measured at fair value, subsequently classified and measured in accordance with the accounting policy set out in Note III.8(2).

The foreclosed non-financial assets are initially measured at the fair value of the relinquished claims and other costs such as taxes that can be directly attributed to the assets, and subsequently measured at the lower of the carrying amount and the recoverable amount of the foreclosed assets, the impairment test method and provisioning method for impairment are set out in Note III.17.

17. Impairment of assets other than financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- long-term equity investments
- long-term deferred expenses
- foreclosed non-financial assets, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually and the recoverable amounts of goodwill and intangible assets with indefinite useful lives at each year-end, irrespective of whether there is any indication of impairment. For the purposes of impairment testing, goodwill is allocated to each asset group, or set of asset groups, that is expected to benefit from the synergies of the business combination.

The recoverable amount of an asset (or asset group or set of asset groups) is the higher of its fair value (see Note III.18) less costs of disposal and the present value of its expected future cash flows.

An asset group is composed of assets related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of an asset's expected future cash flows is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly to reduce the carrying amount to the recoverable amount. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocations would not reduce the carrying amount of an asset below the highest of its fair value less costs of disposal (if measurable), the present value of its expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it should not be reversed in a subsequent period.

18. Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

19. Provisions and contingent liabilities

Contingencies refer to potential obligations arising from past transactions or events, its existence must be verified through the occurrence or non-occurrence of uncertain future events; or in respect of present obligations arising from past transactions or events, the performance of such obligations is not likely to cause economic benefits to flow out of the Group or the impact amount of the obligation cannot be reliably measured. These obligations are not recognised, but only disclosed in Note X. Commitments and contingencies to the financial statements.

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined as follows:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amounts of provisions at the balance sheet date and adjusts their carrying amounts to the current best estimates.

20. Dividends distributions

Dividends distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

21. Fiduciary activities

The Group acts as a manager, trustee or agent for its clients in its fiduciary activities. The Group's balance sheet does not include assets held by the Group as a result of the fiduciary activities and commitments relating to the surrender of such assets to the customers, which are at the risk and return of the customers.

Through the entrusted loan agreement entered into with the customers, the customer provides funds ("entrusted loan funds") to the Group, and the Group issues loans ("entrusted loans") to third parties in accordance with the instructions of the customers. As the Group does not undertake the risks and rewards of entrusted loans and related entrusted loan funds, the Group's entrusted loans and entrusted loan funds are recognised as off-balance sheet items based on their principal, and no provision for impairment is made for these entrusted loans.

22. Revenue recognition

(1) Interest income

For all financial assets measured at amortised cost and financial assets at fair value through other comprehensive income, interest income is measured at the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the rate of book value of financial asset or amortised cost of financial liability. The calculation of effective interest rate requires consideration of the contractual terms of the financial instrument (such as prepayment rights) and includes all fees and transaction costs attributable to the effective interest rate components (excluding ECL).

The Group recognises the interest income based on the book value of financial assets multiplied by the effective interest rate and presents it as interest income, except for the following cases:

- For the purchased or originated credit loss occurred financial assets, the Group calculates and recognises their interest income based on amortised cost and credit-adjusted effective interest rate of such financial assets since initial recognition.
- As for financial assets purchased or originated credit-impaired but credit-impaired in subsequent periods, its interest income is recognised by computing at amortised cost (i.e., the net amount after the expected credit loss provision is deducted from the book value) and effective interest rate of the financial asset. If no credit impairment exists in the financial instruments due to the improvement of its credit risk in the subsequent period, and this improvement can be objectively related to an event that occurs after the application of the provisions above, the interest income should be calculated and recognised as effective interest rate multiplying the book value of financial assets.

(2) Fee and commission income

The Group collects fees and commissions by providing services to customers. Fee and commission income is recognised when the Group satisfies the performance obligation, either over time or at a point in time when a customer obtains control of the service.

The Group satisfies a performance obligation over time if one of the following criteria is met; otherwise, the performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the services provided during the Group's performance; or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

(3) Dividend income

Dividend income from equity instruments is recognised when the right to receive the dividend is established.

23. Expenses

(1) Interest expense

Interest expense on financial liabilities is calculated on the basis of the amortised cost of the financial liabilities, the timing of the funds employed, using the effective interest method, and is recognised in the corresponding period.

(2) Other expenses

Other expenses is recognised on an accrual basis.

24. Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, and social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Post-employment benefits

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group's employees participate in a basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate. In addition to basic social pension insurance, the Group's employees also participate in the enterprise annuity plan

approved by the board of directors and submitted to the labour and social security administration. Enterprise annuity is calculated based on the annuity plan and is recognised in profit or loss when the contribution is incurred.

(3) Termination benefits

When the Group terminates an employee's employment before the employment contract expires, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits provided in an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

25. Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group. A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognised. Otherwise, the grant is included in other income or non-operating income directly.

26. Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss).

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reductions are reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on either:
 - the same taxable entity; or
 - different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

27. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be explicitly or implicitly specified in a contract and

are physically distinct, or may be a portion of an asset's capacity or other portion of an asset that is not physically distinct but represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;

- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

- the lessee has the right to direct the use of the asset.

For a contract that contains multiple separate lease components, the lessee and the lessor separate the lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate the lease components from the non-lease components.

(1) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to obtain the ownership of the lease asset by the end of the lease term, the right-of-use asset is depreciated over the remaining useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated over the shorter of the lease term or the remaining useful life of the lease asset. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note III.17.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability are charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the lease commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;

(All amounts expressed in thousands of RMB unless otherwise stated)

- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or the Group has exercised the extension or termination option in a different manner from the original assessment.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate over the lease term.

(2) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the asset under finance lease. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term with a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are accounted for in accordance with the accounting policy in Note III.8. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases are recognised as rental income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

28. Related parties

If a party has the power to control, jointly control or exercise

significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Bank is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Bank determines related parties based on the disclosure requirements of the Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

29. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are the same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to provide the products or provide the services, and the nature of the regulatory environment. Reportable segments are identified based on operating segments taking into account of materiality principle.

For segment reporting, inter-segment revenues are measured on the basis of the actual transaction prices for such transactions, and segment accounting policies are consistent with those used to prepare the consolidated financial statements.

30. Significant accounting estimates and judgements

The preparation of financial statements requires the management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as the underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the course of implementing the Group's accounting policies, management will make estimates and assumptions about the impact of future uncertainties on the financial statements. The management makes the following estimates and major assumptions on the significant future uncertainties at the balance sheet date, which may result in a significant adjustment in the carrying amount of the assets and liabilities in the next accounting period.

Measurement of ECLs

As for debt instrument investment s carried at amortized cost and FVOCI and loan commitments and financial guarantee contracts, complicated models and a huge amount of assumptions were adopted in the ECL measurement. These models and assumptions

relate to the future macroeconomic conditions and the borrowers' creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). Explanation of inputs, assumptions and estimation techniques of ECL measurement are indicated in Note XII.1 Credit risk.

Income tax

The Group needs to make judgements about the future tax treatment of certain transactions for the purpose of recognising the income tax. The Group makes prudent judgements about the income tax effects corresponding to the transactions and makes provision for income tax accordingly in accordance with the relevant tax regulations. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Significant judgement is required with respect to the tax treatment of certain transactions and significant estimates are required as to whether it is probable that sufficient future taxable profit will be available against which the deferred tax assets can be utilised.

Fair value of financial instruments

The fair value of a financial instrument, for which there is no active market, is determined by using valuation methods. Valuation methods include estimation by reference to transaction prices determined in arm's length transactions between economic agents with complete information available in the market and willingness to buy and sell, by reference to the fair value of another similar financial instrument in the market, or by applying discounted cash flow analysis and option pricing models. Valuation methods maximise observable market information; however, when observable market information is not available, management makes estimates on significant unobservable information included in the valuation methods.

Judgement on control over structured entities

The Group manages or invests in several wealth management products, trust plans, capital management plans, debt financing plans, funds and asset-backed securities. In determining whether

it controls such structured entities, the Group determines whether it exercises its own decision-making power as the primary responsible party or as an agent, and assesses its overall economic interest in such structured entities (including the income generated from direct holdings and expected management fees) and the extent of its decision-making power over such structured entities. Where other parties hold decision-making power, the investor also needs to make sure whether other parties exercise decision-making power as its agents.

For wealth management products, trust plans, capital management plans, debt financing plans, funds and asset-backed securities for which the Group holds interests or acts as a sponsor but not included in the consolidated financial statements, refers to Note VIII.

31.Changes in significant accounting policies and accounting estimates

In 2022, the Group has adopted the revised accounting requirements and guidance under CAS newly issued by the Ministry of Finance ("MOF") as follows:

- "Accounting for selling outputs that are produced before fixed assets are available for intended use or produced in the course of research and development" ("accounting for sales before intended use") in CAS Bulletin No.15 (Caikuai [2021] No.35)
- "Determining whether a contract is onerous" in CAS Bulletin No.15;
- "Accounting for the income tax consequences of dividends on financial instruments classified as equity instruments by the issuer" in CAS Bulletin No.16 (Caikuai [2022] No.31)
- "Accounting for the modification of a share-based payment transaction that changes the classification of the transaction from cash-settled to equity-settled" in CAS Bulletin No.16.

The adoption of the above requirements and guidance does not have a significant effect on the financial position and financial performance of the Group.

(All amounts expressed in thousands of RMB unless otherwise stated)

IV. Taxation

Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value-added tax (VAT)	According to tax laws, output VAT is calculated on taxable income. VAT payable is determined by deducting input VAT from output VAT for the period	6%-13%
	Tax payable based on simplified taxation method is calculated using the taxable sales amount multiplied by levying rate	3-5%
Urban maintenance and construction tax	Based on VAT paid	1%-7%
Education surcharges	Based on VAT paid	3%
Local education surcharges	Based on VAT paid	2%
Corporate income tax	Based on taxable profits	15%-25%

Note: According to the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China (Announcement of the Ministry of Finance [2020] No. 23), from 1 January 2021 to 31 December 2030, the enterprise income tax on certain rural banks controlled by the Bank shall be paid at a reduced rate of 15%.

V. Notes to the financial statements

1. Cash and deposits with central bank

	Note	The Group		The Bank	
		2022	2021	2022	2021
Cash on hand		4,793,237	1,587,229	4,704,219	1,489,628
Cash and deposits with central bank					
including: - Required reserve	(1)	52,916,752	53,714,628	51,361,277	52,249,170
- Excess reserve	(2)	12,386,379	14,453,621	8,494,895	12,016,219
- Risk reserve for foreign exchange		59,508	-	59,508	-
- Other deposits		66,136	488,494	59,757	458,790
Interest accrued		29,945	31,854	29,342	31,154
Total		70,251,957	70,275,826	64,708,998	66,244,961

(1) Statutory deposit reserves are deposited with the People's Bank of China ("PBOC") as required and are not available for the Group's daily operations. As at 31 December 2022, the Bank's RMB deposit reserve ratio is 5.75% (31 December 2021: 6.5%), the foreign currency deposit reserve ratio is 6% (31 December 2021: 9%). Deposit reserve ratio of the Bank's subsidiaries in Mainland China is subject to relevant regulations of the local PBOC.

(2) Excess reserves include funds deposited with the PBOC for settlement purposes and other non-restricted funds.

2. Deposits with banks and other financial institutions

Analysed by location and types of institutions

	The Group		The Bank	
	2022	2021	2022	2021
Deposits with domestic banks	30,037,284	16,949,163	25,958,038	13,642,988
Deposits with other domestic financial institutions	1,063,143	3,032,086	1,063,143	3,032,086
Deposits with overseas banks	1,215,405	1,167,979	1,215,405	1,167,979
Interest accrued	63,309	45,557	30,566	9,483
Subtotal	32,379,141	21,194,785	28,267,152	17,852,536
Less: Loss allowance	(12,898)	(17,096)	(10,481)	(14,831)
Total	32,366,243	21,177,689	28,256,671	17,837,705

As at 31 December 2022, the deposits with other banks and other financial institutions of the Group and the Bank included deposit of RMB 72,170 thousand (deposit of the Group and the Bank as at 31 December 2021: RMB 72,019 thousand), and the deposits were restricted.

3. Placements with banks and other financial institutions

	The Group		The Bank	
	2022	2021	2022	2021
Placements with banks and other financial institutions at amortised cost	50,726,485	59,460,294	54,076,485	61,960,294
Interest accrued of placements with banks and other financial institutions at amortised cost	556,591	589,730	597,225	646,245
Less: Loss allowance for placements with banks and other financial institutions measured at amortised cost	(43,637)	(42,217)	(50,399)	(45,198)
Subtotal	51,239,439	60,007,807	54,623,311	62,561,341
Placements with banks and other financial institutions measured at FVTOCI	-	899,011	-	899,011
Interest accrued of placements with banks and other financial institutions measured at FVTOCI	-	12,609	-	12,609
Subtotal	-	911,620	-	911,620
Total	51,239,439	60,919,427	54,623,311	63,472,961

3.1 Analysed by location and types of institutions

	The Group		The Bank	
	2022	2021	2022	2021
Placements with domestic banks	734,035	3,414,468	734,035	3,414,468
Placements with other domestic financial institutions	39,650,000	37,499,011	43,000,000	39,999,011
Placements with overseas banks	10,342,450	19,445,826	10,342,450	19,445,826
Interest accrued	556,591	602,339	597,225	658,854
Subtotal	51,283,076	60,961,644	54,673,710	63,518,159
Less: Loss allowance	(43,637)	(42,217)	(50,399)	(45,198)
Total	51,239,439	60,919,427	54,623,311	63,472,961

4. Derivative financial instruments

The Group enters into foreign currency exchange rate, interest rate and precious metals related derivative financial instruments for purposes of trading, asset and liability management and customer driven business.

The contracts, notional amount and fair value of the Group's derivative financial instruments are as follows: The contracts and notional amount of the derivative financial instruments only provide a basis for comparing the fair value of the assets or liabilities recognised within the statement, but don't stand for the relevant future cash flow or current fair value, thus, do not indicate the Group's exposure to credit or market risks. The derivative financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, foreign exchange rates or precious metal prices relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

	The Group and the Bank					
	Notional amount	2022		Notional amount	2021	
		Fair value			Fair value	
		Assets	Liabilities		Assets	Liabilities
Interest rate derivatives	234,381,899	564,491	(598,833)	178,553,489	759,196	(836,183)
Precious metal derivatives	56,124,343	385,407	(382,450)	26,722,460	227,878	(166,243)
Exchange rate derivatives	41,136,497	243,985	(241,231)	52,448,729	73,100	(44,804)
Credit risk mitigation	795,140	4,405	(25,095)	100,000	2,697	-
Total	332,437,879	1,198,288	(1,247,609)	257,824,678	1,062,871	(1,047,230)

(All amounts expressed in thousands of RMB unless otherwise stated)

5. Financial assets purchased under resale agreements

	The Group		The Bank	
	2022	2021	2022	2021
Bonds purchased under resale agreements	28,542,794	46,943,538	28,052,763	46,643,539
Interest accrued	21,286	31,517	21,162	31,377
Subtotal	28,564,080	46,975,055	28,073,925	46,674,916
Less: Loss allowance	(36,211)	(48,272)	(36,211)	(48,272)
Total	28,527,869	46,926,783	28,037,714	46,626,644

6. Loans and advances to customers

6.1 Category of loans and advances to customers

	Note	The Group		The Bank	
		2022	2021	2022	2021
Total loans and advances to customers at amortised cost		575,328,224	539,033,914	555,658,675	520,263,095
Interest accrued of loans and advances to customers at amortised cost		1,253,007	1,054,889	1,206,729	1,014,856
Subtotal		576,581,231	540,088,803	556,865,404	521,277,951
Less: Loss allowance		(27,924,551)	(25,647,014)	(27,169,102)	(24,814,793)
Carrying amount of loans and advances to customers at amortised cost	6.1.1	548,656,680	514,441,789	529,696,302	496,463,158
Loans and advances to customers at FVTOCI	6.1.2	92,436,016	70,577,100	92,436,016	70,577,100
Loans and advances to customers at FVTPL	6.1.3	2,858,795	3,965,552	2,858,795	3,965,552
Total		643,951,491	588,984,441	624,991,113	571,005,810

6.1.1 Loans and advances to customers at amortised cost

	The Group		The Bank	
	2022	2021	2022	2021
Corporate loans and advances to customers				
- Loans	361,434,862	340,089,718	358,446,936	336,566,555
- Discounted bills	1,397	4,936	1,397	4,936
Subtotal	361,436,259	340,094,654	358,448,333	336,571,491
Personal loans and advances				
- Personal mortgage loans	113,288,909	117,571,923	107,821,023	111,304,270
- Personal business loans	54,454,495	33,735,325	45,602,258	26,406,649
- Personal consumption loans	39,971,283	36,410,522	37,677,769	34,915,189
- Credit cards	6,108,998	11,065,202	6,108,998	11,065,202
- Others	68,280	156,288	294	294
Subtotal	213,891,965	198,939,260	197,210,342	183,691,604
Interest accrued of loans and advances to customers at amortised cost	1,253,007	1,054,889	1,206,729	1,014,856
Total loans and advances to customers at amortised cost	576,581,231	540,088,803	556,865,404	521,277,951
Less: Loss allowance	(27,924,551)	(25,647,014)	(27,169,102)	(24,814,793)
Carrying amount of loans and advances to customers at amortised cost	548,656,680	514,441,789	529,696,302	496,463,158

6.1.2 Loans and advances to customers at FVTOCI

	The Group and the Bank	
	2022	2021
Corporate loans and advances to customers		
Loans	20,538,003	9,751,997
Discounted bills	71,898,013	60,825,103
Carrying amount of loans and advances to customers at FVTOCI	92,436,016	70,577,100

6.1.3 Loans and advances to customers at FVTPL

	The Group and the Bank	
	2022	2021
Corporate loans and advances to customers		
Discounted bills	2,858,795	3,965,552

6.2 Analysed by industry distribution

	The Group				The Bank			
	2022		2021		2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Real estate	100,487,579	14.98	109,382,038	17.83	100,476,989	15.44	109,371,145	18.39
Leasing and business services	88,556,712	13.21	73,480,377	11.98	88,069,659	13.53	73,038,359	12.28
Manufacturing	74,111,686	11.05	66,518,728	10.84	73,310,867	11.26	65,481,462	11.01
Wholesale and retail business	28,989,836	4.32	25,816,268	4.21	28,417,560	4.37	25,115,946	4.22
Transportation, warehousing and postal services	13,614,423	2.03	14,704,589	2.40	13,481,381	2.07	14,591,890	2.45
Information transmission, software and information technology services	12,108,343	1.81	11,306,480	1.84	12,043,626	1.85	11,255,239	1.89
Construction	11,415,546	1.70	11,717,210	1.91	10,994,619	1.69	11,246,930	1.89
Hotel and catering services	8,909,538	1.33	6,565,206	1.07	8,823,227	1.36	6,462,184	1.09
Financial	5,838,574	0.87	5,683,433	0.93	5,838,099	0.90	5,683,433	0.96
Scientific research and technical service	4,876,195	0.73	3,906,675	0.64	4,860,905	0.75	3,896,085	0.66
Others	33,064,433	4.93	20,760,711	3.37	32,668,007	5.00	20,175,879	3.39
Sub-total of corporate loans	381,972,865	56.96	349,841,715	57.02	378,984,939	58.22	346,318,552	58.23
Discounted bills	74,758,205	11.15	64,795,591	10.56	74,758,205	11.48	64,795,591	10.89
Personal loans	213,891,965	31.89	198,939,260	32.42	197,210,342	30.30	183,691,604	30.88
Total loans and advances to customers	670,623,035	100.00	613,576,566	100.00	650,953,486	100.00	594,805,747	100.00

(All amounts expressed in thousands of RMB unless otherwise stated)

6.3 Analysed by collateral types

	The Group		The Bank	
	2022	2021	2022	2021
Credit loans	106,540,845	100,605,787	101,724,543	97,760,205
Guaranteed loans	107,526,461	86,605,898	102,358,340	81,411,421
Mortgage loans	347,899,200	339,761,470	338,253,469	329,083,470
Pledged loans	108,656,529	86,603,411	108,617,134	86,550,651
Total	670,623,035	613,576,566	650,953,486	594,805,747

6.4 Overdue loans

	The Group				
	2022				
	Overdue 1 - 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue for more than 3 years	Total
Credit loans	501,008	602,643	122,340	21,188	1,247,179
Guaranteed loans	713,959	289,129	560,818	264,685	1,828,591
Mortgage loans	2,971,787	542,538	2,249,773	790,422	6,554,520
Pledged loans	-	-	-	5,900	5,900
Total	4,186,754	1,434,310	2,932,931	1,082,195	9,636,190

	The Group				
	2021				
	Overdue 1 - 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue for more than 3 years	Total
Credit loans	730,041	341,092	341,939	5,495	1,418,567
Guaranteed loans	126,284	564,051	95,681	268,472	1,054,488
Mortgage loans	987,969	1,045,214	1,260,662	874,349	4,168,194
Pledged loans	-	9	-	6,900	6,909
Total	1,844,294	1,950,366	1,698,282	1,155,216	6,648,158

	The Bank				
	2022				
	Overdue 1 - 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue for more than 3 years	Total
Credit loans	460,837	579,462	117,306	19,926	1,177,531
Guaranteed loans	592,868	246,108	530,159	259,528	1,628,663
Mortgage loans	2,802,627	505,482	2,219,040	782,397	6,309,546
Pledged loans	-	-	-	5,900	5,900
Total	3,856,332	1,331,052	2,866,505	1,067,751	9,121,640

The Bank					
2021					
	Overdue 1 - 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue for more than 3 years	Total
Credit loans	725,380	336,073	340,851	4,187	1,406,491
Guaranteed loans	82,345	534,360	51,707	262,551	930,963
Mortgage loans	947,641	1,013,630	1,209,913	868,335	4,039,519
Pledged loans	-	-	-	6,900	6,900
Total	1,755,366	1,884,063	1,602,471	1,141,973	6,383,873

Loans with principal or interests overdue for one day or more are classified as overdue loans.

6.5 Risks and ECL of loans and advances to customers

	The Group			
	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Carrying amount of loans and advances to customers at amortised cost	530,254,530	38,742,157	7,584,544	576,581,231
Less: Loss allowance of loans and advances to customers at amortised cost	(15,447,495)	(6,168,775)	(6,308,281)	(27,924,551)
Carrying amount of loans and advances to customers at amortised cost	514,807,035	32,573,382	1,276,263	548,656,680
Carrying amount of loans and advances to customers at FVTOCI	92,427,403	1,293	7,320	92,436,016
Loss allowance for loans and advances to customers measured at FVTOCI	(284,080)	(1)	(5,980)	(290,061)

	The Group			
	2021			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Carrying amount of loans and advances to customers at amortised cost	505,986,346	27,916,357	6,186,100	540,088,803
Less: Loss allowance of loans and advances to customers at amortised cost	(15,851,939)	(4,458,405)	(5,336,670)	(25,647,014)
Carrying amount of loans and advances to customers at amortised cost	490,134,407	23,457,952	849,430	514,441,789
Carrying amount of loans and advances to customers at FVTOCI	70,540,865	28,644	7,591	70,577,100
Loss allowance for loans and advances to customers measured at FVTOCI	(129,839)	(198)	(7,452)	(137,489)

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank			
	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Carrying amount of loans and advances to customers at amortised cost	511,412,980	38,176,822	7,275,602	556,865,404
Less: Loss allowance of loans and advances to customers at amortised cost	(15,033,546)	(6,067,755)	(6,067,801)	(27,169,102)
Carrying amount of loans and advances to customers at amortised cost	496,379,434	32,109,067	1,207,801	529,696,302
Carrying amount of loans and advances to customers at FVTOCI	92,427,403	1,293	7,320	92,436,016
Loss allowance for loans and advances to customers measured at FVTOCI	(284,080)	(1)	(5,980)	(290,061)

	The Bank			
	2021			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Carrying amount of loans and advances to customers at amortised cost	488,078,287	27,265,402	5,934,262	521,277,951
Less: Loss allowance of loans and advances to customers at amortised cost	(15,327,659)	(4,362,797)	(5,124,337)	(24,814,793)
Carrying amount of loans and advances to customers at amortised cost	472,750,628	22,902,605	809,925	496,463,158
Carrying amount of loans and advances to customers at FVTOCI	70,540,865	28,644	7,591	70,577,100
Loss allowance for loans and advances to customers measured at FVTOCI	(129,839)	(198)	(7,452)	(137,489)

6.6 Movement in allowance for impairment of loans and advances to customers

(a) Movement in allowance for impairment of loans and advances to customers at amortised cost

Provision for impairment	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2022	15,851,939	4,458,405	5,336,670	25,647,014
Transferred to:				
- Stage 1	1,541,017	(1,487,973)	(53,044)	-
- Stage 2	(1,723,066)	1,726,687	(3,621)	-
- Stage 3	(174,305)	(69,045)	243,350	-
Provision during the year	(48,090)	1,540,701	1,691,287	3,183,898
Written-off during the year	-	-	(1,451,057)	(1,451,057)
Recovery of loans and advances to customers previously written off	-	-	544,696	544,696
Balance at 31 December 2022	15,447,495	6,168,775	6,308,281	27,924,551

Provision for impairment	The Group			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	
Balance at 1 January 2021	14,230,678	2,921,063	4,412,427	21,564,168
Transferred to:				
- Stage 1	456,400	(381,218)	(75,182)	-
- Stage 2	(1,057,467)	1,060,862	(3,395)	-
- Stage 3	(47,381)	(91,134)	138,515	-
Provision during the year	2,269,709	948,832	1,441,823	4,660,364
Written-off during the year	-	-	(991,010)	(991,010)
Recovery of loans and advances to customers previously written off	-	-	413,492	413,492
Balance at 31 December 2021	15,851,939	4,458,405	5,336,670	25,647,014

Provision for impairment	The Bank			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	
Balance at 1 January 2022	15,327,659	4,362,797	5,124,337	24,814,793
Transferred to:				
- Stage 1	1,532,816	(1,482,602)	(50,214)	-
- Stage 2	(1,718,375)	1,721,461	(3,086)	-
- Stage 3	(166,065)	(52,738)	218,803	-
Provision during the year	57,511	1,518,837	1,675,021	3,251,369
Written-off during the year	-	-	(1,356,537)	(1,356,537)
Recovery of loans and advances to customers previously written off	-	-	459,477	459,477
Balance at 31 December 2022	15,033,546	6,067,755	6,067,801	27,169,102

Provision for impairment	The Bank			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	
Balance at 1 January 2021	13,649,796	2,810,504	4,182,323	20,642,623
Transferred to:				
- Stage 1	443,797	(369,885)	(73,912)	-
- Stage 2	(836,089)	836,437	(348)	-
- Stage 3	(40,437)	(75,918)	116,355	-
Provision during the year	2,110,592	1,161,659	1,465,604	4,737,855
Written-off during the year	-	-	(874,420)	(874,420)
Recovery of loans and advances to customers previously written off	-	-	308,735	308,735
Balance at 31 December 2021	15,327,659	4,362,797	5,124,337	24,814,793

(All amounts expressed in thousands of RMB unless otherwise stated)

(b) Movement in allowance for impairment of loans and advances to customers at FVTOCI

Provision for impairment	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2022	129,839	198	7,452	137,489
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provision / (reversal) for the year	154,241	(197)	(1,472)	152,572
Balance at 31 December 2022	284,080	1	5,980	290,061

Provision for impairment	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2021	421,424	-	-	421,424
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provision / (reversal) for the year	(291,585)	198	7,452	(283,935)
Balance at 31 December 2021	129,839	198	7,452	137,489

7. Financial assets held for trading

	The Group		The Bank	
	2022	2021	2022	2021
Corporate bonds	20,601,210	10,240,244	12,540,295	10,240,244
Fund investments	9,622,123	26,654,108	24,382,326	26,654,108
Financial bonds	9,206,004	3,136,675	882,287	3,136,675
Interbank certificate of deposit	2,683,790	2,595,658	2,335,749	2,595,658
Wealth management products issued by other banks	770,435	8,678,369	770,435	8,678,369
Government bonds	535,366	77,040	425,577	77,040
Asset-backed securities	412,210	271	412,210	271
Trust and asset management plans	248,862	21,037,639	34,255,421	21,037,639
Total	44,080,000	72,420,004	76,004,300	72,420,004

8. Debt investments

	The Group		The Bank	
	2022	2021	2022	2021
Government bonds	69,726,184	73,907,139	68,341,811	71,895,046
Financial bonds	67,364,300	65,058,392	67,364,300	65,008,392
Corporate bonds	2,505,980	3,395,098	2,505,980	3,395,098
Debt financing plans	625,000	678,867	625,000	678,867
Trust and asset management plans	387,289	1,699,902	387,289	1,699,902
Asset-backed securities	376,022	591,813	376,022	591,813
Subtotal	140,984,775	145,331,211	139,600,402	143,269,118
Interest accrued	2,562,824	2,673,984	2,544,970	2,655,734
Provision for impairment	(229,022)	(383,738)	(229,022)	(383,738)
Total	143,318,577	147,621,457	141,916,350	145,541,114

(i) Movement in provision for impairment of debt investments:

Provision for impairment	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2022	19,941	148,741	215,056	383,738
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	(148,741)	148,741	-
Provision / (reversal) for the year	4,680	-	(159,396)	(154,716)
Balance at 31 December 2022	24,621	-	204,401	229,022

Provision for impairment	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2021	33,535	152,492	236,421	422,448
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provision / (reversal) for the year	(13,594)	(3,751)	(21,365)	(38,710)
Balance at 31 December 2021	19,941	148,741	215,056	383,738

(All amounts expressed in thousands of RMB unless otherwise stated)

9. Other debt investments

	The Group		The Bank	
	2022	2021	2022	2021
Financial bonds	111,554,027	56,630,443	92,992,366	56,630,443
Government bonds	49,773,725	33,957,302	49,773,725	33,957,302
Corporate bonds	44,705,625	9,663,188	20,414,129	9,663,188
Interbank certificate of deposit	6,163,447	-	6,063,687	-
Asset-backed securities	202,681	36,414	202,681	36,414
Subtotal	212,399,505	100,287,347	169,446,588	100,287,347
Interest accrued	3,600,802	1,749,198	2,797,810	1,749,198
Total	216,000,307	102,036,545	172,244,398	102,036,545

(i) Movement in provision for impairment of debt investments:

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2022	8,576	-	-	8,576
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provision during the year	16,005	-	-	16,005
Balance at 31 December 2022	24,581	-	-	24,581

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2021	17,052	-	70,000	87,052
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Reversals during the year	(8,476)	-	-	(8,476)
Written-off during the year	-	-	(70,000)	(70,000)
Balance at 31 December 2021	8,576	-	-	8,576

	The Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2022	8,576	-	-	8,576
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provision during the year	16,005	-	-	16,005
Balance at 31 December 2022	24,581	-	-	24,581

	The Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2021	17,052	-	70,000	87,052
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Reversals during the year	(8,476)	-	-	(8,476)
Written-off during the year	-	-	(70,000)	(70,000)
Balance at 31 December 2021	8,576	-	-	8,576

10. Investments in other equity instruments

	The Group and the Bank	
	2022	2021
Equity investments	236,500	111,500

11. Finance lease receivables / long-term receivables

	Note	The Group	
		2022	2021
Financing lease receivables	11.1	12,216,424	17,822,507
Long-term receivables	11.2	20,546,536	14,086,457
Total		32,762,960	31,908,964

According to CAS No.21 – Leases, accounts receivable for sales that do not meet the requirements of CAS No.14 — Revenue in newly signed sale-leaseback transactions on or after 1 January 2021 are classified as long-term receivables. The disclosure of sale-leaseback transactions reached before 1 January 2021 remains unchanged.

(All amounts expressed in thousands of RMB unless otherwise stated)

11.1 Finance lease receivables

	The Group	
	2022	2021
Financing lease receivables	14,594,929	20,997,286
Interest accrued of financing lease receivables	167,270	238,379
Less: Unearned finance income	(1,491,320)	(2,245,897)
Total financing lease receivables	13,270,879	18,989,768
Less: Loss allowance	(1,054,455)	(1,167,261)
Carrying amount of finance lease receivables	12,216,424	17,822,507

11.1.1 Minimum lease receipts to be received after the balance sheet date

	The Group	
	2022	2021
1 st year after the balance sheet date	6,528,202	8,220,150
2 nd year after the balance sheet date	4,635,032	5,880,286
3 rd year after the balance sheet date	2,768,013	4,298,181
Years afterwards	830,952	2,837,048
Total minimum lease receipts	14,762,199	21,235,665
Unearned finance income	(1,491,320)	(2,245,897)
Total	13,270,879	18,989,768
Less: Loss allowance	(1,054,455)	(1,167,261)
Carrying amount of finance lease receivables	12,216,424	17,822,507

11.1.2 Finance lease receivables analysed by industry distribution:

	The Group			
	2022	Percentage (%)	2021	Percentage (%)
Water conservancy, environmental and other public services	6,696,694	45.36	10,324,322	48.62
Construction industry	3,445,167	23.34	5,809,798	27.36
Production and supply of electricity, heat, gas and water	1,218,562	8.25	1,789,436	8.43
Transportation, warehousing and postal services	1,052,054	7.13	1,512,701	7.12
Manufacturing	941,435	6.38	170,566	0.80
Leasing and business services	846,214	5.73	761,430	3.59
Others	562,073	3.81	867,412	4.08
Total	14,762,199	100.00	21,235,665	100.00

11.1.3 Movement in impairment loss for finance lease receivables:

	The Group			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	
Balance at 1 January 2022	603,015	163,441	400,805	1,167,261
Transferred to:				
- Stage 1	17,428	(17,428)	-	-
- Stage 2	(7,424)	7,424	-	-
- Stage 3	(197)	(19,782)	19,979	-
(Reversal) / provision for the year	(110,670)	46,639	32,672	(31,359)
Written-off during the year	-	-	(86,023)	(86,023)
Recover after written-off	-	-	4,576	4,576
Balance at 31 December 2022	502,152	180,294	372,009	1,054,455

	The Group			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	
Balance at 1 January 2021	854,216	118,622	358,760	1,331,598
Transferred to:				
- Stage 1	9,018	(9,018)	-	-
- Stage 2	(63,544)	63,544	-	-
- Stage 3	(3,987)	(81,080)	85,067	-
(Reversal) / provision for the year	(192,688)	71,373	147,376	26,061
Written-off during the year	-	-	(191,448)	(191,448)
Recover after written-off	-	-	1,050	1,050
Balance at 31 December 2021	603,015	163,441	400,805	1,167,261

11.2 Long-term receivables

	The Group	
	2022	2021
Long-term receivables	23,508,296	16,214,429
Interest accrued of long-term receivables	250,748	208,932
Less: Unearned finance income	(2,452,970)	(1,939,506)
Total long-term receivables	21,306,074	14,483,855
Less: Loss allowance	(759,538)	(397,398)
Carrying amount of long-term receivables	20,546,536	14,086,457

(All amounts expressed in thousands of RMB unless otherwise stated)

11.2.1 Minimum receipts to be received after the balance sheet date

	The Group	
	2022	2021
1 st year after the balance sheet date	8,768,431	4,758,609
2 nd year after the balance sheet date	7,578,269	4,391,676
3 rd year after the balance sheet date	4,548,978	3,734,845
Years afterwards	2,863,366	3,538,231
Total minimum receipts	23,759,044	16,423,361
Unearned finance income	(2,452,970)	(1,939,506)
Total	21,306,074	14,483,855
Less: Loss allowance	(759,538)	(397,398)
Carrying amount of long-term receivables	20,546,536	14,086,457

11.2.2 Long-term receivables analysed by industry distribution:

	The Group			
	2022	Percentage (%)	2021	Percentage (%)
Manufacturing	9,545,213	40.18	3,176,026	19.34
Water conservancy, environmental and other public services	4,587,493	19.31	5,195,236	31.62
Construction	3,417,404	14.38	3,990,421	24.30
Production and supply of electricity, heat, gas and water	1,991,950	8.38	1,667,422	10.15
Transportation, warehousing and postal services	1,557,590	6.56	712,589	4.34
Leasing and business services	669,098	2.82	518,538	3.16
Education	454,226	1.91	356,297	2.17
Information transmission, software and information technology services	404,327	1.70	259,260	1.58
Cultural, sports and entertainment activities	425,618	1.79	82,998	0.51
Agriculture, forestry, stock-breeding, and fishery	256,226	1.08	181,219	1.10
Others	449,899	1.89	283,355	1.73
Total	23,759,044	100.00	16,423,361	100.00

11.2.3 Movement in provision for impairment of long-term receivables

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2022	397,398	-	-	397,398
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	(62,212)	62,212	-	-
- Stage 3	(741)	-	741	-
Provision during the year	303,255	30,438	28,447	362,140
Balance at 31 December 2022	637,700	92,650	29,188	759,538

	The Group			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	
Balance at 1 January 2021	-	-	-	-
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provision during the year	397,398	-	-	397,398
Balance at 31 December 2021	397,398	-	-	397,398

12. Long-term equity investments

	Note	The Group		The Bank	
		2022	2021	2022	2021
Investment in subsidiaries	12.1	-	-	3,454,913	3,454,913
Investments in associates	12.2	445,373	409,414	445,373	409,414
Subtotal		445,373	409,414	3,900,286	3,864,327
Less: Provision for impairment					
- Subsidiary		-	-	(892,564)	(892,564)
- Investments in associates	12.2	(2,068)	(2,068)	(2,068)	(2,068)
Total		443,305	407,346	3,005,654	2,969,695

12.1 Investments in subsidiaries

Name of the Subsidiary	Registered place	Nature of business	Registered capital	Acquisition method	Shareholding percentage of Bank (%)	Total voting right percentage of the Bank (%)
Shanghai Chongming Yangtze River Town Bank Co., Ltd. (Note1)	Shanghai	Financial industry	105,260	Establishment	48.45	50.20
Shandong Jinan Huaiyin County Village Bank Co., Ltd.	Shandong	Financial industry	50,000	Establishment	51.00	51.00
Shandong Jinan Changqing County Village Bank Co., Ltd.	Shandong	Financial industry	50,000	Establishment	51.00	51.00
Shandong Ningyang County Village Bank Co., Ltd.	Shandong	Financial industry	76,764	Establishment	68.08	68.08
Shandong Dongping County Village Bank Co., Ltd.	Shandong	Financial industry	107,970	Establishment	77.31	77.31
Shandong Linqing County Village Bank Co., Ltd.	Shandong	Financial industry	150,000	Establishment	73.67	73.67
Shandong Liao City Village Bank Co., Ltd.	Shandong	Financial industry	50,000	Establishment	51.00	51.00
Shandong Liao City Chiping District Village Bank Co., Ltd.	Shandong	Financial industry	124,860	Establishment	80.38	80.38
Shandong Liao City Yanggu District Village Bank Co., Ltd.	Shandong	Financial industry	69,776	Establishment	64.89	64.89
Shandong Rizhao Economic Development District Village Bank Co., Ltd.	Shandong	Financial industry	95,315	Establishment	74.30	74.30
Shandong Taian County Village Bank Co., Ltd.	Shandong	Financial industry	132,166	Establishment	81.46	81.46
Hunan Ningxiang County Village Bank Co., Ltd.	Hunan	Financial industry	110,000	Establishment	51.00	51.00

(All amounts expressed in thousands of RMB unless otherwise stated)

Name of the Subsidiary	Registered place	Nature of business	Registered capital	Acquisition method	Shareholding percentage of Bank (%)	Total voting right percentage of the Bank (%)
Hunan Shuangfeng County Village Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Hunan Lianyuan County Village Bank Co., Ltd.	Hunan	Financial industry	57,284	Establishment	57.23	57.23
Huanan Liling County Village Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Hunan Shimen Shanghai Village Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Hunan Cili Shanghai Village Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Hunan Li County Shanghai Billage Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Hunan Linli Shanghai Village Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Hunan Yongxing Shanghai Village Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Hunan Guiyang Shanghai Village Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Hunan Hengyang Shanghai Village Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Hunan Changsha Xingsha Shanghai Village Bank Co., Ltd.	Hunan	Financial industry	100,000	Establishment	51.00	51.00
Yunnan Ruili City Village Bank Co., Ltd.	Yunnan	Financial industry	50,000	Establishment	51.00	51.00
Yunnan Kaiyuan County Village Bank Co., Ltd.	Yunnan	Financial industry	50,000	Establishment	51.00	51.00
Yunnan Baoshan City Longyang District Village Bank Co., Ltd.	Yunnan	Financial industry	50,000	Establishment	51.00	51.00
Yunnan Mengzi County Village Bank Co., Ltd.	Yunnan	Financial industry	50,000	Establishment	51.00	51.00
Yunnan Gejiu County Village Bank Co., Ltd.	Yunnan	Financial industry	174,769	Establishment	85.98	85.98
Yunnan Jianshui County Village Bank Co., Ltd.	Yunnan	Financial industry	50,000	Establishment	51.00	51.00
Yunnan Lincang City Linxiang District Village Bank Co., Ltd.	Yunnan	Financial industry	188,002	Establishment	86.97	86.97
Yunnan Mile County Village Bank Co., Ltd.	Yunnan	Financial industry	80,386	Establishment	69.52	69.52
Yunnan Songming Shanghai Village Bank Co., Ltd.	Yunnan	Financial industry	55,000	Establishment	51.00	51.00
Yunnan Kunming Guandu Shanghai Village Bank Co., Ltd.	Yunnan	Financial industry	100,000	Establishment	51.00	51.00
Shenzhen Guangming Shanghai Village Bank Co., Ltd. (Note2)	Shenzhen	Financial industry	200,000	Establishment	41.65	61.65
Beijing Fangshan Shanghai Village Bank Co., Ltd.	Beijing	Financial industry	100,000	Establishment	51.00	51.00
Yangtze United Financial Leasing Co., Ltd.	Shanghai	Financial industry	2,450,000	Acquisition	51.02	51.02

Note 1: As at 18 February 2009, the Bank established Shanghai Chongming Yangtze River Village Bank Co., Ltd., owning 51.00% of its equity and voting rights. In 2011, Shanghai Chongming Yangtze River Village Bank Co., Ltd. completed the capital increase, thus the share holding percentage of the Bank was adjusted to 48.45%. In December 2012, Shanghai Chongming Yangtze River Village Bank Co., Ltd. changed its name into Shanghai Chongming Yangtze River Town Bank Co., Ltd. ("Shanghai Chongming Town Bank"). Shanghai Chongming Town Bank signed an entrustment agreement with the Bank on 25 October 2022, and authorised the Bank to exercise the 1.75% voting rights held by Shanghai Chongming Town Bank. The Bank still has actual control over Shanghai Chongming Town Bank, thus including it in the scope of the consolidated financial statements.

Note 2: In December 2012, the Bank established Shenzhen Guangming Shanghai Village Bank Co., Ltd. (Shenzhen Guangming Village Bank) owning 41.56% of its equity and voting rights. It obtained a business license on 27 December 2012 and began formal operations in early 2013. 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 of Shenzhen Guangming Village Bank held by BaYanNaoEr HeTao Rural Commercial Bank Co., Ltd. On 7 December 2012, China Gold Coin Shenzhen Distribution Center signed an agreement of concerted action with the Bank to commit that Shenzhen Guangming Village Bank will take concerted action with the Bank during the shareholders' meeting when it exercises its 10.00% voting right. The Bank still has actual control over Shenzhen Guangming Village Bank, thus including it in the scope of the consolidated financial statements.

12.2 Investments in associates

12.2.1 The analysis of movement in investments in associates is set out below:

Investee	The Group and the Bank							
	Movements during the year							
	As at 1 January 2022	Decrease in investments	Investment income under equity method	Other comprehensive income	Cash dividend or profit distribution	Provision for impairment	As at 31 December 2022	Impairment at the end of the year
Jiangsu Haimen Rural Commercial Bank Co.,Ltd. (Note 1)	407,346	-	34,033	1,926	-	-	443,305	-
Shanghai Jingyi Industry Development Co., Ltd.	-	-	-	-	-	-	-	(2,068)
Total	407,346	-	34,033	1,926	-	-	443,305	(2,068)

Investee	The Group and the Bank							
	Movements during the year							
	As at 1 January 2021	Decrease in investments	Investment income under equity method	Other comprehensive income	Cash dividend or profit distribution	Provision for impairment	As at 31 December 2021	Impairment at the end of the year
Jiangsu Haimen Rural Commercial Bank Co.,Ltd.	380,717	-	32,746	(3,467)	(2,650)	-	407,346	-
Shanghai Jingyi Industry Development Co., Ltd. (Note 2)	-	(10,992)	7,887	-	-	3,105	-	(2,068)
Total	380,717	(10,992)	40,633	(3,467)	(2,650)	3,105	407,346	(2,068)

Note 1: On 25 December 2020, the Bank contributed RMB 355,167 thousand to Jiangsu Haimen Rural Commercial Bank Co., Ltd. ("Haimen Rural Commercial Bank"), accounting for 8.96% of the total shares. According to the capital contribution agreement, the Bank has the right to nominate a director to the board of directors of Haimen Rural Commercial Bank and is able to exercise significant influence on Rural Commercial Bank, which is accounted for under the equity method.

Note 2: On 8 January 2021, the Bank reduced capital contribution in Shanghai Jingyi Industry Development Co., Ltd. by RMB 10,992 thousand, and reversed profit or loss of long-term equity investment by RMB 7,887 thousand and reversed impairment provision for long-term equity investment by RMB 3,105 thousand. As the capital reduction was made by each shareholder of Shanghai Jingyi Industry Development Co., Ltd. in equal proportion, the Bank's shareholding ratio remained to be 18.87%.

12.2.2 Interests in joint ventures or associates

	The Group	
	2022	2021
Associates		
- Immaterial associates	443,305	407,346

(1) Details of immaterial associates and joint ventures

Name of investee	Direct Shareholding percentage (%)	Nature of business	Registered capital	Principal place of business	Registered place	Strategic to the Group's activities
Associates						
Haimen Rural Commercial Bank	8.96	Financial industry	1,046,146	Nantong	Nantong	No
Shanghai Jingyi Industry Development Co., Ltd.	18.87	Investment management advisory	38,828	Shanghai	Shanghai	No

(All amounts expressed in thousands of RMB unless otherwise stated)

(2) Summarised financial information of the Group's immaterial associates:

	The Group	
	2022	2021
Aggregate carrying amount of investments	443,305	407,346
Aggregate amount of share of		
- Net profit	34,033	40,633
- Other comprehensive income	1,926	(3,467)
- Total comprehensive income	35,959	37,166

13. Fixed assets

	The Group					
	Plant and buildings	Transportation facilities	Electronic device	Machinery and equipments	Office equipments	Total
Cost						
1 January 2021	7,714,956	92,957	1,828,000	483,748	101,495	10,221,156
Additions during the year	11,879	9,008	52,853	16,287	1,890	91,917
Transfers from construction in progress	638,729	-	65,761	19,896	2,529	726,915
Disposals during the year	(53,467)	(13,353)	(150,498)	(17,525)	(4,034)	(238,877)
31 December 2021	8,312,097	88,612	1,796,116	502,406	101,880	10,801,111
Additions during the year	10,028	7,758	33,936	8,061	2,988	62,771
Transfers from construction in progress	607,921	-	134,532	17,657	1,619	761,729
Disposals during the year	(2,440)	(6,785)	(120,377)	(20,754)	(4,163)	(154,519)
31 December 2022	8,927,606	89,585	1,844,207	507,370	102,324	11,471,092
Accumulated depreciation						
1 January 2021	(3,050,864)	(71,197)	(1,455,995)	(336,618)	(65,641)	(4,980,315)
Provision during the year	(354,745)	(6,610)	(97,865)	(38,399)	(9,659)	(507,278)
Disposals during the year	39,716	9,891	142,492	16,275	3,699	212,073
31 December 2021	(3,365,893)	(67,916)	(1,411,368)	(358,742)	(71,601)	(5,275,520)
Provision during the year	(370,399)	(7,100)	(119,881)	(41,796)	(9,703)	(548,879)
Disposals during the year	2,104	6,446	114,657	19,700	3,942	146,849
31 December 2022	(3,734,188)	(68,570)	(1,416,592)	(380,838)	(77,362)	(5,677,550)
Provision for impairment						
1 January 2021	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
31 December 2021	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
31 December 2022	(485,801)	-	-	-	-	(485,801)
Carrying amounts						
At 31 December 2022	4,707,617	21,015	427,615	126,532	24,962	5,307,741
At 31 December 2021	4,460,403	20,696	384,748	143,664	30,279	5,039,790

	The Bank					
	Plant and buildings	Transportation facilities	Electronic device	Machinery and equipments	Office equipments	Total
Cost						
1 January 2021	7,573,549	69,359	1,778,072	445,791	84,424	9,951,195
Additions during the year	8,531	5,086	46,339	14,578	1,020	75,554
Transfers from construction in progress	624,021	-	65,335	18,670	2,529	710,555
Disposals during the year	(53,467)	(7,746)	(149,658)	(16,740)	(3,802)	(231,413)
31 December 2021	8,152,634	66,699	1,740,088	462,299	84,171	10,505,891
Additions during the year	7,042	4,351	31,569	6,700	2,215	51,877
Transfers from construction in progress	542,112	-	131,707	15,970	1,619	691,408
Disposals during the year	(2,440)	(3,390)	(115,915)	(17,258)	(3,308)	(142,311)
31 December 2022	8,699,348	67,660	1,787,449	467,711	84,697	11,106,865
Accumulated depreciation						
1 January 2021	(3,000,858)	(53,073)	(1,417,276)	(304,670)	(51,585)	(4,827,462)
Provision during the year	(348,113)	(5,208)	(94,262)	(36,243)	(8,857)	(492,683)
Disposals during the year	39,714	7,370	142,116	15,922	3,594	208,716
31 December 2021	(3,309,257)	(50,911)	(1,369,422)	(324,991)	(56,848)	(5,111,429)
Provision during the year	(363,228)	(4,888)	(116,603)	(39,614)	(8,928)	(533,261)
Disposals during the year	2,104	3,220	110,429	16,445	3,150	135,348
31 December 2022	(3,670,381)	(52,579)	(1,375,596)	(348,160)	(62,626)	(5,509,342)
Provision for impairment						
1 January 2021	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
31 December 2021	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
31 December 2022	(485,801)	-	-	-	-	(485,801)
Carrying amounts						
At 31 December 2022	4,543,166	15,081	411,853	119,551	22,071	5,111,722
At 31 December 2021	4,357,576	15,788	370,666	137,308	27,323	4,908,661

As at 31 December 2022, carrying amount of plant and buildings of the Group and the Bank that are in use but of which the certificates of title have not been obtained amounted to RMB 2,265,401 thousand and RMB 2,265,401 thousand respectively (31 December 2021: RMB 2,420,607 thousand and RMB 2,420,607 thousand).

(All amounts expressed in thousands of RMB unless otherwise stated)

14. Right-of-use assets / lease liabilities

(1) Right-of-use assets

	The Group				
	Plant & buildings	Transportation facilities	Electronic devices	Others	Total
Cost					
1 January 2021	777,636	108	567	8,056	786,367
Additions during the year	186,280	-	-	53	186,333
Disposals during the year	(35,003)	-	-	-	(35,003)
31 December 2021	928,913	108	567	8,109	937,697
Additions during the year	309,814	274	-	1,183	311,271
Disposals during the year	(167,663)	-	-	(2,762)	(170,425)
31 December 2022	1,071,064	382	567	6,530	1,078,543
Accumulated depreciation					
1 January 2021	-	-	-	-	-
Provision during the year	(230,564)	(49)	(232)	(1,506)	(232,351)
Disposals during the year	1,635	-	-	-	1,635
31 December 2021	(228,929)	(49)	(232)	(1,506)	(230,716)
Provision during the year	(246,409)	(140)	(232)	(1,424)	(248,205)
Disposals during the year	55,764	-	-	679	56,443
31 December 2022	(419,574)	(189)	(464)	(2,251)	(422,478)
Carrying amounts					
At 31 December 2022	651,490	193	103	4,279	656,065
At 31 December 2021	699,984	59	335	6,603	706,981

	The Bank				
	Plant & buildings	Transportation facilities	Electronic devices	Others	Total
Cost					
1 January 2021	633,938	-	567	-	634,505
Additions during the year	155,964	-	-	-	155,964
Disposals during the year	(10,838)	-	-	-	(10,838)
31 December 2021	779,064	-	567	-	779,631
Additions during the year	265,228	-	-	-	265,228
Disposals during the year	(113,665)	-	-	-	(113,665)
31 December 2022	930,627	-	567	-	931,194
Accumulated depreciation					
1 January 2021	-	-	-	-	-
Provision during the year	(195,865)	-	(232)	-	(196,097)
Disposals during the year	1,096	-	-	-	1,096
31 December 2021	(194,769)	-	(232)	-	(195,001)
Provision during the year	(213,135)	-	(232)	-	(213,367)
Disposals during the year	36,661	-	-	-	36,661
31 December 2022	(371,243)	-	(464)	-	(371,707)
Carrying amounts					
At 31 December 2022	559,384	-	103	-	559,487
At 31 December 2021	584,295	-	335	-	584,630

(2) Lease liabilities

	The Group		The Bank	
	2022	2021	2022	2021
Within 1 month (inclusive)	17,846	17,392	15,971	15,414
Over 1 month but within 3 months (inclusive)	33,681	33,054	29,095	29,290
Over 3 months but within 1 year (inclusive)	146,440	156,185	125,515	131,529
Over 1 year but within 5 years (inclusive)	373,514	395,257	319,743	326,657
Over 5 years	82,007	79,476	66,014	59,619
Total undiscounted lease liabilities	653,488	681,364	556,338	562,509
Carrying amount of lease liabilities at the end of the period	603,813	630,197	514,748	521,571

15. Deferred tax

15.1 Deferred tax assets and deferred tax liabilities that are presented at the net amount after offsetting

	The Group		The Bank	
	2022	2021	2022	2021
Deferred tax assets	6,604,309	5,865,456	6,184,296	5,414,929
Deferred tax liabilities	-	-	-	-

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 recognised for the deductible temporary differences and deductible losses.

15.2 Deferred tax assets and deferred tax liabilities before offsetting

	The Group			
	2022		2021	
	Deductible/ (taxable) temporary differences	Deferred tax assets / (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets / (liabilities)
Deferred tax assets:				
Provision for loss / impairment of assets	28,858,912	7,213,218	25,370,385	6,340,837
Other temporary differences	1,687,077	421,179	1,735,328	433,584
Subtotal	30,545,989	7,634,397	27,105,713	6,774,421
Amount offset	(4,120,344)	(1,030,088)	(3,635,860)	(908,965)
Balance after offsetting	26,425,645	6,604,309	23,469,853	5,865,456
Deferred tax liabilities:				
Changes in fair value of financial assets at FVTPL and derivative financial instrument	(1,950,966)	(487,743)	(1,443,677)	(360,919)
Changes in fair value of financial assets at FVTOCI	(2,169,378)	(542,345)	(2,192,183)	(548,046)
Subtotal	(4,120,344)	(1,030,088)	(3,635,860)	(908,965)
Amount offset	4,120,344	1,030,088	3,635,860	908,965
Balance after offsetting	-	-	-	-

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank			
	2022		2021	
	Deductible/ (taxable) temporary differences	Deferred tax assets / (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets / (liabilities)
Deferred tax assets:				
Provision for loss / impairment of assets	27,022,239	6,755,561	23,771,502	5,942,876
Other temporary differences	1,473,970	368,493	1,524,073	381,018
Subtotal	28,496,209	7,124,054	25,295,575	6,323,894
Amount offset	(3,759,025)	(939,758)	(3,635,860)	(908,965)
Balance after offsetting	24,737,184	6,184,296	21,659,715	5,414,929
Deferred tax liabilities:				
Changes in fair value of financial assets at FVTPL and derivative financial instrument	(1,950,966)	(487,743)	(1,443,677)	(360,919)
Changes in fair value of financial assets at FVTOCI	(1,808,059)	(452,015)	(2,192,183)	(548,046)
Subtotal	(3,759,025)	(939,758)	(3,635,860)	(908,965)
Amount offset	3,759,025	939,758	3,635,860	908,965
Balance after offsetting	-	-	-	-

16. Other assets

	Note	The Group		The Bank	
		2022	2021	2022	2021
Other receivables and prepayments	16.1	2,179,997	377,340	2,028,100	277,194
Intangible assets	16.2	936,643	920,697	930,602	913,241
Interest receivables		169,215	56,066	158,159	53,658
Long-term deferred expenses		83,548	96,410	49,345	60,380
Amounts pending for settlement		57,573	5,781	52,485	-
Capital for debt payment		41,200	50,301	-	-
Subtotal		3,468,176	1,506,595	3,218,691	1,304,473
Provision for impairment of other assets		(162,796)	(80,429)	(141,496)	(61,865)
Total		3,305,380	1,426,166	3,077,195	1,242,608

16.1 Other receivables and prepayments

	The Group		The Bank	
	2022	2021	2022	2021
Amounts to be transferred	1,632,428	114,223	1,632,428	114,223
Other receivables and prepayments	483,661	195,062	335,545	98,897
Prepaid legal expenses	34,315	39,436	31,529	36,308
Rental deposits	29,593	28,619	28,598	27,766
Total	2,179,997	377,340	2,028,100	277,194

16.2 Intangible assets

	The Group			The Bank		
	Land use rights	Software	Total	Land use rights	Software	Total
Cost						
1 January 2021	569,041	963,367	1,532,408	569,041	955,645	1,524,686
Additions during the year	-	142,551	142,551	-	139,964	139,964
Disposals during the year	(5,986)	-	(5,986)	(5,986)	-	(5,986)
31 December 2021	563,055	1,105,918	1,668,973	563,055	1,095,609	1,658,664
Additions during the year	-	132,998	132,998	-	132,963	132,963
Disposals during the year	(1,652)	(62)	(1,714)	(1,652)	-	(1,652)
31 December 2022	561,403	1,238,854	1,800,257	561,403	1,228,572	1,789,975
Accumulated depreciation						
1 January 2021	(107,380)	(542,078)	(649,458)	(107,380)	(540,382)	(647,762)
Provision during the year	(12,880)	(87,203)	(100,083)	(12,880)	(86,046)	(98,926)
Disposals during the year	1,265	-	1,265	1,265	-	1,265
31 December 2021	(118,995)	(629,281)	(748,276)	(118,995)	(626,428)	(745,423)
Provision during the year	(12,791)	(102,786)	(115,577)	(12,791)	(101,350)	(114,141)
Disposals during the year	191	48	239	191	-	191
31 December 2022	(131,595)	(732,019)	(863,614)	(131,595)	(727,778)	(859,373)
Carrying amounts						
At 31 December 2022	429,808	506,835	936,643	429,808	500,794	930,602
At 31 December 2021	444,060	476,637	920,697	444,060	469,181	913,241

17. Provision for impairment of assets

	The Group					
	1 January 2022	Provision / (reversal) during the year	Transfers in / (out) during the year	Written-off during the year	Recover after written-off	31 December 2022
Due from placements with other banks and financial institutions	17,096	(4,198)	-	-	-	12,898
Placements with banks and other financial institutions at amortised cost	42,217	1,420	-	-	-	43,637
Placements with banks and other financial institutions at FVTOCI	761	(761)	-	-	-	-
Financial assets purchased under resale agreements	48,272	(12,061)	-	-	-	36,211
Loans and advances to customers at amortised cost	25,647,014	3,183,898	-	(1,451,057)	544,696	27,924,551
Loans and advances to customers at FVTOCI	137,489	152,572	-	-	-	290,061
Debt investments	383,738	(154,716)	-	-	-	229,022
Other debt investments	8,576	16,005	-	-	-	24,581
Finance lease receivables and long-term receivables	1,564,659	330,781	-	(86,023)	4,576	1,813,993
Long-term equity investments	2,068	-	-	-	-	2,068
Fixed assets	485,801	-	-	-	-	485,801
Other assets	80,429	84,259	(1,560)	(345)	13	162,796
Total	28,418,120	3,597,199	(1,560)	(1,537,425)	549,285	31,025,619

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Group					31 December 2021
	1 January 2021	Provision / (reversal) during the year	Transfers in / (out) during the year	Written-off during the year	Recover after written-off	
Due from placements with other banks and financial institutions	14,750	2,346	-	-	-	17,096
Placements with banks and other financial institutions at amortised cost	80,289	(38,072)	-	-	-	42,217
Placements with banks and other financial institutions at FVTOCI	6,827	(6,066)	-	-	-	761
Financial assets purchased under resale agreements	53,629	(5,357)	-	-	-	48,272
Loans and advances to customers at amortised cost	21,564,168	4,660,364	-	(991,010)	413,492	25,647,014
Loans and advances to customers at FVTOCI	421,424	(283,935)	-	-	-	137,489
Debt investments	422,448	(18,710)	-	(20,000)	-	383,738
Other debt investments	87,052	(8,476)	-	(70,000)	-	8,576
Finance lease receivables and long-term receivables	1,331,598	423,459	-	(191,448)	1,050	1,564,659
Long-term equity investments	5,173	(3,105)	-	-	-	2,068
Fixed assets	485,801	-	-	-	-	485,801
Construction in progress	-	89	-	(89)	-	-
Other assets	83,043	(1,213)	(1,213)	(1,830)	1,642	80,429
Total	24,556,202	4,721,324	(1,213)	(1,274,377)	416,184	28,418,120

	The Bank				
	1 January 2022	Provision / (reversal) during the year	Written-off during the year	Recover after written-off	31 December 2022
Due from placements with other banks and financial institutions	14,831	(4,350)	-	-	10,481
Placements with banks and other financial institutions at amortised cost	45,198	5,201	-	-	50,399
Placements with banks and other financial institutions at FVTOCI	761	(761)	-	-	-
Financial assets purchased under resale agreements	48,272	(12,061)	-	-	36,211
Loans and advances to customers at amortised cost	24,814,793	3,251,369	(1,356,537)	459,477	27,169,102
Loans and advances to customers at FVTOCI	137,489	152,572	-	-	290,061
Debt investments	383,738	(154,716)	-	-	229,022
Other debt investments	8,576	16,005	-	-	24,581
Long-term equity investments	894,632	-	-	-	894,632
Fixed assets	485,801	-	-	-	485,801
Other assets	61,865	79,631	-	-	141,496
Total	26,895,956	3,332,890	(1,356,537)	459,477	29,331,786

	The Bank				
	1 January 2021	Provision / (reversal) during the year	Written-off during the year	Recover after written-off	31 December 2021
Due from placements with other banks and financial institutions	11,433	3,398	-	-	14,831
Placements with banks and other financial institutions at amortised cost	85,592	(40,394)	-	-	45,198
Placements with banks and other financial institutions at FVTOCI	6,827	(6,066)	-	-	761
Financial assets purchased under resale agreements	53,629	(5,357)	-	-	48,272
Loans and advances to customers at amortised cost	20,642,623	4,737,855	(874,420)	308,735	24,814,793
Loans and advances to customers at FVTOCI	421,424	(283,935)	-	-	137,489
Debt investments	422,448	(18,710)	(20,000)	-	383,738
Other debt investments	87,052	(8,476)	(70,000)	-	8,576
Long-term equity investments	897,737	(3,105)	-	-	894,632
Fixed assets	485,801	-	-	-	485,801
Other assets	71,486	(9,621)	-	-	61,865
Total	23,186,052	4,365,589	(964,420)	308,735	26,895,956

18. Borrowings from the central bank

	The Group		The Bank	
	2022	2021	2022	2021
Borrowings from the central bank	36,892,487	39,287,479	36,339,168	38,449,458
Interest accrued	202,974	250,636	202,698	250,294
Total	37,095,461	39,538,115	36,541,866	38,699,752

19. Due to placements with other banks and financial institutions

Analysed by location and types of institutions

	The Group		The Bank	
	2022	2021	2022	2021
Deposits with domestic bank	9,778,782	4,241,940	13,451,931	8,939,139
Deposits with other domestic financial institutions	967,985	668,868	977,005	708,380
Interest accrued	36,677	17,151	50,880	34,058
Total	10,783,444	4,927,959	14,479,816	9,681,577

20. Placements from banks and other financial institutions

	The Group		The Bank	
	2022	2021	2022	2021
Placements from domestic bank	28,386,874	34,575,048	4,981,874	10,804,049
Placements from overseas bank	348,231	63,045	348,231	63,045
Interest accrued	188,755	264,063	12,698	4,327
Total	28,923,860	34,902,156	5,342,803	10,871,421

(All amounts expressed in thousands of RMB unless otherwise stated)

21. Financial assets sold under repurchase agreements

Analysed by types of collaterals sold under repurchase agreements

	The Group		The Bank	
	2022	2021	2022	2021
Bonds	30,356,393	25,552,739	18,926,581	25,552,739
Bills	-	3,615,132	-	3,615,132
Accrued interest	14,064	5,204	4,866	5,204
Total	30,370,457	29,173,075	18,931,447	29,173,075

22. Customer deposits

	The Group		The Bank	
	2022	2021	2022	2021
Demand deposits				
Corporate customers	260,989,469	247,673,131	255,638,795	239,977,085
Personal customers	81,563,186	65,626,233	78,968,718	62,439,863
Time deposits				
Corporate customers	151,394,566	139,892,113	148,294,591	137,075,694
Personal customers	394,366,525	336,371,386	377,094,436	323,212,589
Pledged deposits held as collateral	9,961,011	9,090,395	9,827,806	8,832,562
Others	45,209,764	39,484,311	45,203,369	39,474,313
Subtotal	943,484,521	838,137,569	915,027,715	811,012,106
Interest accrued	17,884,980	17,229,067	17,059,405	16,537,465
Total	961,369,501	855,366,636	932,087,120	827,549,571

23. Employee benefits payable

(1) Employee benefits payable are listed as follow

	The Group			
	1 January 2022	Additions during the year	Disposals during the year	31 December 2022
Short-term employee benefits	2,865,901	4,602,361	(4,324,243)	3,144,019
Post-employment benefits - defined contribution plans	691	638,203	(638,016)	878
Termination benefits	-	222	(222)	-
Total	2,866,592	5,240,786	(4,962,481)	3,144,897

	The Group			
	1 January 2021	Additions during the year	Disposals during the year	31 December 2021
Short-term employee benefits	2,743,659	4,235,514	(4,113,272)	2,865,901
Post-employment benefits - defined contribution plans	195	531,739	(531,243)	691
Termination benefits	-	155	(155)	-
Total	2,743,854	4,767,408	(4,644,670)	2,866,592

	The Bank			
	1 January 2022	Additions during the year	Disposals during the year	31 December 2022
Short-term employee benefits	2,585,970	4,159,465	(3,931,568)	2,813,867
Post-employment benefits - defined contribution plans	-	595,141	(595,141)	-
Total	2,585,970	4,754,606	(4,526,709)	2,813,867

	The Bank			
	1 January 2021	Additions during the year	Disposals during the year	31 December 2021
Short-term employee benefits	2,539,984	3,809,118	(3,763,132)	2,585,970
Post-employment benefits - defined contribution plans	-	493,654	(493,654)	-
Total	2,539,984	4,302,772	(4,256,786)	2,585,970

(2) Short-term employee benefits

	The Group			
	1 January 2022	Additions during the year	Disposals during the year	31 December 2022
Salaries, bonuses and allowances	2,865,452	3,803,576	(3,539,188)	3,129,840
Staff welfare	-	152,686	(139,353)	13,333
Social insurance				
- Medical insurance	405	243,270	(243,192)	483
- Work-related injury insurance	6	4,146	(4,143)	9
- Maternity insurance	5	852	(848)	9
Housing fund	12	290,114	(289,963)	163
Labour union fee, staff and workers' education fee	21	88,978	(88,817)	182
Others	-	18,739	(18,739)	-
Total	2,865,901	4,602,361	(4,324,243)	3,144,019

	The Group			
	1 January 2021	Additions during the year	Disposals during the year	31 December 2021
Salaries, bonuses and allowances	2,743,101	3,515,844	(3,393,493)	2,865,452
Staff welfare	-	155,361	(155,361)	-
Social insurance				
- Medical insurance	428	211,457	(211,480)	405
- Work-related injury insurance	4	3,354	(3,352)	6
- Maternity insurance	30	647	(672)	5
Housing fund	42	250,118	(250,148)	12
Labour union fee, staff and workers' education fee	54	85,124	(85,157)	21
Others	-	13,609	(13,609)	-
Total	2,743,659	4,235,514	(4,113,272)	2,865,901

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank			
	1 January 2022	Additions during the year	Disposals during the year	31 December 2022
Salaries, bonuses and allowances	2,585,970	3,440,140	(3,225,795)	2,800,315
Staff welfare	-	128,440	(115,107)	13,333
Social insurance				
- Medical insurance	-	224,281	(224,281)	-
- Work-related injury insurance	-	3,491	(3,491)	-
- Maternity insurance	-	157	(157)	-
Housing fund	-	264,355	(264,192)	163
Labour union fee, staff and workers' education fee	-	81,695	(81,639)	56
Others	-	16,906	(16,906)	-
Total	2,585,970	4,159,465	(3,931,568)	2,813,867

	The Bank			
	1 January 2021	Additions during the year	Disposals during the year	31 December 2021
Salaries, bonuses and allowances	2,539,984	3,158,940	(3,112,954)	2,585,970
Staff welfare	-	134,680	(134,680)	-
Social insurance				
- Medical insurance	-	193,602	(193,602)	-
- Work-related injury insurance	-	2,787	(2,787)	-
- Maternity insurance	-	120	(120)	-
Housing fund	-	227,542	(227,542)	-
Labour union fee, staff and workers' education fee	-	78,068	(78,068)	-
Others	-	13,379	(13,379)	-
Total	2,539,984	3,809,118	(3,763,132)	2,585,970

(3) Defined contribution plans

	The Group			
	1 January 2022	Additions during the year	Disposals during the year	31 December 2022
Basic pension insurance	673	386,648	(386,554)	767
Unemployment insurance	18	11,778	(11,685)	111
Annuity	-	239,777	(239,777)	-
Total	691	638,203	(638,016)	878

	The Group			
	1 January 2021	Additions during the year	Disposals during the year	31 December 2021
Basic pension insurance	194	309,696	(309,217)	673
Unemployment insurance	1	9,538	(9,521)	18
Annuity	-	212,505	(212,505)	-
Total	195	531,739	(531,243)	691

	The Bank			
	1 January 2022	Additions during the year	Disposals during the year	31 December 2022
Basic pension insurance	-	345,880	(345,880)	-
Unemployment insurance	-	10,864	(10,864)	-
Annuity	-	238,397	(238,397)	-
Total	-	595,141	(595,141)	-

	The Bank			
	1 January 2021	Additions during the year	Disposals during the year	31 December 2021
Basic pension insurance	-	273,861	(273,861)	-
Unemployment insurance	-	8,602	(8,602)	-
Annuity	-	211,191	(211,191)	-
Total	-	493,654	(493,654)	-

24. Taxes payable

	The Group		The Bank	
	2022	2021	2022	2021
Corporate income tax	1,079,147	1,029,089	960,711	928,334
Individual income tax	23,020	59,521	22,178	58,456
Surcharges	46,177	45,009	45,422	44,277
VAT	384,079	382,225	377,182	375,395
Others	20,140	12,515	18,970	12,192
Total	1,552,563	1,528,359	1,424,463	1,418,654

25. Debt securities issued

	Note	The Group and the Bank	
		2022	2021
Interbank negotiable certificates of deposit	(1)	66,908,550	68,042,683
Financial bonds	(2)	10,000,000	10,000,000
Capital bonds	(3)	10,000,000	7,000,000
Interest accrued		317,092	270,519
Total		87,225,642	85,313,202

(1) On 31 December 2022, there were 61 interbank negotiable certificates of deposit (not yet matured) issued publicly by the Group and the Bank on the interbank market, with a maximum term of 1-year and an interest rate range of 1.92% to 2.60% (2021: 58 interbank negotiable certificates of deposit (not yet matured) issued publicly by the Group and the Bank on the interbank market, with a maximum term of 1-year and an interest rate range of 2.45% to 3.20%).

(All amounts expressed in thousands of RMB unless otherwise stated)

(2) As at the balance sheet date, the Group and the Bank issued the following financial bonds:

	2022	2021
20 SHRCB 01	8,000,000	8,000,000
20 SHRCB 02	2,000,000	2,000,000
Total	10,000,000	10,000,000

In 20 November 2020, the Group and the Bank issued RMB 2 billion of 3-year fixed rate financial bonds with interest rate of 3.75% on the national interbank bond market to the public.

In 26 October 2020, the Group and the Bank issued RMB 8 billion of 3-year fixed rate financial bonds with interest rate of 3.63% on the national interbank bond market to the public.

(3) As at the balance sheet date, the Group and the Bank issued the following tier-II capital bonds:

	2022	2021
22 SHRCB tier-II 01	7,000,000	-
22 SHRCB tier-II capital bonds 02	3,000,000	-
17 SHRCB tier-II 02	-	3,000,000
17 SHRCB tier-II 01	-	4,000,000
Total	10,000,000	7,000,000

The Group and the Bank issued RMB 3 billion 10-year fixed rate tier-II capital bonds with interest rate of 3.39% on 20 July 2022 on the national interbank bond market to the public, which are redeemable at the end of the fifth year.

The Group and the Bank issued RMB 7 billion 10-year fixed rate tier-II capital bonds with interest rate of 3.67% on 3 March 2022 on the national interbank bond market to the public, which are redeemable at the end of the fifth year.

The Group and the Bank issued RMB 3 billion 10-year fixed rate tier-II capital bonds with interest rate of 4.80% on 15 August 2017 on the national interbank bond market to the public, which are redeemable at the end of the fifth year, and were all redeemed at full par value by the Group and the Bank on 17 August 2022.

The Group and the Bank issued RMB 4 billion 10-year fixed rate tier-II capital bonds with interest rate of 4.70% on 7 March 2017 on the national interbank bond market to the public, which are redeemable at the end of the fifth year. The Group and the Bank redeemed all of these bonds on 8 March 2022.

26. Provisions

	Note	The Group and the Bank	
		2022	2021
Provision for expected credit loss in off-balance sheet	(1)	611,151	339,439

(1) Movements of expected credit loss in off-balance sheet

	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2022	315,108	24,331	-	339,439
Transferred to:				
- Stage 1	22,581	(22,581)	-	-
- Stage 2	(19,052)	19,052	-	-
- Stage 3	-	-	-	-
Provision during the year	15,488	256,224	-	271,712
Balance at 31 December 2022	334,125	277,026	-	611,151

	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2021	555,378	9,945	-	565,323
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
(Reversal) / provision for the year	(240,270)	14,386	-	(225,884)
Balance at 31 December 2021	315,108	24,331	-	339,439

27. Other liabilities

	The Group		The Bank	
	2022	2021	2022	2021
Amounts to be settled and transferred	9,497,707	2,844,818	9,488,982	2,822,665
Lease deposits	2,360,123	2,087,151	-	-
Dividends payable	2,790	1,442	563	483
Others	838,501	431,754	573,249	310,025
Total	12,699,121	5,365,165	10,062,794	3,133,173

28. Share capital

	The Group and the Bank			
	2022		2021	
	Number of shares (‘000)	Percentage (%)	Number of shares (‘000)	Percentage (%)
Renminbi ordinary shares listed in China (A share)	9,644,444	100.00	9,644,444	100.00

29. Capital reserve

	The Group			
	2022			
	Opening balance	Additions during the year	Disposals during the year	Closing balance
Share premium	16,495,350	-	-	16,495,350
Other capital reserves	66	-	-	66
Total	16,495,416	-	-	16,495,416

	The Group			
	2021			
	Opening balance	Additions during the year	Disposals during the year	Closing balance
Share premium	8,947,873	7,564,525	(17,048)	16,495,350
Other capital reserves	66	-	-	66
Total	8,947,939	7,564,525	(17,048)	16,495,416

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank			
	2022			
	Opening balance	Additions during the year	Disposals during the year	Closing balance
Share premium	16,784,433	-	-	16,784,433
Other capital reserves	66	-	-	66
Total	16,784,499	-	-	16,784,499

	The Bank			
	2021			
	Opening balance	Additions during the year	Disposals during the year	Closing balance
Share premium	9,219,908	7,564,525	-	16,784,433
Other capital reserves	66	-	-	66
Total	9,219,974	7,564,525	-	16,784,499

30. Other comprehensive income

	The Group					
	Opening balance of other comprehensive income	2022				Closing balance of other comprehensive income
		Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After tax	
Loss that will not be reclassified to profit or loss Remeasurement of defined benefit plan	(9,474)	-	-	-	-	(9,474)
Other comprehensive income that will be reclassified to profit or loss						
Including: Other comprehensive income recognised under equity method	(3,467)	1,926	-	-	1,926	(1,541)
Changes in fair value of financial assets classified as at FVOCI	1,534,019	191,235	(381,857)	47,655	(142,967)	1,391,052
Credit losses of financial assets classified as at FVOCI	110,119	167,816	-	(41,954)	125,862	235,981
Total	1,631,197	360,977	(381,857)	5,701	(15,179)	1,616,018

	The Bank					
	Opening balance of other comprehensive income	2022				Closing balance of other comprehensive income
		Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After tax	
Loss that will not be reclassified to profit or loss Remeasurement of defined benefit plan	(9,474)	-	-	-	-	(9,474)
Other comprehensive income that will be reclassified to profit or loss						
Including: Other comprehensive income recognised under equity method	(3,467)	1,926	-	-	1,926	(1,541)
Changes in fair value of financial assets classified as at FVOCI	1,534,019	(170,084)	(381,857)	137,985	(413,956)	1,120,063
Credit losses of financial assets classified as at FVOCI	110,119	167,816	-	(41,954)	125,862	235,981
Total	1,631,197	(342)	(381,857)	96,031	(286,168)	1,345,029

	The Group and the Bank					
	Other comprehensive income Opening balance	2021				Closing balance of other comprehensive income
		Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After tax	
Loss that will not be reclassified to profit or loss Remeasurement of defined benefit plan	(9,474)	-	-	-	-	(9,474)
Other comprehensive income that will be reclassified to profit or loss						
Including: Other comprehensive income recognised under equity method	-	(3,467)	-	-	(3,467)	(3,467)
Changes in fair value of financial assets classified as at FVOCI	399,166	1,533,470	(20,333)	(378,284)	1,134,853	1,534,019
Credit losses of financial assets classified as at FVOCI	386,477	(368,477)	-	92,119	(276,358)	110,119
Total	776,169	1,161,526	(20,333)	(286,165)	855,028	1,631,197

31. Surplus reserve

	The Group			The Bank		
	1 January 2022	Additions during the year	31 December 2022	1 January 2022	Additions during the year	31 December 2022
Statutory surplus reserve	7,038,842	951,623	7,990,465	6,835,414	939,554	7,774,968
Discretionary surplus reserve	17,239,193	2,784,324	20,023,517	17,042,261	2,735,475	19,777,736
Total	24,278,035	3,735,947	28,013,982	23,877,675	3,675,029	27,552,704

	The Group			The Bank		
	1 January 2021	Additions during the year	31 December 2021	1 January 2021	Additions during the year	31 December 2021
Statutory surplus reserve	6,210,536	828,306	7,038,842	6,042,923	792,491	6,835,414
Discretionary surplus reserve	14,724,894	2,514,299	17,239,193	14,569,378	2,472,883	17,042,261
Total	20,935,430	3,342,605	24,278,035	20,612,301	3,265,374	23,877,675

In accordance with the Company Law and the Company's Articles of Association, the Group should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Group can cease appropriation when the statutory reserve accumulated to more than 50% of the registered capital. The statutory reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities. Approved by the Bank's 2021 Annual General Meeting of Shareholders on 10 June 2022, the Bank appropriated RMB 939,554 thousand to the statutory surplus reserve for the year 2022.

The Bank makes appropriations to discretionary reserve after making appropriation to statutory reserve. Discretionary reserve could be used to make up for prior year's loss or increase the paid-in capital. Approved by the Bank's 2021 Annual General Meeting of Shareholders on 10 June 2022, the Bank appropriated RMB 2,735,475 thousand to discretionary surplus reserve.

(All amounts expressed in thousands of RMB unless otherwise stated)

32. General risk reserve

	The Group			The Bank		
	1 January 2022	Increase during the year	31 December 2022	1 January 2022	Increase during the year	31 December 2022
General risk reserve	11,909,737	875,345	12,785,082	11,412,670	849,627	12,262,297

	The Group			The Bank		
	1 January 2021	Increase during the year	31 December 2021	1 January 2021	Increase during the year	31 December 2021
General risk reserve	10,207,445	1,702,292	11,909,737	9,772,127	1,640,543	11,412,670

Pursuant to the Notice on Promulgation of the Administrative Measures on Accrual of Provisions by Financial Enterprises (Cai Jin [2012] No.20) promulgated by MOF, the Bank's balance of general risk reserve should not be less than 1.5% of the aggregate amount of all risk assets in principle.

The Group's general risk reserve normally includes the general risk reserve made by its subsidiaries in accordance with applicable laws and regulations in their respective industries.

33. Retained earnings

	The Group		The Bank	
	2022	2021	2022	2021
Opening balance	29,809,274	27,663,861	29,143,939	27,161,873
Add: Net profit attributable to the Bank's shareholders	10,974,378	9,697,866	10,606,377	9,395,539
Less: Appropriation for statutory surplus reserve	(951,623)	(828,306)	(939,554)	(792,491)
Appropriation for discretionary surplus reserve	(2,784,324)	(2,514,299)	(2,735,475)	(2,472,883)
Appropriation to general risk reserve	(875,345)	(1,702,292)	(849,627)	(1,640,543)
Dividends to ordinary shares	(2,893,333)	(2,507,556)	(2,893,333)	(2,507,556)
Retained earnings at the end of the year	33,279,027	29,809,274	32,332,327	29,143,939

(1) In accordance with the resolution of 2021 Annual General Meeting of Shareholders on 10 June 2022, the profit appropriation plan is as follows:

- 10% of the annual profit of 2021 (after tax) to the statutory surplus reserve;
- 10% of accumulated distributable profit (after tax) to the discretionary surplus reserve;
- RMB 850 million to general risk reserve;
- Based on the total share capital of 9,644,444,445 ordinary shares as at 31 December 2021, the Bank distributed cash dividends on ordinary shares in the amount of RMB 3.00 for every 10 shares, totalling RMB 2.893 billion.

(2) In accordance with the resolution of the 10th Meeting of the Forth Session of the Board of Directors held on 28 October 2021 and the resolution of the 3rd Extraordinary General Meeting of Shareholders of 2021 held on 19 November 2021, based on the total share capital of 9,644,444,445 ordinary shares as at the date of registration for the implementation of equity distribution (2 December 2021), the Bank distributed cash dividends on ordinary shares in the amount of RMB 2.60 for every 10 shares, totalling RMB 2.508 billion.

34. Net interest income

	The Group		The Bank	
	2022	2021	2022	2021
Interest income				
Deposits with central bank	915,231	942,631	872,222	909,869
Due from banks and other financial institutions	319,244	246,778	233,327	133,686
Placements with banks and other financial institutions and financial assets purchased under resale agreements	2,529,269	2,920,038	2,657,433	3,010,651
Loans and advances to customers				
Including: Corporate loans and advances	16,376,078	15,983,539	16,151,259	15,748,423
Individual loans	10,560,415	9,049,765	9,530,339	8,204,653
Discount bills	1,339,713	1,397,919	1,339,713	1,397,919
Financial investment	9,234,560	8,328,775	9,203,790	8,291,368
Interest income from sale and leaseback transactions	1,143,834	573,153	-	-
Interest income from finance leases	1,034,521	1,632,898	-	-
Sub-total	43,452,865	41,075,496	39,988,083	37,696,569
Interest expense				
Loans from the central bank	(953,353)	(916,505)	(943,966)	(904,611)
Due to banks and other financial institutions	(82,050)	(176,363)	(231,238)	(341,525)
Placements from banks and other financial institutions and financial assets sold under repurchase agreement	(1,922,118)	(2,404,649)	(1,134,339)	(1,422,218)
Customer deposits	(17,466,260)	(15,932,325)	(16,826,592)	(15,388,681)
Debt securities issued	(2,274,836)	(2,274,931)	(2,274,836)	(2,274,931)
Sub-total	(22,698,617)	(21,704,773)	(21,410,971)	(20,331,966)
Net interest income	20,754,248	19,370,723	18,577,112	17,364,603

35. Net fee and commission income

	The Group		The Bank	
	2022	2021	2022	2021
Fee and commission income				
Agency services	1,615,614	1,587,026	1,613,610	1,584,171
Consultancy and advisory services	303,334	301,859	311,970	301,807
Settlement and clearing services	217,736	204,943	217,721	204,858
Electronic banking services	86,148	124,730	85,860	124,382
Bank card services	65,081	97,550	65,040	97,499
Guarantee and commitment services	35,375	34,762	35,363	34,757
Other operating activities	124,713	83,219	155,201	116,735
Sub-total	2,448,001	2,434,089	2,484,765	2,464,209
Fee and commission expenses				
Settlement and clearing services	(96,506)	(112,270)	(94,264)	(109,284)
Agency services	(64,313)	(73,478)	(64,194)	(73,457)
Other operating activities	(131,519)	(82,116)	(110,148)	(72,937)
Sub-total	(292,338)	(267,864)	(268,606)	(255,678)
Net fee and commission income	2,155,663	2,166,225	2,216,159	2,208,531

(All amounts expressed in thousands of RMB unless otherwise stated)

36. Investment income

	The Group		The Bank	
	2022	2021	2022	2021
Financial assets at FVTPL and derivative financial instruments	1,202,702	1,372,385	1,202,702	1,372,385
Financial assets measured at FVOCI	381,857	20,333	381,857	20,333
Profit or loss arising from derecognition of financial assets measured at amortized cost	4,034	-	-	-
Long-term equity investment recognised under equity method	34,033	40,635	34,033	40,635
Precious metals	(35,950)	(21,476)	(35,950)	(21,476)
Long-term equity investment recognised under cost method	-	-	110,885	79,996
Total	1,586,676	1,411,877	1,693,527	1,491,873

37. Gain from changes in fair value

	The Group and the Bank	
	2022	2021
Financial assets held for trading and precious metals	542,005	741,314
Derivative financial instruments	170	(66,455)
Loans and advances at FVTPL	(8,062)	2,735
Financial liabilities held for trading	(1,327)	810
Total	532,786	678,404

38. General and administrative expenses

	The Group		The Bank	
	2022	2021	2022	2021
Employee benefits	5,240,786	4,767,408	4,754,606	4,302,772
Office and administrative expense	1,277,449	1,235,906	1,154,826	1,113,044
Depreciation of fixed assets	548,879	507,278	533,261	492,683
Electronic equipment operating expenses	309,606	303,972	287,171	279,539
Depreciation of right-of-use assets	248,205	232,351	213,367	196,097
Amortisation of intangible assets	115,577	100,083	114,141	98,926
Amortisation of long-term deferred expenses	37,718	31,308	23,664	17,390
Rental expenses	20,520	43,218	17,396	37,329
Total	7,798,740	7,221,524	7,098,432	6,537,780

39. Credit losses

	The Group		The Bank	
	2022	2021	2022	2021
Loans and advances measured at amortized cost	3,183,898	4,660,364	3,251,369	4,737,855
Loans and advances at FVOCI	152,572	(283,935)	152,572	(283,935)
Debt investments	(154,716)	(18,710)	(154,716)	(18,710)
Other debt investments	16,005	(8,476)	16,005	(8,476)
Finance lease receivables and long-term receivables	330,781	423,459	-	-
Provisions	271,712	(225,884)	271,712	(225,884)
Others	64,958	(48,359)	67,660	(58,036)
Total	3,865,210	4,498,459	3,604,602	4,142,814

40. Income tax expenses

	The Group		The Bank	
	2022	2021	2022	2021
Current income tax	3,008,950	2,694,685	2,690,759	2,430,415
Deferred income tax	(733,152)	(563,394)	(673,336)	(515,207)
Total	2,275,798	2,131,291	2,017,423	1,915,208

Reconciliation of income tax expenses to accounting profit is as follows:

	The Group		The Bank	
	2022	2021	2022	2021
Profit before tax	13,668,975	12,178,210	12,623,800	11,310,747
Tax calculated at applicable tax rate	3,417,244	3,055,801	3,155,950	2,827,687
Effect of different tax rates applied by subsidiaries	(7,619)	-	-	-
Effect of non-taxable income	(1,171,975)	(1,032,006)	(1,164,627)	(1,023,042)
Effect of non-deductible (before tax) expenses and losses	50,752	24,063	47,462	22,009
Tax effect arising from tax filing of prior year	7,067	(847)	5,032	(164)
Others	(19,671)	84,280	(26,394)	88,718
Income tax expenses	2,275,798	2,131,291	2,017,423	1,915,208

41. Earnings per share

	The Group	
	2022	2021
Net profit attributable to the Bank's shareholders (RMB'000)	10,974,378	9,697,866
Weighted average number of ordinary shares outstanding ('000 shares)	9,644,444	9,001,481
Basic earnings per share and diluted earnings per share (in RMB)	1.14	1.08

(All amounts expressed in thousands of RMB unless otherwise stated)

42. Supplement to the cash flow statement

(1) Reconciliation of net profit to cash flows from operating activities:

	The Group		The Bank	
	2022	2021	2022	2021
Net profit	11,393,177	10,046,919	10,606,377	9,395,539
Add: credit losses	3,865,210	4,498,459	3,604,602	4,142,814
Impairment losses/(gains)	3,701	(3,016)	-	(3,105)
Depreciation of fixed assets	548,879	507,278	533,261	492,683
Depreciation of right-of-use assets	248,205	232,351	213,367	196,097
Amortisation of intangible assets	115,577	100,083	114,141	98,926
Amortisation of long-term deferred expenses	37,718	31,308	23,664	17,390
Losses from disposal of fixed assets, intangible assets, and other long-term assets	(19,717)	(144,518)	(19,717)	(144,782)
Gains from changes in fair value	(532,786)	(678,404)	(532,786)	(678,404)
Investment income	(419,924)	(1,411,877)	(526,775)	(1,491,873)
Interest income from securities and other investments	(9,234,560)	(8,328,775)	(9,203,790)	(8,291,368)
Interest expenses of issued debt securities	2,274,836	2,274,931	2,274,836	2,274,931
Interest expenses from lease liabilities	22,129	23,419	18,597	19,507
Net exchange gains	(428,518)	-	(428,518)	-
Increase in deferred tax assets	(733,152)	(563,394)	(673,336)	(515,207)
Increase in operating receivables	5,578,828	(94,053,635)	(24,136,143)	(90,130,869)
Increase in operating payables	112,311,240	86,321,390	98,571,897	81,377,139
Net cash inflow/(outflow) from operating activities	125,030,843	(1,147,481)	80,439,677	(3,240,582)

(2) Change in cash and cash equivalents:

	The Group		The Bank	
	2022	2021	2022	2021
Cash and cash equivalents at the end of the year	54,819,400	33,705,073	50,333,000	30,807,690
Less: Cash and cash equivalents at the beginning of the year	(33,705,073)	(25,822,301)	(30,807,690)	(23,788,080)
Net increase in cash and cash equivalents	21,114,327	7,882,772	19,525,310	7,019,610

(3) Details of cash and cash equivalents:

	The Group		The Bank	
	2022	2021	2022	2021
Cash on hand	4,793,237	1,587,229	4,704,219	1,489,628
Deposits with central bank that are not restricted	12,452,515	14,942,115	8,554,652	12,475,009
Amount due from banks and other financial institutions with an original maturity of three months or less	28,063,934	17,175,729	27,264,415	16,843,053
Placements with banks and other financial institutions with an original maturity of three months or less	9,509,714	-	9,809,714	-
Cash and cash equivalents at the end of the year	54,819,400	33,705,073	50,333,000	30,807,690

VI. Collaterals

1. Assets pledged

The Group's secured liabilities relating to assets pledged as collateral are loans from the central bank, financial assets sold under repurchase agreement, customer deposits, financial liabilities held for trading, the carrying amount of financial liabilities as at 31 December 2022 were RMB 117,675,049 thousand (interest accrued not included) (2021: RMB 94,673,075 thousand). In addition, secured liabilities include bonds leased by the Group as a lessee via bond lending operations, which are conducted under normal commercial terms.

The assets pledged as collateral above include bonds and notes, and the classification of asset items includes loans and advances to customers, financial assets held for trading, debt investments and other debt investments. As at 31 December 2022, the carrying amount of assets pledged as collateral (interest accrued not included) was RMB 121,154,017 thousand (2021: RMB 105,605,831 thousand).

2. Collateral accepted

As at 31 December 2022, The Group and the Bank did not hold any collateral that can be sold or re-pledged for security without default of owners (2021: RMB 720,246 thousand).

VII. Transfer of financial assets

In the normal course of business, the Group may transfer recognised financial assets to a third party in the course of a transaction. The Group either recognises these transferred financial assets in full, to the extent of its continuing involvement, or derecognises them in full.

1. Credit asset transfers

For the year ended 31 December 2022, the Group directly transferred credit assets of RMB 2,433 thousand to third parties, all of which have been derecognised (2021: RMB 6,000 thousand).

2. Securities lending transactions

For securities lending transactions, counterparties may sell the securities or use them as collaterals as long as the Group does not default but shall return the securities to the Group upon the maturity dates set forth in the related agreements. For these transactions, the securities are not derecognised as the Group has retained almost all the risks and returns thereon. As at 31 December 2022, the carrying amount of assets transferred by the Group in the securities lending transaction was RMB 14,390,000 thousand (2021: RMB 13,400,000 thousand).

3. Sales and repurchase agreements

Sales and repurchase agreements ("repurchase agreements") are transactions in which the Group sells a financial asset and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. As the repurchase prices are fixed, the Group continues to be exposed to substantially all of the credit and market risks and rewards of the securities sold. These securities, which the Group has no ability to use during the life of the agreements, are not derecognised from the financial statements, but are considered to be "collateral" for the secured loans, as the Group retains substantially all the risks and rewards of the securities. The Group recognises financial liability for cash received. For all these arrangements, the counterparties have recourse not only to the transferred financial assets.

As at 31 December 2022 and at 31 December 2021, the Group had transactions under repurchase agreements, and the proceeds from the sales of these securities are presented as "financial assets sold under repurchase agreements" (see Note V. 21).

In the case of a repurchase agreement transaction with a sell-out element, the rights to the underlying assets are transferred to the counterparty. As at 31 December 2022, transferred financial assets not yet derecognised by the Group and the Bank include debt investments and other debt investments with a total carrying amount of RMB 323,003 thousand (2021: RMB 31,727 thousand), and the related liabilities with a total carrying amount of RMB 322,726 thousand (2021: RMB 30,989 thousand).

VIII. Interests in other entities

1. Subsidiaries

For information about the subsidiaries of the Group, refer to Note V.12.1.

2. Associates

For information about the a of the Group, refer to Note V. 12.2.

3. Interests in structured entities

The Group manages and invests in several structured entities, including funds, trusts, asset management plans, debt financing plans, asset-backed securities and wealth management products. The Group determines whether it controls a structured entity by assessing the influence of decision making and extent of participation in the establishment of the structured entity; its overall economic interest (both gain from direct holding and expected management fees) set out in related arrangements; as well as the extent of its decision-making power over the structured entity. The Group considers that it has control of a structured entity and includes the structured entity within the scope of the Group's consolidated financial statements when the Group has power over the structured entity through arrangements such as investment contracts and access to variable returns through participation in the relevant activities of the structured entity, and the ability to influence the variable returns of the structured entity. The Group is not required to include a structured entity in the consolidated financial statements if the Group does not have significant power over the principal activities of the structured entity, or if the percentage of economic interest held by the Group in the structured entity is insignificant such that the Group acts as an agent rather than as the primary responsible party to the structured entity.

As at 31 December 2022, structured entities included in the consolidation scope by the Bank were RMB 50,277,454 thousand, and was under "financial assets held for trading" on the balance sheet.

(1) Information about structured entities not included in the consolidated financial statements:

The Group did not include the following structured entities in the consolidated financial statements: funds, trusts, asset management plans, debt financing plans, asset-backed securities provided by third parties, and wealth management products provided by the Group. The nature and purpose of these structured entities are to manage assets on behalf of investors. These structured entities are financed by issuing investment products to investors. The Group's interest in these structured entities mainly includes income from direct holding or management fees arising from the provision of management services to these structured entities.

The Group has not included the above-mentioned structured entities in the consolidated financial statements based on the definition of control as described in Note III 4(1), the relevant agreements and the Group's investment in the structured entities.

(2) Investments in unconsolidated structured entities sponsored by third parties:

The Group holds interests in structured entities sponsored by third-party institutions through direct investments. As at the balance sheet date, the Group's interests in structured entities sponsored by third-party institutions that are not included in the scope of the consolidated financial statements through directly held investments are represented in the Group's consolidated balance sheet under the relevant asset and liability items and their carrying value / maximum exposure to losses as follows:

	As at 31 December 2022			
	Financial assets held for trading	Debt investments	Other debt investments	Total
Funds	9,622,123	-	-	9,622,123
Trusts and asset management products, debt financing plans	248,862	808,240	-	1,057,102
Asset-backed securities	412,210	376,211	203,345	991,766
Wealth-management products	770,435	-	-	770,435
Total	11,053,630	1,184,451	203,345	12,441,426

	As at 31 December 2021			Total
	Financial assets held for trading	Debt investments	Other debt investments	
Funds	26,654,108	-	-	26,654,108
Trusts and asset management products, debt financing plans	21,037,639	2,378,769	-	23,416,408
Asset-backed securities	8,678,369	-	-	8,678,369
Wealth-management products	271	592,252	36,553	629,076
Total	56,370,387	2,971,021	36,553	59,377,961

The maximum exposure to loss on funds and asset management products at year end is equal to their fair value at the balance sheet date. The maximum exposure to loss on trusts and asset management plans, debt financing plans and asset-backed securities at the end of the year is equal to their fair value or amortised cost at the balance sheet date in accordance with the line items of these assets recognised in the balance sheet.

(3) Interest in the unconsolidated structured entities sponsored by the Group

The Group is a sponsor of a structured entity if both of the following criteria are met:

- the Group has had a significant influence in initiating the establishment of the structured entity or in organising other interested parties to jointly establish the structured entity, and
- and the structured entity is an extension of the Group's principal activities and the structured entity maintains a close business relationship with the Group.

Unconsolidated structured entities sponsored by the Group are mainly financial products provided by the Group and the Group's interest in them is mainly the management fee and other service fees for managing these structured entities.

As at 31 December 2022, the balance of unconsolidated structured entities sponsored by the Group was RMB 184,998,843 thousand (2021: RMB 169,842,875 thousand).

(4) Unconsolidated structure entities sponsored by the Group during the year and in which the Group holds no interest as at 31 December 2022

Fee and commission income arising from wealth management products provided by the Group in 2022 and due by the year then ended was not material (2021: not material).

IX. Segment reporting

Products and services provided by each segment reporting of the Group are mainly corporate banking, personal banking, financial markets and other business.

Corporate banking services include corporate deposit taking, corporate lending, corporate wealth management, trade-related products and services, agency and commissions.

Personal banking includes personal deposits, personal loans, personal wealth management, bank cards, payments and agency.

Financial markets business includes money market transaction, transaction under repurchase agreement, bond investment, interest rate and precious metals derivatives trading, and inter-bank wealth management.

Other business are those cannot form a separate segment or service cannot be allocated on a reasonable basis.

Segment accounting policies are consistent with those used to prepare the consolidated financial statements.

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Group				
	2022				
	Corporate banking business	Personal banking business	Financial market business	Other businesses	Total
I. Operating Income	13,102,784	8,965,869	2,980,922	577,695	25,627,270
Net interest income	12,668,459	7,623,073	152,375	310,341	20,754,248
including: External net interest income	10,939,184	927,408	8,488,388	399,268	20,754,248
Internal net interest income/(expense)	1,729,275	6,695,665	(8,336,013)	(88,927)	-
Net fee and commission income	663,687	1,341,635	191,936	(41,595)	2,155,663
Gains/(losses) arising from investments	(303,121)	(190)	1,762,989	126,998	1,586,676
Other income	-	-	-	25,364	25,364
(losses)/gains from changes in fair value	(18,158)	-	550,944	-	532,786
Exchange gain	91,917	1,351	322,678	103,123	519,069
Other operating income	-	-	-	33,747	33,747
Gains from asset disposals	-	-	-	19,717	19,717
II. Operating expenses	(5,593,680)	(4,820,847)	(836,946)	(701,174)	(11,952,647)
Taxes and surcharges	(127,748)	(92,661)	(40,750)	(7,443)	(268,602)
General and administrative expenses	(3,660,908)	(3,036,044)	(437,076)	(664,712)	(7,798,740)
Credit losses	(1,805,024)	(1,692,142)	(359,120)	(8,924)	(3,865,210)
Impairment loss	-	-	-	(3,701)	(3,701)
Other operating expenses	-	-	-	(16,394)	(16,394)
III. Operating profit	7,509,104	4,145,022	2,143,976	(123,479)	13,674,623
Add: Non-operating income	-	-	-	42,002	42,002
Less: Non-operating expenses	-	-	-	(47,650)	(47,650)
IV. Profit before income tax	7,509,104	4,145,022	2,143,976	(129,127)	13,668,975
Total assets	364,771,066	252,594,998	587,256,361	76,776,696	1,281,399,121
Total liabilities	(473,934,074)	(489,732,504)	(139,762,914)	(72,253,982)	(1,175,683,474)

	The Group				
	2021				
	Corporate banking business	Personal banking business	Financial market business	Other businesses	Total
I. Operating Income	12,495,943	7,757,922	2,431,406	1,479,048	24,164,319
Net interest income	11,909,397	6,393,427	(87,009)	1,154,908	19,370,723
Including: External net interest income	11,120,225	324,997	7,326,502	598,999	19,370,723
Internal net interest income/(expense)		789,172	(7,413,511)	555,909	-
Net fee and commission income	707,885	1,363,530	116,689	(21,879)	2,166,225
Gains/(losses) arising from investments	(201,682)	-	1,511,119	102,440	1,411,877
Other income	-	-	-	53,726	53,726
Gains from changes in fair value	-	-	678,404	-	678,404
Foreign exchange gains/(losses)	80,343	965	212,203	(20,828)	272,683
Other operating income	-	-	-	66,163	66,163
Gains from asset disposals	-	-	-	144,518	144,518
II. Operating expenses	(8,184,448)	(2,774,336)	(157,912)	(879,694)	(11,996,390)
Taxes and surcharges	(119,117)	(81,923)	(34,816)	(28,332)	(264,188)
General and administrative expenses	(3,479,618)	(2,504,510)	(413,258)	(824,138)	(7,221,524)
Credit losses	(4,584,584)	(187,903)	290,162	(16,134)	(4,498,459)
Gains from impairment of assets	-	-	-	3,016	3,016
Other operating expenses	(1,129)	-	-	(14,106)	(15,235)
III. Operating profit	4,311,495	4,983,586	2,273,494	599,354	12,167,929
Add: Non-operating income	-	-	-	53,756	53,756
Less: Non-operating expenses	-	-	-	(43,475)	(43,475)
IV. Profit before income tax	4,311,495	4,983,586	2,273,494	609,635	12,178,210
Total assets	333,453,305	232,995,664	514,228,558	77,698,734	1,158,376,261
Total liabilities	(441,131,095)	(416,236,719)	(139,519,587)	(64,157,423)	(1,061,044,824)

X. Commitments and contingencies

1. Credit commitment

The Group's credit commitment include credit limit for loan and credit card, bank acceptance bill, financial guarantee and letter of credit.

The contractual amount of credit commitment for loan or credit card is the full amount available to the borrower and card holder. The contractual amount of a letter of guarantee and letter and credit is the maximum loss when the other party fails to fulfil its contractual obligations. A bank acceptance bill is the redemption commitment made by the Group to the draft issued by the customer.

As the loan and credit facility may not be fully drawn before maturity, the amounts below may not represent the expected future cash outflows.

	The Group	
	2022	2021
Credit commitment for loan or credit card	64,365,338	56,994,563
Bank acceptance bills	17,350,662	13,780,282
Issuance of letter of guarantee	3,576,757	3,114,692
Issuance of letter of credit	9,085,879	8,153,773
Total	94,378,636	82,043,310

(All amounts expressed in thousands of RMB unless otherwise stated)

2. Capital expenditure commitments

At balance sheet dates, capital expenditure commitments of the Group are summarised as follows:

	The Group	
	2022	2021
Authorised but not contracted for	45,187	30,226
Contracted but not provided for	128,198	95,123
Total	173,385	125,349

3. Finance leases commitments

	The Group	
	2022	2021
Finance leases commitments	7,085	25,760

Finance lease commitments represent the contractual amounts of finance leases entered into by the Group as lessor as at 31 December 2022 and 2021 and where the lease has not yet commenced.

4. Operating lease commitments

As at 31 December 2022, future cash outflows not included in lease liabilities where the Group is the lessee were immaterial (2021: immaterial).

5. Bond underwriting and payment commitments

As at 31 December 2022, the Group has no commitment to underwrite bonds that have not yet matured (2021: Nil).

The Group underwrites treasury bonds. Bonds holder has a right to redeem the bonds at par at any time prior to maturity and the Group is required to pay the principal at face value and interest payable due on the redemption date. Interest payable to holder is calculated on the basis of the calculation method promulgated by the MOF and the People's Bank of China. The redemption amount may differ from the fair value of similar bonds available in the market as at the redemption date.

As at the balance sheet date, the Group's commitments for the redemption of treasury bonds that have been underwritten, sold but not yet matured at par value are as follows:

	2022	2021
Redemption commitments	2,494,676	2,805,532

6. Outstanding litigation and dispute

As at 31 December 2022, pending litigation and disputes in which the Group is a defendant amounted to RMB 112 million (2021: RMB 99 million). The Group is of the opinion, after consultation with internal and external legal counsel, that no provision is required in respect of the above litigation and disputes.

XI. Entrusted loans

	The Group	
	2022	2021
Entrusted loans	105,473,923	115,571,762
Entrusted loan funds	105,473,923	115,571,762

XII. Risk management of financial instruments

The Group's operations expose it to a variety of financial risks and the Group analyses, evaluates, assumes and manages risks or portfolios of risks at a certain level. Risk management is critical to the financial industry, while commercial activity inevitably involves operational risk. The Group aims to achieve an appropriate balance between risk and return and to minimise any potential adverse impact on the Group's financial performance.

The objective of the Group's risk management is to adopt the advanced risk management theories based on the stable risk management strategy determined by the Board of Directors, establish a risk management system that is suitable for the Group's market positioning, local credit environment, and matching the development of the Group, continuously improve the ability to identify, measure, monitor and control various risks, to effectively control the risks at an acceptable level, and ensure that the business management activities are in compliance with laws and regulations, convenient and efficient, operated stably, and can effectively prevent and reduce operating risks, and maintain the capital security of the Group and achieve continuous and stable value-added.

The Group's Board of Directors is responsible for establishing and maintaining an effective risk management system and has ultimate responsibility for the Group's risk management. The Risk Management Committee, which reports to the Board of Directors, performs risk management functions under the authority of the Board of Directors and formulates the strategy and overall policy with respect to risk management. The executive body of the risk management system is the Group's senior management, which is responsible for implementing the risk management strategy defined by the Board of Directors, implementing the risk management policy and establishing the risk management system and procedures covering all business and management processes.

The Risk Management Department is responsible for the overall risk management of the Group. It is responsible for the day-to-day operation of the risk management system to ensure consistency and effectiveness of overall risk management. It also prepares or assists in the preparation of relevant policies, regulations, procedures, risk control standards and detailed operating rules and submits them to senior management and the Board of Directors for approval. It also organises regular monitoring, analysis and reporting on the effectiveness of the implementation of risk management policies, systems and processes. In addition, the business unit and the branch are the first line of defence against risk and are responsible and accountable for their own risk management and the services they provide.

The Group's credit risk consists primarily of credit risk, market risk and liquidity risk. Market risk mainly includes interest rate risk and foreign currency risk.

1. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to loans and debt instruments.

The Group is exposed to credit risk when a debtor or counterparty defaults on its contractual obligations or its credit quality deteriorates, resulting in a financial loss to the Group. The Group's credit exposures arise principally from loans, investments, guarantees, acceptance bills and other credit risks related businesses on- and off-balance-sheet.

The credit risk management system of the Group is divided into four levels: the first level is the Board of Directors and its special committee, the Supervisory Board and its special committee; the second level is the senior management and its special committee; the third level is the head office credit risk management function departments; the fourth level is the head office credit risk related business departments, branches and its subordinate special committee and functional departments. The Board of Directors is responsible for establishing and maintaining an effective credit risk management system and bears ultimate responsibility for the credit risk management of the Group. The Supervisory Board is primarily responsible for overseeing the establishment and operation of the Group's credit risk management system. Senior management is responsible for the day-to-day management of the Group's credit risk and reports to the Board in accordance with the credit risk management strategies, policies, preferences and systems approved by the Board.

1.1 Credit risk assessment

1.1.1 Loans, finance lease receivables/ long-term receivables and credit commitments

The Group uses a five-grade classification system to measure and manage the quality of its credit assets, including finance lease receivables and long-term receivables. The classification system is based on the Guidance on Credit Risk Classification issued by CBRC. The five grades for the balance sheet and off-balance credit assets are pass, special mention, substandard, doubtful and loss. Those in the bottom three grades are considered as "non-performing".

The core definition of credit assets classification by the Guidance on Credit Risk Classification is as follows:

Pass: Borrower or lessee is able to meet its contractual obligations and there is no uncertainty as to whether principal and interest payments will be made on time.

(All amounts expressed in thousands of RMB unless otherwise stated)

Special Mention: Borrower or lessee is currently able to make principal and interest payments, but there are some potential factors that may adversely affect future payments.

Substandard: Borrower's or lessee's ability to service the loan is in question and they cannot rely entirely on normal income to repay the principal and interest. Losses may ensue even when collaterals or guarantees are invoked.

Doubtful: Borrower or lessee cannot repay principal and interest in full, and significant loss will need to be recognised even when collaterals or guarantees are invoked.

Loss: Only a small portion or none of the principal and interest can be recovered after taking all possible measures and exhausting all legal remedies.

1.1.2 Bonds and other bills

In accordance with its own risk-bearing capacity and the qualifications of issuers, the Group carries out quota management, sets standards for bond investment according to the principle of risk return balance. The Group continuously optimizes the internal rating system, provides effective technical support for bond access, continually refines the post-investment management requirements, and emphasizes on continuous risk monitoring and timely risk alert.

1.1.3 Placements with banks and other financial institutions

The Group has established strict standards for the acceptance of financial institutions by setting rating standards, and tracks changes in the accreditation of financial institutions.

1.1.4 Wealth management products, trusts and asset management plans

The Group regularly reviews and manages the credit risk of financial institutions that provide wealth management products. For capital preservation wealth management product, the issuing bank's credit line is affected accordingly; for non-capital preservation wealth management product, the credit line of the product or the credit line of the entity's underlying assets is affected.

The Group has established standards for the acceptance of trust plan issuers and thoroughly manages the allocation of the trust plan's assets, as well as continuously monitoring changes in the issuer's institutional qualifications.

The Group has established standards for the acceptance of asset management plan issuers and thoroughly manages the allocation of the asset management plan's assets, as well as continuously monitoring changes in the issuer's institutional qualifications.

1.2 Risk limit control and mitigation measures

The Group manages, limits and controls concentrations of credit risk wherever they are identified, in particular, to individual counterparty, group and Industry.

The Group sets limits on each borrower, group and industry to optimize credit risk structure. Risks mentioned-above are monitored when appropriate and reviewed annually or more frequently as deemed necessary.

Exposure to Credit risk is also managed through regular analysis of the ability of borrowers to meet principal and interest repayment obligations. The Group will change their lending limits when appropriate based on the analysis.

Some other specific control and mitigation measures are as follows:

1.2.1 Loans

The Group has a number of policies and practices in place to mitigate credit risk, one of the more significant measures is obtaining collateral, deposits and guarantees from corporate borrower or personal borrower. The Group implements guidelines on the acceptance of specific classes of collateral. The principal of types of collateral are as follows:

- Financial collateral, e.g. cash and cash equivalents, precious metals, bonds and bills
- Real estate, e.g. commercial real estate, residential real estate and construction in progress
- Accounts receivable, e.g. trading accounts receivable, and rental receivable
- Other collaterals, e.g. letters of credit, machinery and equipment, and transportations

Fair value of collaterals is usually required to be assessed by professional evaluator designated by the Group. To mitigate the credit risk, the Group sets limit on the highest collateral ratio (the ratio of loan amount to the fair value of collateral) for difference types of collateral. The principal collateral types for corporate loans and individual loans are as follows:

Collateral	Maximum ratio (%)
Time deposit	85.00 - 100.00
Certificate treasury bonds	90.00 - 100.00
Financial bond	90.00
Corporate bond	80.00
Commercial building and factory	50.00 - 70.00
Housing and land use rights	60.00 - 70.00

For loans guaranteed by a third-party guarantor, the Group will assess the financial condition, credit history and ability to meet obligations of the guarantor.

Collateral held as security for other financial assets other than loans is determined by the nature of the instrument. Debt securities, certificate treasury bonds and other eligible bills are generally unsecured.

1.2.2 Credit-related commitments

The primary purpose of these credit-related commitments is to ensure that funds are available to a customer as required. Issued letters of guarantee, letters of credit and 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.

1.3 Credit risk impairment analysis and provision policy

1.3.1 Risk stages of financial instruments

The Group applies a 'three-stage model' for measuring ECLs for financial instruments based on whether the credit risk of a financial instrument has increased significantly since initial recognition or whether it has become credit-impaired:

Stage 1: For financial instruments with no significant increase in credit risk since initial recognition, the 12 months ECL shall be recognized;

Stage 2: For financial instruments with significant increase in credit risk since initial recognition but no objective evidence of impairment, the lifetime expected credit loss shall be recognized;

Stage 3: For financial instruments with objective evidence of impairment at the balance sheet date, the lifetime expected credit loss shall be recognized.

1.3.2 Significant increases in credit risk

In classifying the risk stages of financial instruments, the Group takes full account of all reasonable and evidence-based information, including forward-looking information which reflects whether there has been a significant change in its credit risk. Main considerations include regulatory and economic environment, internal and external credit risk ratings, solvency, operating capacity, loan agreement terms and repayment activities. The Group compares the risk of default on the initial recognition date and on the balance sheet date of a financial instrument to determine the change in the risk of default over the expected life of the instrument. The Group assesses, at least quarterly, whether the credit risk of the relevant financial instrument has increased significantly since the initial recognition. By setting qualitative and quantitative criteria, the Group determines whether the credit risk of a financial instrument has increased significantly since the initial recognition. When one or more of the following criteria are met, the Group believes that the credit risk of financial instruments has increased significantly:

- The principal or interest of the debt is overdue for more than 30 days;
- Transferred from Pass to Special Mention;
- Significant deterioration in the credit rating of the debtor since initial recognition;
- Significant adverse changes in the debtor's operating or financial position;
- Other circumstances identified by the Group as indicative of a significant increase in credit risk.

The Group regularly reviews whether the evaluation criteria are applicable to the current situation.

(All amounts expressed in thousands of RMB unless otherwise stated)

1.3.3 Judgement criteria for incurred credit impairment

In determining whether a credit impairment occurs, the Group adopts criteria consistent with internal credit risk management objectives for the relevant financial instruments, taking into account both quantitative and qualitative indicators. In assessing whether a debtor has suffered a credit impairment, the Group takes into account the following factors:

- The internal rating of the customer is a default ;
- The debtor is more than 90 days overdue after the date of payment of the contract;
- The Group, for economic or contractual reasons relating to the financial difficulties of the debtor, grants the debtor concessions which are normally unwilling to make;
- The Group realizes that the debtor may not be able to repay its debts to the bank in full unless recourse measures such as the realization of the collateral are taken;
- The disappearance of an active market for the financial asset because of significant financial difficulties of the debtor;
- It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- Other objective evidence indicating impairment of the financial asset.

1.3.4 Risk grouping

The Group assesses ECLs on credit risk exposures on an individual or portfolio basis. When assessing ECLs on a portfolio basis, the Group assigns assets with similar credit risk characteristics to the same group. Key factors to consider when grouping include the type of transaction, the type of customer, the industry to which the customer belongs, the type of guarantee and other credit risk characteristics. The Group regularly reviews the appropriateness of grouping.

1.3.5 Measurement parameters of ECL

The Group estimates the Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD) for each single debt of future periods to determine the credit impairment loss. The expected credit loss is the result after discounting the product of the probability of default, loss given default and exposure at default.

The key parameters used for measuring ECL are:

- PD: is an estimate of the likelihood of default over future 12 months or lifetime horizon;
- LGD: is the proportion of the loss arising on default to the exposure at default;
- EAD: is the amount that the Group should be paid in the event of default in the future 12 months or the lifetime.

These figures are generally derived from internally developed statistical models and other historical data.

During the reporting period, there is no significant changes in evaluation techniques or key assumptions.

1.3.6 Forward-looking information

The Group uses macroeconomic forward-looking information during the calculation of expected credit loss.

Through the analysis of historical data, the Group identifies key economic indicators that affect credit risk and expected credit loss in various business types, such as gross domestic product (GDP), consumer price Indices (CPI). The Group evaluates these indicators on a regular basis and analyses the relationship between these key economic indicators and the probability of default using the regression model, and assesses the forward looking impact of the movement in these indicators on the expected credit loss is calculated.

Based on macroeconomic statistical analyses and expert judgements, the Group calculates weighted provision for expected credit loss under optimistic, benchmark and pessimistic macroeconomic scenarios and its weight. At the end of 2022, the optimistic, benchmark and pessimistic macroeconomic scenarios have similar weightings.

As at 31 December 2022, the key macroeconomic indicators used by the Group in the macroeconomic scenarios include the cumulative year-on-year growth rate of GDP and the cumulative year-on-year growth rate of CPI. The cumulative year-on-year growth rate of GDP is forecasted to be 4.54%-5.14% in 2023, and the cumulative year-on-year growth rate of CPI is forecasted to be 1.58%-2.72% in 2023.

Similar to other economic forecasts, the estimates of expected economic indicators and likelihood of occurrence are subject to a high degree of inherent uncertainty, and therefore actual results may differ from forecasts. The Group believes that these forecasts reflect the Group's best estimate of likely outcomes.

1.4 Maximum exposure to credit risk before collateral held or other credit enhancements

	The Group	
	2022	2021
Credit risk exposures relating to balance sheet items:		
Balances with central banks	70,251,957	70,275,826
Due from banks and other financial institutions	32,366,243	21,177,689
Placements with banks and other financial institutions	51,239,439	60,919,427
Derivative financial assets	1,198,288	1,062,871
Financial assets purchased under resale agreements	28,527,869	46,926,783
Loans and advances to customers	643,951,491	588,984,441
Financial assets held for trading	44,080,000	72,420,004
Debt investments	143,318,577	147,621,457
Other debt investments	216,000,307	102,036,545
Finance lease receivables	12,216,424	17,822,507
Long-term receivables	20,546,536	14,086,457
Other financial assets	2,011,222	434,015
Sub-total	1,265,708,353	1,143,768,022
Credit risk exposures relating to off-balance-sheet items:		
Credit commitments	64,365,338	56,994,563
Bank acceptance bills	17,350,662	13,780,282
Bank acceptance issued	3,576,757	3,114,692
Letter of credit issued	9,085,879	8,153,773
Sub-total	94,378,636	82,043,310
Total	1,360,086,989	1,225,811,332

The tables above represent the maximum exposure to credit risk before collateral held or other credit enhancements.

(All amounts expressed in thousands of RMB unless otherwise stated)

1.5 Credit quality analysis of financial instruments included in impairment assessment

As at 31 December 2022, the Group's financial assets are classified by risk stage as follows:

	2022							
	Book value				Expected credit impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and balances with central bank	70,251,957	-	-	70,251,957	-	-	-	-
Due from banks and other financial institutions	32,379,141	-	-	32,379,141	(12,898)	-	-	(12,898)
Placements with banks and other financial institutions	51,283,076	-	-	51,283,076	(43,637)	-	-	(43,637)
Financial assets purchased under resale agreements	28,564,080	-	-	28,564,080	(36,211)	-	-	(36,211)
Loans and advances to customers	530,254,530	38,742,157	7,584,544	576,581,231	(15,447,495)	(6,168,775)	(6,308,281)	(27,924,551)
Finance lease receivables	12,110,734	714,905	445,240	13,270,879	(502,152)	(180,294)	(372,009)	(1,054,455)
Long-term receivables	20,880,422	379,566	46,086	21,306,074	(637,700)	(92,650)	(29,188)	(759,538)
Financial investment	143,343,198	-	204,401	143,547,599	(24,621)	-	(204,401)	(229,022)
Sub-total	889,067,138	39,836,628	8,280,271	937,184,037	(16,704,714)	(6,441,719)	(6,913,879)	(30,060,312)
Financial assets measured at FVOCI								
Loans and advances to customers	92,427,403	1,293	7,320	92,436,016	(284,080)	(1)	(5,980)	(290,061)
Financial investment	216,000,307	-	-	216,000,307	(24,581)	-	-	(24,581)
Sub-total	308,427,710	1,293	7,320	308,436,323	(308,661)	(1)	(5,980)	(314,642)
Credit commitment	90,805,820	3,572,816	-	94,378,636	(334,125)	(277,026)	-	(611,151)
Total	1,288,300,668	43,410,737	8,287,591	1,339,998,996	(17,347,500)	(6,718,746)	(6,919,859)	(30,986,105)

	2021							
	Book value				Expected credit impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and balances with central bank	70,275,826	-	-	70,275,826	-	-	-	-
Due from banks and other financial institutions	21,194,785	-	-	21,194,785	(17,096)	-	-	(17,096)
Placements with banks and other financial institutions	60,050,024	-	-	60,050,024	(42,217)	-	-	(42,217)
Financial assets purchased under resale agreements	46,975,055	-	-	46,975,055	(48,272)	-	-	(48,272)
Loans and advances to customers	505,986,346	27,916,357	6,186,100	540,088,803	(15,851,939)	(4,458,405)	(5,336,670)	(25,647,014)
Finance lease receivables	17,825,495	651,781	512,492	18,989,768	(603,015)	(163,441)	(400,805)	(1,167,261)
Long-term receivables	14,483,855	-	-	14,483,855	(397,398)	-	-	(397,398)
Financial investment	147,147,662	642,477	215,056	148,005,195	(19,941)	(148,741)	(215,056)	(383,738)
Sub-total	883,939,048	29,210,615	6,913,648	920,063,311	(16,979,878)	(4,770,587)	(5,952,531)	(27,702,996)
Financial assets measured at FVOCI								
Loans and advances to customers	70,540,865	28,644	7,591	70,577,100	(129,839)	(198)	(7,452)	(137,489)
Placements with banks and other financial institutions	911,620	-	-	911,620	(761)	-	-	(761)
Financial investment	102,036,545	-	-	102,036,545	(8,576)	-	-	(8,576)
Sub-total	173,489,030	28,644	7,591	173,525,265	(139,176)	(198)	(7,452)	(146,826)
Credit commitment	81,857,018	186,292	-	82,043,310	(315,108)	(24,331)	-	(339,439)
Total	1,139,285,096	29,425,551	6,921,239	1,175,631,886	(17,434,162)	(4,795,116)	(5,959,983)	(28,189,261)

Note: The three-level classification does not apply to impairment allowance recognised on other financial assets measured at amortised cost using the practical expedient.

1.6 Restructured loans

Restructured loans are non-performing 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 2022, the Group and the Bank had RMB 448,902 thousand and RMB 448,783 thousand (2021: Nil and nil) of restructured loans.

1.7 Credit-impaired loans and advances to customers

Before and after collaterals and other credit enhancements

	The Group	
	2022	2021
Carrying value after collaterals and other credit enhancements	978,074	705,130
Carrying amounts before collaterals and other credit enhancements	297,124	144,439
Total	1,275,198	849,569

(All amounts expressed in thousands of RMB unless otherwise stated)

1.8 Bonds and other investments

The Group adopts credit rating method to monitor the credit risk of the debt instrument portfolios. The investment grading of debt instruments is always based on the grading of rating agencies recognized by the PBOC. At the balance sheet date, according to the investment grading, the carrying amount of the financial investment is set out as follows:

	The Group			
	2022			
	Financial assets held for trading	Debt investments	Other debt investments	Total
AAA- to AAA+	14,789,680	42,184,629	33,170,796	90,145,105
AA- to AA+	432,747	-	404,479	837,226
Unrated	28,857,573	101,133,948	182,425,032	312,416,553
Total	44,080,000	143,318,577	216,000,307	403,398,884

	The Group			
	2021			
	Financial assets held for trading	Debt investments	Other debt investments	Total
AAA- to AAA+	3,759,014	48,179,277	30,788,011	82,726,302
AA- to AA+	103,807	-	151,841	255,648
Unrated	68,557,183	99,442,180	71,096,693	239,096,056
Total	72,420,004	147,621,457	102,036,545	322,078,006

2. Liquidity risk

The Group is exposed to daily calls on its available cash resources from overnight deposits, demand deposits, maturing time deposits, bonds payable, loan draw downs, guarantees and other payment calls. Historical experience shows that a large proportion of the deposits will remain in the Group rather than being withdrawn at maturity. The Group sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals in the event of unexpected demand.

The Group is required to maintain certain percentage of RMB and foreign currency customer deposits with the PBOC, which are restricted for the Group's daily operation, see Note V.1 for detail.

Maintaining a matching maturity structure of assets and liabilities and effectively managing matching differences is of paramount importance to the Group's management. A bank is seldom able to match assets and liabilities exactly, as transactions are often of uncertain duration and involve different types of business.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of Banks and their exposure to changes in interest rates and exchange rates.

The Group provides guarantees and issues letters of credit based on customers' creditworthiness and deposit amount. 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 has administrative measures in place for liquidity risk management to standardise liquidity management policies and procedures. Liquidity risk management system of the Group is mainly divided into three levels. The first level is the Board of Directors and its special committee, supervisory board and its special committees; the second level is the senior management and its special committee; the third level is the functional departments of the head office and the branches. The Board of Directors shall bear the ultimate responsibility for liquidity risk management, examine and approve liquidity risk preferences, liquidity risk management strategies, important policies and procedures, etc. The supervisory board is responsible for monitoring liquidity risk management. Senior management is responsible for carrying out the specific management responsibilities and defining the organizational structure of liquidity risk management. It also formulates, regularly assesses and monitors the implementation of liquidity risk preferences, liquidity risk management strategies, policies and procedures. And senior management is responsible for organizing the implementation of

specific liquidity risk management, and reporting to the Board of Directors on the status of liquidity risk with regular understanding of the management work. Asset and Liability Management department of the head office is responsible for leading the liquidity risk management, and the risk management department of the head office is responsible for integrating liquidity risk into the overall risk management system. The Audit Department of the head office shall perform the audit duties and carry out a comprehensive audit of the liquidity risk management.

The Group adheres to the prudent liquidity management strategy. Through the establishment of a scientific and overall liquidity risk management system, the Group implements effective identification, measurement, monitoring and reporting of liquidity risk. By formulating liquidity risk management policies in accordance with regulatory requirements, external macro-operating environment and business development, the Group effectively promises balance liquidity, safety and efficiency under the premise of ensuring liquidity safety.

The liquidity risk preference of the Group is prudent and well adapted to the current development stage of the Group. The current liquidity risk management policy and system basically meet the regulatory requirements and the Group's own management needs.

Liquidity risk management includes daily basic work such as large amount forecast management, reserve management, liquidity supervision index measurement, monitoring and controlling, asset-liability matching management, etc., and liquidity emergency management, stress testing and other sudden risk management. Daytime liquidity risk management based on the funds position management system, daily liquidity risk management and stress testing based on the asset liability management system.

Taking into account the external market environment and its own business characteristics, the Group develops stress test plans annually, and conducts regular stress tests to assess whether the Group can cope with the liquidity requirements in extreme situations. Besides the annual stress tests required by the Regulatory agencies, the Group also conducts stress tests on a quarterly basis. The test results show that the liquidity risk of the Group is always in controllable range under the set stress scenario and multiple scenario stress assumptions.

In addition, the Group develops a liquidity contingency plan to timely conduct liquidity contingency exercises in case of a liquidity crisis. On this basis, the Group establishes a regular reporting mechanism on liquidity risk to timely report to the Board and senior management the updated liquidity risk.

(1) Contractual undiscounted cash flow analysis

	The Group								
	2022								
	Contractual cash flow	Undated	Overdue	On demand	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Non-derivative financial assets									
Cash and balances with central bank	70,251,957	52,976,260	-	17,275,697	-	-	-	-	-
Due from banks and other financial institutions	32,422,259	-	-	26,628,918	1,591,944	1,534,316	2,667,081	-	-
Placements with banks and other financial institutions	52,016,204	-	-	-	12,634,408	4,945,875	32,561,312	1,874,609	-
Financial assets purchased under resale agreements	28,575,753	-	-	-	28,575,753	-	-	-	-
Loans and advances to customers	799,288,643	-	9,636,190	-	41,333,212	56,382,826	220,899,856	228,888,143	242,148,416
Financial assets held for trading	44,613,289	-	-	-	26,968,537	8,758,815	3,050,552	5,507,759	327,626
Debt investments	166,459,928	-	204,401	-	1,728,931	3,570,764	16,353,808	117,642,660	26,959,364
Other debt investments	234,438,735	-	-	-	44,098,257	818,510	14,101,748	113,798,874	61,621,346
Investments in other equity instruments	236,500	236,500	-	-	-	-	-	-	-
Finance lease receivables	14,762,199	-	420,534	-	501,969	1,300,298	4,305,400	8,048,090	185,908
Long-term receivables	23,759,044	-	30,326	-	776,317	1,723,832	6,237,956	14,594,246	396,367
Other financial assets	2,011,222	-	63,416	-	1,947,806	-	-	-	-
Total non-derivative financial assets	1,468,835,733	53,212,760	10,354,867	43,904,615	160,157,134	79,035,236	300,177,713	490,354,381	331,639,027

(All amounts expressed in thousands of RMB unless otherwise stated)

	2022								
	Contractual cash flow	Undated	Overdue	On demand	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Non-derivative financial liabilities									
Loans from the central bank	(37,532,469)	-	-	-	(4,952,271)	(4,537,991)	(28,042,207)	-	-
Due to banks and other financial institutions	(10,818,942)	-	-	(1,896,768)	(3,001,873)	(4,287,438)	(1,632,863)	-	-
Placements from banks and other financial institutions	(29,286,563)	-	-	-	(5,302,500)	(4,677,877)	(19,306,186)	-	-
Financial liabilities held for trading	(55,955)	-	-	(55,955)	-	-	-	-	-
Financial assets sold under repurchase agreement	(30,374,040)	-	-	-	(30,374,040)	-	-	-	-
Customer deposits	(981,607,476)	-	-	(376,522,297)	(67,658,335)	(68,053,309)	(174,048,064)	(295,325,471)	-
Debt securities issued	(91,624,986)	-	-	-	(1,380,000)	(17,357,157)	(59,657,202)	(1,435,834)	(11,794,793)
Lease liabilities	(653,488)	-	-	-	(17,846)	(33,681)	(146,440)	(373,514)	(82,007)
Other financial liabilities	(12,675,773)	-	-	-	(10,332,150)	(23,122)	(154,720)	(2,095,081)	(70,700)
Total non-derivative financial liabilities	(1,194,629,692)	-	-	(378,475,020)	(123,019,015)	(98,970,575)	(282,987,682)	(299,229,900)	(11,947,500)
Net value	274,206,041	53,212,760	10,354,867	(334,570,405)	37,138,119	(19,935,339)	17,190,031	191,124,481	319,691,527
Derivative financial instruments									
Derivative settled on a gross basis									
- Cash inflow	41,220,669	-	-	-	30,016,249	2,991,152	8,069,055	144,213	-
- Cash outflow	(41,106,191)	-	-	-	(29,835,573)	(3,052,067)	(8,078,716)	(139,835)	-
Derivative settled on a net basis	(177,016)	-	-	-	1,625	(28,338)	(116,063)	(34,240)	-
Total derivative financial instruments	(62,538)	-	-	-	182,301	(89,253)	(125,724)	(29,862)	-
Credit commitment	94,378,636	-	-	33,199,440	3,044,482	6,557,789	11,282,865	13,503,818	26,790,242

	2021								
	Contractual cash flow	Undated	Overdue	On demand	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Non-derivative financial assets									
Cash and balances with central bank	70,275,826	53,714,628	-	16,561,198	-	-	-	-	-
Due from banks and other financial institutions	21,487,020	-	-	13,030,414	4,646,662	577,543	3,232,401	-	-
Placements with banks and other financial institutions	61,866,202	-	-	-	25,990,899	5,360,189	28,005,978	2,509,136	-
Financial assets purchased under resale agreements	47,006,178	-	-	-	46,323,733	682,445	-	-	-
Loans and advances to customers	621,651,982	-	6,553,898	-	33,016,509	51,919,415	159,435,873	172,665,173	198,061,114
Financial assets held for trading	74,878,165	-	183,000	-	7,819,709	5,506,221	33,129,568	2,438,636	25,801,031
Debt investments	165,651,840	-	857,533	-	3,981,830	2,997,797	20,817,643	110,111,858	26,885,179
Other debt investments	116,471,921	-	-	-	1,242,403	2,530,746	7,914,826	60,777,584	44,006,362
Investments in other equity instruments	111,500	111,500	-	-	-	-	-	-	-
Finance lease receivables	21,235,665	-	299,391	-	613,450	1,715,503	5,591,805	12,782,106	233,410
Long-term receivables	16,423,362	-	-	-	524,949	736,870	3,496,790	11,580,151	84,602
Other financial assets	434,015	39,100	16,604	-	378,311	-	-	-	-
Total non-derivative financial assets	1,217,493,676	53,865,228	7,910,426	29,591,612	124,538,455	72,026,729	261,624,884	372,864,644	295,071,698

(All amounts expressed in thousands of RMB unless otherwise stated)

	2021								
	Contractual cash flow	Undated	Overdue	On demand	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Non-derivative financial liabilities									
Loans from the central bank	(40,252,529)	-	-	-	(3,621,069)	(3,178,550)	(33,452,910)	-	-
Due to banks and other financial institutions	(4,973,048)	-	-	(3,105,241)	(1,100,978)	(397,688)	(369,141)	-	-
Placements from banks and other financial institutions	(35,549,769)	-	-	-	(10,015,685)	(6,065,156)	(19,468,928)	-	-
Financial liabilities held for trading	(46,699)	-	-	(46,699)	-	-	-	-	-
Financial assets sold under repurchase agreement	(29,207,035)	-	-	-	(25,563,934)	(2,096,249)	(1,546,852)	-	-
Customer deposits	(879,440,595)	-	-	(368,144,879)	(31,779,921)	(73,564,039)	(154,851,867)	(251,099,165)	(724)
Debt securities issued	(88,425,620)	-	-	-	(21,690,000)	(9,488,172)	(38,220,032)	(11,695,113)	(7,332,303)
Lease liabilities	(681,364)	-	-	-	(17,392)	(33,054)	(156,185)	(395,257)	(79,476)
Other financial liabilities	(3,180,165)	-	-	-	(3,180,165)	-	-	-	-
Total non-derivative financial liabilities	(1,081,756,824)	-	-	(371,296,819)	(96,969,144)	(94,822,908)	(248,065,915)	(263,189,535)	(7,412,503)
Net value	135,736,852	53,865,228	7,910,426	(341,705,207)	27,569,311	(22,796,179)	13,558,969	109,675,109	287,659,195
Derivative financial instruments									
Derivative settled on a gross basis									
- Cash inflow	51,916,377	-	-	-	31,957,886	18,676,141	1,282,350	-	-
- Cash outflow	(51,439,103)	-	-	-	(32,055,527)	(18,111,700)	(1,271,876)	-	-
Derivative settled on a net basis	(80,754)	-	-	-	(4,514)	(836)	(42,486)	(32,918)	-
Total derivative financial instruments	396,520	-	-	-	(102,155)	563,605	(32,012)	(32,918)	-
Credit commitment	82,043,310	-	-	34,108,616	4,690,046	5,627,596	9,725,658	11,351,588	16,539,806

3. Market risk

Market risk refers to the risk of loss to the Group's on/off-balance sheet business caused by adverse changes in market price (interest rate, exchange rate and other prices). The Group's market risk arises primarily from the interest rate risk and exchange rate risk of various asset and liability businesses and products involved in market operations.

The Group's market risk arises from trading accounts and bank accounts. Trading accounts include financial instruments and commodity positions held for trading or to hedge the risk of other items in the trading account. Bank accounts refer to asset and liability operations and related financial instruments recorded on and off the bank's balance sheet, with relatively stable market values, which the bank undertakes and is willing to hold for stable returns or to hedge risks.

The Group set up market risk management policies and market risk pressure test policies management. The Internal Control Management Committee takes the role of market risk management of the senior management. The risk management department of the head office leads and assumes responsibility of market risk management, implement all specific tasks to identify, measure, monitor and control market risks. The departments bearing market risk take the responsibilities of applying the policy and follow the standard procedure of the Group, coordinating with the Risk Management Department, reporting market risk and the execution of standard procedure, as well as applying decisions made by the Asset and Liability Management Committee. Furthermore, the asset and liability information system of the Group can manage market risk effectively.

(1) Measurement of market risk

The Group uses sensitivity analysis, scenario analysis and pressure test to assess investment portfolio risk that exposures to the movement of interest rate and exchange rate. By simulating the impact of interest rate, exchange rate and income curve on the market value of the portfolio, the Group's overall market risk level is revealed in a timely and accurate manner. And in accordance with the market risk management reporting system, the Group reports regularly to senior management and the Board of Directors.

(2) Foreign currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of exchange rate on its financial position and cash flows.

The Group's principle in controlling exchange rate risk is to match its assets and liabilities in each currency and to maintain exchange rate risk within established limits. The Group sets risk tolerance limits in accordance with the relevant regulatory requirements, the guidelines of the Internal Control and Risk Management Committee and management's assessment of the current environment. The Group also manages its foreign capital sources and usage of foreign currencies to minimize potential currency mismatches.

The tables below summaries the Group's exposure to foreign currency exchange rate risk at the balance sheet date. Included in the tables are the Group's assets and liabilities at carrying amounts in RMB:

	2022			Total
	RMB	USD equivalent to RMB	Other currencies equivalent to RMB	
Assets				
Cash and balances with central bank	69,600,749	634,296	16,912	70,251,957
Due from banks and other financial institutions	20,646,210	4,351,235	7,368,798	32,366,243
Placements with banks and other financial institutions	40,526,200	10,688,680	24,559	51,239,439
Derivative financial assets	1,081,605	106,870	9,813	1,198,288
Financial assets purchased under resale agreements	28,527,869	-	-	28,527,869
Loans and advances to customers	636,246,515	4,101,054	3,603,922	643,951,491
Financial assets held for trading	44,080,000	-	-	44,080,000
Debt investments	142,642,600	675,977	-	143,318,577
Other debt investments	213,045,090	2,955,217	-	216,000,307
Investments in other equity instruments	236,500	-	-	236,500
Finance lease receivables	12,216,424	-	-	12,216,424
Long-term receivables	20,546,536	-	-	20,546,536
Other financial assets	2,006,584	4,638	-	2,011,222
Total financial assets	1,231,402,882	23,517,967	11,024,004	1,265,944,853
Liabilities				
Loans from the central bank	(37,095,461)	-	-	(37,095,461)
Due to banks and other financial institutions	(10,781,823)	(1,621)	-	(10,783,444)
Placements from banks and other financial institutions	(26,090,162)	(2,833,698)	-	(28,923,860)
Financial liabilities held for trading	(55,955)	-	-	(55,955)
Derivative financial liabilities	(1,155,483)	(91,954)	(172)	(1,247,609)
Financial assets sold under repurchase agreement	(30,370,457)	-	-	(30,370,457)
Customer deposits	(951,529,563)	(9,208,209)	(631,729)	(961,369,501)
Debt securities issued	(87,225,642)	-	-	(87,225,642)
Lease liabilities	(603,813)	-	-	(603,813)
Other liabilities	(12,582,101)	(71,118)	(22,554)	(12,675,773)
Total financial liabilities	(1,157,490,460)	(12,206,600)	(654,455)	(1,170,351,515)
Net balance sheet exposure	73,912,422	11,311,367	10,369,549	95,593,338
Derivative financial instrument contracts	19,687,887	(10,109,649)	(10,050,767)	(472,529)
Credit commitment	91,966,245	2,091,955	320,436	94,378,636

(All amounts expressed in thousands of RMB unless otherwise stated)

	2021			Total
	RMB	USD equivalent to RMB	Other currencies equivalent to RMB	
Assets				
Cash and balances with central bank	69,206,281	1,021,894	47,651	70,275,826
Due from banks and other financial institutions	19,186,891	1,446,915	543,883	21,177,689
Placements with banks and other financial institutions	39,164,115	21,681,731	73,581	60,919,427
Derivative financial assets	1,055,849	7,019	3	1,062,871
Financial assets purchased under resale agreements	46,926,783	-	-	46,926,783
Loans and advances to customers	580,852,935	6,088,668	2,042,838	588,984,441
Financial assets held for trading	72,420,004	-	-	72,420,004
Debt investments	146,674,199	947,258	-	147,621,457
Other debt investments	100,564,760	1,471,785	-	102,036,545
Investments in other equity instruments	111,500	-	-	111,500
Finance lease receivables	17,822,507	-	-	17,822,507
Long-term receivables	14,086,457	-	-	14,086,457
Other financial assets	14,928,269	2,485	-	14,930,754
Total financial assets	1,123,000,550	32,667,755	2,707,956	1,158,376,261
Liabilities				
Loans from the central bank	(39,538,115)	-	-	(39,538,115)
Due to banks and other financial institutions	(4,927,899)	(60)	-	(4,927,959)
Placements from banks and other financial institutions	(34,054,780)	(847,376)	-	(34,902,156)
Financial liabilities held for trading	(46,699)	-	-	(46,699)
Derivative financial liabilities	(1,017,128)	(29,930)	(172)	(1,047,230)
Financial assets sold under repurchase agreement	(29,173,075)	-	-	(29,173,075)
Customer deposits	(844,417,489)	(10,333,927)	(615,220)	(855,366,636)
Debt securities issued	(85,313,202)	-	-	(85,313,202)
Other liabilities	(10,622,381)	(101,216)	(6,155)	(10,729,752)
Total financial liabilities	(1,049,110,768)	(11,312,509)	(621,547)	(1,061,044,824)
Net balance sheet exposure	73,889,782	21,355,246	2,086,409	97,331,437
Credit commitment	80,259,748	1,533,626	249,936	82,043,310

The table below illustrates the potential impact of an appreciation or depreciation of other currencies against RMB by 5% on the Group's net profit:

	The Group	
	2022	2021
5% appreciation	8,187	880,409
5% depreciation	(8,187)	(880,409)

When determining the business conditions and financial inputs, the Group makes following assumptions in performing sensitivity analysis to exchange rate:

- Analysis based on the static gap of balance sheet, and changes to the Group's business operations after balance sheet date are not considered;
- Customers' reactions to the exchange rate movements are not considered;
- Exchange rate movements' impact on the marketing prices are not considered;
- In 2021, the Group did not consider the impact of derivative financial instrument contracts on exchange rate sensitivity

Due to these limitations of the Group's approach, actual impact on the Group's net income from exchange rate fluctuation may vary from the analysis above.

(3) Interest rate risk

The Group's interest rate risk arises primarily from mismatches between the maturity date or repricing date of interest-earning assets and interest-bearing liabilities. The Group's interest-bearing assets and interest-bearing liabilities are mainly denominated in RMB. Since the reform of the central bank's loan market quotation rate ("LPR"), the Group has implemented relevant policies and actively promoted the application of LPR in accordance with regulatory requirements.

The Group manages interest rate risk mainly by optimizing the business scale and maturity structure of its assets and liabilities, regularly monitoring interest rate risk sensitivity indicators and using exposure analysis to statically measure the repricing characteristics of assets and liabilities. At the same time, The Group 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 following table summarises the structural analysis of the Group's financial assets and financial liabilities at the interest rate repricing date. The tables show the Group's assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

(All amounts expressed in thousands of RMB unless otherwise stated)

	2022					Total
	Non-interest-bearing	Less than 3 month	3 months - 1 year (inclusive)	1-5 years (inclusive)	More than 5 years	
Assets						
Cash and balances with central bank	5,512,177	64,739,780	-	-	-	70,251,957
Due from banks and other financial institutions	63,309	29,674,934	2,628,000	-	-	32,366,243
Placements with banks and other financial institutions	556,591	16,971,676	31,913,320	1,797,852	-	51,239,439
Derivative financial assets	1,198,288	-	-	-	-	1,198,288
Financial assets purchased under resale agreements	21,286	28,506,583	-	-	-	28,527,869
Loans and advances to customers	1,253,006	252,705,678	322,041,071	52,035,531	15,916,205	643,951,491
Financial assets held for trading	160,304	35,935,016	2,907,259	4,811,074	266,347	44,080,000
Debt investments	2,562,824	3,239,980	11,551,081	102,016,808	23,947,884	143,318,577
Other debt investments	3,600,802	46,485,929	10,874,757	98,697,889	56,340,930	216,000,307
Investments in other equity instruments	236,500	-	-	-	-	236,500
Finance lease receivables	240,502	7,794,795	2,859,863	1,321,264	-	12,216,424
Long-term receivables	267,647	16,051,323	3,303,492	918,076	5,998	20,546,536
Other financial assets	2,011,222	-	-	-	-	2,011,222
Total financial assets	17,684,458	502,105,694	388,078,843	261,598,494	96,477,364	1,265,944,853
Liabilities						
Loans from the central bank	(202,974)	(9,267,019)	(27,625,468)	-	-	(37,095,461)
Due to banks and other financial institutions	(36,677)	(9,136,767)	(1,610,000)	-	-	(10,783,444)
Placements from banks and other financial institutions	(188,755)	(9,763,105)	(18,972,000)	-	-	(28,923,860)
Financial liabilities held for trading	(55,955)	-	-	-	-	(55,955)
Derivative financial liabilities	(1,247,609)	-	-	-	-	(1,247,609)
Financial assets sold under repurchase agreement	(14,064)	(30,356,393)	-	-	-	(30,370,457)
Customer deposits	(17,884,980)	(506,745,248)	(166,145,959)	(270,593,314)	-	(961,369,501)
Debt securities issued	(317,092)	(18,406,323)	(58,502,227)	-	(10,000,000)	(87,225,642)
Lease liabilities	-	(46,335)	(134,396)	(345,599)	(77,483)	(603,813)
Other liabilities	(12,675,773)	-	-	-	-	(12,675,773)
Total financial liabilities	(32,623,879)	(583,721,190)	(272,990,050)	(270,938,913)	(10,077,483)	(1,170,351,515)
Interest rate risk exposure	(14,939,421)	(81,615,496)	115,088,793	(9,340,419)	86,399,881	95,593,338

	2021					Total
	Non-interest-bearing	Less than 3 month	3 months - 1 year (inclusive)	1-5 years (inclusive)	More than 5 years	
Assets						
Cash and balances with central bank	2,694,716	67,581,110	-	-	-	70,275,826
Due from banks and other financial institutions	42,387	17,995,474	3,139,828	-	-	21,177,689
Placements with banks and other financial institutions	602,339	30,996,367	26,971,912	2,348,809	-	60,919,427
Derivative financial assets	1,062,871	-	-	-	-	1,062,871
Financial assets purchased under resale agreements	31,517	46,895,266	-	-	-	46,926,783
Loans and advances to customers	1,054,889	234,112,581	291,450,944	46,132,862	16,233,165	588,984,441
Financial assets held for trading	170,620	60,095,673	6,906,691	2,028,236	3,218,784	72,420,004
Debt investments	2,673,984	5,156,185	17,888,736	97,538,328	24,364,224	147,621,457
Other debt investments	1,749,199	3,420,225	5,764,121	51,451,891	39,651,109	102,036,545
Investments in other equity instruments	111,500	-	-	-	-	111,500
Finance lease receivables	350,066	14,379,867	3,092,574	-	-	17,822,507
Long-term receivables	208,932	11,263,409	2,614,116	-	-	14,086,457
Other financial assets	14,930,754	-	-	-	-	14,930,754
Total financial assets	25,683,774	491,896,157	357,828,922	199,500,126	83,467,282	1,158,376,261
Liabilities						
Loans from the central bank	(250,636)	(6,647,637)	(32,639,842)	-	-	(39,538,115)
Due to banks and other financial institutions	(17,151)	(4,504,808)	(406,000)	-	-	(4,927,959)
Placements from banks and other financial institutions	(264,063)	(15,837,180)	(18,800,913)	-	-	(34,902,156)
Financial liabilities held for trading	(46,699)	-	-	-	-	(46,699)
Derivative financial liabilities	(1,047,230)	-	-	-	-	(1,047,230)
Financial assets sold under repurchase agreement	(5,204)	(27,638,575)	(1,529,296)	-	-	(29,173,075)
Customer deposits	(17,229,067)	(461,234,832)	(148,860,815)	(228,041,299)	(623)	(855,366,636)
Debt securities issued	(270,519)	(30,931,653)	(37,111,030)	(10,000,000)	(7,000,000)	(85,313,202)
Lease liabilities	-	(49,380)	(134,158)	(371,449)	(75,210)	(630,197)
Other liabilities	(10,099,555)	-	-	-	-	(10,099,555)
Total financial liabilities	(29,230,124)	(546,844,065)	(239,482,054)	(238,412,748)	(7,075,833)	(1,061,044,824)
Interest rate risk exposure	(3,546,350)	(54,947,908)	118,346,868	(38,912,622)	76,391,449	97,331,437

(All amounts expressed in thousands of RMB unless otherwise stated)

The potential impact on net interest income and other comprehensive income of financial assets and liabilities held by the Group at the balance sheet date that are expected to reprice within one year, assuming a 100 basis point parallel shift in the yield curves for each currency, is analysed below:

	The Group			
	2022		2021	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income
+100 basis points parallel shift in all yield curves	799,302	(6,415,868)	2,224,289	(3,086,363)
-100 basis points parallel shift in all yield curves	(799,302)	6,849,588	(2,224,289)	3,343,823

In performing the above analysis, the Group has made the following general assumptions when determining business conditions and financial parameters:

- Analysis based on the static gap of balance sheet, and changes to the Group's business operations after balance sheet date are not considered;
- The impact of cash and balances with central bank and accepted demand deposits on the static shortfall at the balance sheet date are not considered;
- The impacts on interest-earning assets and interest-bearing liabilities are the same;
- All interest re-priced assets and liabilities are re-priced in the middle of each specified time period;
- Customers' responses to interest rate movement are not considered;
- Impact of interest rate movement on market prices of assets and liabilities are not considered;
- Impact of interest rate movement on off-balance sheet items are not considered;
- The necessary actions to be taken by the Group in response to the interest rate movement are not considered.

Due to these limitations above, the actual impact of interest rate fluctuation on the net profit of the Group may vary from the analysis above.

XIII. Fair value of financial instruments

1. Fair value measurement

(1) The levels of fair value measurement

The following table presents the fair value information and fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring basis. The level at which fair value measurement is categorised is determined by the lowest level input in the fair value hierarchy that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities. The following table presents the Group's financial instruments measured at fair value at the balance sheet date by the levels of fair value measurement:

	2022			
	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	Total
Assets				
Derivative financial assets	-	1,198,288	-	1,198,288
Loans and advances to customers				
Including: Loans and advances to customers at FVOCI	-	-	2,858,795	2,858,795
Loans and advances to customers at FVOCI	-	-	92,436,016	92,436,016
Financial assets held for trading	9,622,123	33,438,580	1,019,297	44,080,000
Other debt investments	-	216,000,307	-	216,000,307
Investments in other equity instruments	-	-	236,500	236,500
Total assets measured at fair value on a recurring basis	9,622,123	250,637,175	96,550,608	356,809,906
Liabilities				
Financial liabilities held for trading	-	(55,955)	-	(55,955)
Derivative financial liabilities	-	(1,247,609)	-	(1,247,609)
Total liabilities measured at fair value on a recurring basis	-	(1,303,564)	-	(1,303,564)
2021				
	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	Total
Assets				
Derivative financial assets	-	1,062,871	-	1,062,871
Placements with banks and other financial institutions at FVOCI	-	-	911,620	911,620
Loans and advances to customers				
Including: Loans and advances to customers at FVOCI	-	-	3,965,552	3,965,552
Loans and advances to customers at FVOCI	-	-	70,577,100	70,577,100
Financial assets held for trading	-	42,703,996	29,716,008	72,420,004
Other debt investments	-	102,036,545	-	102,036,545
Investments in other equity instruments	-	-	111,500	111,500
Total assets measured at fair value on a recurring basis	-	145,803,412	105,281,780	251,085,192
Liabilities				
Financial liabilities held for trading	-	(46,699)	-	(46,699)
Derivative financial liabilities	-	(1,047,230)	-	(1,047,230)
Total liabilities measured at fair value on a recurring basis	-	(1,093,929)	-	(1,093,929)

(All amounts expressed in thousands of RMB unless otherwise stated)

(2) Level 1 Fair value measurement

Where there is a reliable quotation on an active market (e.g. quoted by a recognised stock exchange or a manager of an actively traded mutual funds), the closing price on the active market on the last trading day prior to the balance sheet date is used as the fair value.

(3) Level 2 Fair value measurement

The Group's Level 2 financial instruments are mainly fixed income investments, foreign exchange forwards and swaps, interest rate swaps, foreign exchange options and precious metals contracts. The fair value of bonds is based on the valuation by China Central Depository & Clearing Company Limited; foreign exchange forwards and swaps, interest rate swaps and currency options are valued using the discounted cash flow method and the Blair-Scholes model; the fair value of precious metals is based on the closing price of the Shanghai Gold Exchange. All significant valuation parameters are based on observable market information.

(4) Level 3 Fair value measurement

The Group's Level 3 financial assets are mainly loans and advances to customers at FVTPL, loans and advances to customers at FVOCI, financial products, trusts and asset management plans. The Group uses the discounted cash flow method where the unobservable inputs are the cash flows and the discount rate. Other equity instruments are valued using the latest market approach, where the unobservable parameters are the latest available funding prices.

Movement of the Level 3 financial instruments

	The Group					
	Loans and advances to customers at FVTPL	Loans and advances to customers at FVOCI	Placements with banks and other financial institutions at FVOCI	Financial assets held for trading	Other equity instruments	Total
1 January 2022	3,965,552	70,577,100	911,620	29,716,008	111,500	105,281,780
Comprehensive income						
- Profit or loss	121,912	-	(12,609)	1,008,750	-	1,118,053
- Other comprehensive income	-	(114,195)	989	-	-	(113,206)
Purchases/issue	2,864,122	92,521,319	-	15,405,000	125,000	110,915,441
Disposal/settlement	(4,092,791)	(70,548,208)	(900,000)	(45,110,461)	-	(120,651,460)
31 December 2022	2,858,795	92,436,016	-	1,019,297	236,500	96,550,608

	The Group					
	Loans and advances to customers at FVTPL	Loans and advances to customers at FVOCI	Placements with banks and other financial institutions at FVOCI	Financial assets held for trading	Other equity instruments	Total
1 January 2021	-	62,736,755	4,104,650	24,155,715	11,500	91,008,620
Comprehensive income						
- Profit or loss	88,257	-	-	1,157,971	-	1,246,228
- Other comprehensive income	-	71,653	6,692	-	-	78,345
Purchases/issue	3,962,817	59,396,249	6,256	21,600,000	100,000	85,065,322
Disposal/settlement	(85,522)	(51,627,557)	(3,205,978)	(17,197,678)	-	(72,116,735)
31 December 2021	3,965,552	70,577,100	911,620	29,716,008	111,500	105,281,780

Information about Level 3 fair value measurements using significant unobservable inputs is as follows:

	Fair value at 31 December 2022	Valuation techniques	Unobservable inputs
Loans and advances to customers	95,294,811	Discounted cash flow model	Cash flows, discount rates
Wealth-management products	770,435	Discounted cash flow model	Cash flows, discount rates
Trusts and asset management plans	248,862	Discounted cash flow model	Cash flows, discount rates
Investments in other equity instruments	236,500	See recent market approach	Recent financing prices

	Fair value at 31 December 2021	Valuation techniques	Unobservable inputs
Loans and advances to customers	74,542,652	Discounted cash flow model	Cash flows, discount rates
Placements with banks and other financial institutions	911,620	Discounted cash flow model	Cash flows, discount rates
Trust plans	881,572	Discounted cash flow model	Cash flows, discount rates
Wealth-management products	8,678,369	Discounted cash flow model	Cash flows, discount rates
Asset management plans	20,156,067	Discounted cash flow model	Cash flows, discount rates
Investments in other equity instruments	111,500	See recent market approach	Recent financing prices

2. Changes in valuation techniques and the reasons for the changes

During the reporting period, there were no significant changes in valuation techniques for fair value measurements.

3. Fair values of financial assets and liabilities not measured at fair value

All financial instruments are carried at amounts not materially different from their fair value as at 31 December 2022 and 2021 except as follows:

	The Group			
	2022		2021	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets				
Debt investments	143,318,577	146,238,872	147,621,457	151,128,116
Financial liabilities				
Debt securities issued	87,225,642	86,375,786	85,313,202	85,806,197

The financial assets and financial liabilities above are measured at Level 2 fair value.

XIV. Related parties and related-party transactions

1. Shareholders with over 5% of the Bank's Shares

Name of related party	Principal activities	Shareholding percentage (%)	
		2022	2021
Shanghai State-owned Assets Management Co., Ltd.	Capital operation and industrial investment	9.29	8.36
China COSCO Shipping Corporation Ltd.	International shipping	8.29	8.29
BaoSteel Corporation Ltd.	Steel smelting and processing	8.29	8.29
Shanghai Jiushi (Group) Co., Ltd.	Urban transportation, sports industry and capital management	7.72	7.61
China Pacific Life Insurance Co., Ltd.	Insurance and fund utilisation	5.81	5.81

(All amounts expressed in thousands of RMB unless otherwise stated)

General information of major shareholders:

Shareholders	Legal representative	Registration place	2022 Registered capital
Shanghai State-owned Assets Management Co., Ltd.	Guan Wei	Shanghai	RMB 5.5 billion
China COSCO Shipping Corporation Ltd.	Wan Min	Shanghai	RMB 11 billion
BaoSteel Corporation Ltd.	Zhou Jixin	Shanghai	RMB 22.3 billion
Shanghai Jiushi (Group) Co., Ltd.	Guo Jianfei	Shanghai	RMB 60 billion
China Pacific Life Insurance Co., Ltd.	Pan Yanhong	Shanghai	RMB 8.6 billion

Principal activities of these shareholders are as follows:

Shanghai State-owned Assets Management Co., Ltd.: Mainly engaged in industrial investment, capital operations, asset acquisition, packaging and transfer, enterprise and asset custody, debt restructuring, property brokerage, real estate agents, financial consultancy, investment consultancy and operation-related consultancy services, guarantees relating to assets operation and capital operation.

China Ocean Shipping Group Co. Ltd.: Mainly engaged in international shipping, international shipping supporting business; import and export business of goods and technology; marine, land, air international cargo agency services; self-owned ship leasing; sales of ship, container and steel; marine engineering equipment design; wharf and port investment; sales of communication equipment; information and technical services; warehousing (excluding hazardous chemicals); technology development, transfer, consultation and services in the fields related to ships and spare parts and equity investment fund.

BaoSteel Corporation Limited is principally engaged in the manufacture of hazardous chemicals; operation of hazardous chemicals; management of hazardous waste; power generation, transmission and supply (distribution); port operations; road haulage (excluding dangerous goods); road transport of dangerous goods; manufacture of special equipment; motor vehicle inspection and testing services. (For those subject to approval, the Company won't carry out business activities before obtaining the approval from relevant departments. Specific operations are subject to approval by the relevant departments.) General operations: smelting of iron and steel; casting of steel; smelting of non-ferrous metals; casting of non-ferrous metals; sale of coal and coal products; sale of metal ores; sale of metal materials; sales of high-grade special steel materials; sales of special equipment; sales of renewable raw materials; sales agency; technical services, technical development, technical consulting, technical exchange, technology transfer and technology promotion; production of chemical products (excluding licensed chemical products); sales of chemical products (excluding licensed chemical products); production of basic chemical raw materials (excluding production of licensed chemicals such as hazardous chemicals); general warehousing services (except hazardous chemicals and other items requiring authorisation); national freight forwarding services; national container forwarding services; leasing of non-residential real estate; leasing of land use rights; leasing of machinery; leasing of transport equipment; ship chartering; leasing of special equipment; Manufacture of drawing, calculating and measuring instruments; sale of drawing, calculating and measuring instruments; business consultancy; environmental protection monitoring; tender agency services; repair and maintenance of motor vehicles; import and export of goods; import and export of technology; import and export agency; scrap metal and scrap metal processing.

Shanghai Jiushi Group Co., Ltd. is mainly engaged in urban transportation operation, infrastructure investment management and resource exploitation and utilization with domestic and foreign capital, land and property development and operation, property management, sports and tourism operation, equity investment, management and operation, information technology services, auto mobile leasing, and consulting business.

China Pacific Life Insurance Co., Ltd.: Mainly engaged in underwriting various kinds of life insurance business in RMB and foreign currency, including life insurance, health insurance, accident and injury insurance, handling reinsurance business of the above mentioned business, various kinds of statutory life insurance business, establishing agency relations and business contacts with domestic and foreign insurance and related institutions, and acting as agents for foreign insurance institutions in the appraisal and settlement of losses and other related matters entrusted by them, running funds operations of the Insurance Law and other relevant laws and regulations, and participating in international insurance activities upon approval and other business upon approval by the China Insurance Regulatory Commission.

2. Information about the subsidiaries of the Bank

For information about the subsidiaries of the Bank, refer to Note V. 12.1.

3. Information about associates of the Bank

Associates of the Bank are Haimen Rural Commercial Bank and Shanghai Jingyi Industry Development Company Limited.

4. Related party transactions

Transactions between the Group and its related parties were conducted under general commercial terms and normal business processes, and the pricing principles were consistent with those adopted in transactions with independent third-parties. The amount of the Group's significant transactions with related parties and the balance of significant transactions as at the balance sheet date are as follows:

	Shareholders that hold 5% or more equity in the Bank, and the groups to which they belong	Connected natural persons	Other connected legal representatives	Total	Ratio to amount /balance of related transactions (%)
The amount of significant transactions in 2022:					
Interest income	93,724	705	197,169	291,598	0.67
Interest expense	31,343	552	17,700	49,595	0.22
Net fee and commission income	43	2	6	51	0.01
Investment income	3,215	-	47,956	51,171	3.23
Gains and losses from changes in fair value	(512)	-	(22,712)	(23,224)	4.36
Other comprehensive income	(1,081)	-	(1,629)	(2,710)	17.85
General and administrative expenses	2,796	-	1,158	3,954	0.05
As at 31 December 2022, the balance of significant transactions is as follows:					
Due from banks and other financial institutions	101	-	793,884	793,985	2.45
Loans and advances to customers	3,002,175	15,935	5,240,801	8,258,911	1.28
Financial investment:					
- Financial assets held for trading	144,611	-	1,016,471	1,161,082	2.63
- Other debt investments	723,118	-	602,670	1,325,788	0.61
Long-term equity investments	-	-	443,305	443,305	100.00
Due to banks and other financial institutions	117	-	2,957	3,074	0.03
Customer deposits	4,606,927	29,924	2,860,965	7,497,816	0.78
As at 31 December 2022, significant off-balance sheet items are as follows:					
Loans secured by collateral provided by related parties	1,257,055	-	400,000	1,657,055	0.26
The amount of significant transactions in 2021:					
Interest income	89,966	812	115,305	206,083	0.50
Interest expense	81,861	445	9,981	92,287	0.43
Net fee and commission income	18	1	33	52	0.01
General and administrative expenses	2,617	1,138	3,328	7,083	0.10
As at 31 December 2021, the balance of significant transactions is as follows:					
Due from banks and other financial institutions	-	-	6,108,604	6,108,604	28.84
Loans and advances to customers	2,426,169	18,058	1,965,565	4,409,792	0.75
Due to banks and other financial institutions	75	-	3,885	3,960	0.08
Customer deposits	4,162,327	23,665	2,053,741	6,239,733	0.73

(All amounts expressed in thousands of RMB unless otherwise stated)

5. Transactions between the Bank and its subsidiaries

The amount of significant transactions during the period:

	2022	2021
Interest income	133,036	94,049
Interest expense	151,821	165,652
Fee and commission income	39,489	33,843

The balance of significant transactions as at the balance sheet date is as follows:

	2022	2021
Due from banks and other financial institutions	135,796	131,917
Placements with banks and other financial institutions	3,383,872	2,553,534
Due to banks and other financial institutions	3,855,237	4,755,758

6. Trades with annuity plan

The Group did not have any other related party transactions with the established corporate annuity funds in 2022 and 2021 other than normal contributions.

7. Remuneration of key management personnel

	The Group	
	2022	2021
Remuneration and benefits	19,076	18,974

The remuneration of key management personnel includes the salary received from the company within the relevant year that belongs to the current year, as well as the corporate contribution of social insurance, housing fund, enterprise annuity, and supplementary medical insurance. According to the regulations of the relevant departments of the State, the final total amount of remuneration of such key management personnel in 2022 is pending for the final confirmation by the major responsible departments.

XV. Capital management

The Group calculates the capital adequacy ratio in accordance with the Administrative Measures for the Capital Management of Commercial Banks (Trial) and other relevant regulations. For non-systemically important banks, the core capital ratio should not be less than 7.50%, the tier 1 capital ratio should not be less than 8.50% and the capital ratio should not be less than 10.50%. As at 31 December 2022, the calculation results of the Group's capital adequacy ratio met the relevant regulatory requirements.

The tables below summaries the capital adequacy ratio of the Group:

	The Group	
	2022	2021
Net Core Tier 1 Capital	103,073,479	95,304,268
Net Tier 1 Capital	103,319,998	95,544,712
Net Capital	122,997,899	111,457,637
Risk-weighted assets	795,442,350	729,584,359
Core Tier 1 Capital Adequacy Ratio	12.96%	13.06%
Tier 1 Capital Adequacy Ratio	12.99%	13.10%
Capital Adequacy Ratio	15.46%	15.28%

XIV. Subsequent events

On 27 April 2023, the Board of Directors of the Bank approved the profit distribution plan for 2022 and submitted it to the general meeting of shareholders for consideration and approval.

In accordance with Shanghai Office of the CBIRC's Reply to Shanghai Rural Commercial Bank Co., Ltd. for Investment in Hangzhou United Rural Commercial Bank Co., Ltd. ("Hangzhou URC Bank") (Hu Yin Bao Jian Fu [2023] No. 126) dated March 2023, the Bank was approved to acquire 87,218,056 shares of Hangzhou URC Bank, representing 4% of Hangzhou URC Bank's total shares.

In accordance with Shanghai Office of the CBIRC's Reply to Shanghai Rural Commercial Bank Company Limited Regarding an Increase in Its Interest in Yangtze United Financial Leasing Co., Ltd. (Hu Yin Bao Jian Fu [2023] No. 59) dated February 2023, the Bank was approved to acquire an additional 80 million shares in Yangtze Financial Leasing.

After the completion of the shareholding increase, the Bank's shareholding in Changjiang United Financial Leasing Co., Ltd. increased from 1.25 billion shares to 1.33 billion shares, and the shareholding ratio increased from 51.02% to 54.29%.

XVII. Comparative figures

Certain comparative figures have been reclassified in order to comply with the presentation method of the financial statements.



Supplementary information to financial statements for the year

1. Extraordinary gain and loss

In accordance with the Explanatory Announcement No. 1 of Information Disclosure for Public Offering Securities - Non-recurring Profit or Loss (2008), the Group's extraordinary gain and loss are as follows:

	2022	2021
Net proceeds from disposal of non-current assets	19,717	144,518
Government grants recognised in profit or loss for the current period	25,364	53,726
Net gain on disposal of long-term unclaimed deposits	43	5,280
Net gains from compensation for breach of contract	(4,268)	11,010
Donation expenditure	(21,261)	(12,184)
Other non-operating income and expenses besides the items above	19,838	10,035
Sub-total of non-recurring profit or loss (Note)	39,433	212,385
Effect of income tax of non-recurring profit or loss	(13,471)	(54,874)
Total	25,962	157,511
Including: Non-recurring profit or loss that will have impact on the net profit attributable to shareholders of the Bank	23,797	146,927
Non-recurring profit or loss that will have impact on the net profit attributable to non-controlling interest	2,165	10,584

Note: The above breakdown of non-recurring profit or loss is determined and disclosed in accordance with Interpretive Pronouncement on the Preparation of Information Disclosures of Companies Issuing Public Shares No. 1 – Extraordinary Gains and Losses (2008) (Announcement of China Securities Regulatory Commission [2008] No.43) issued by CSRC.

According to the announcement, non-recurring profit or loss arises from the transactions or events that is not directly related to daily operations, or the transactions or events that are associated with normal operations but may affect the investors' proper judgements on the performance and profitability of the company due to their special and incidental nature. The above non-recurring profit or loss is accounted for in other income, gains from disposal of assets, non-operating income or non-operating expenses accordingly. Gains or losses from the investment or management of assets entrusted to others, the reversal of provisions for credit losses on financial assets, investment income from the holding and disposal of trading financial assets, trading financial liabilities and other debt instruments, and custody fee income from entrusted operations are gains or losses arising from the Group's normal operating activities and are therefore not included in the disclosure of non-recurring gains or losses.

2. Earnings per share

In accordance with Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (Revised 2010) issued by the CSRC, the Group's earnings per share are calculated as follows:

	2022	2021
Weighted average number of ordinary shares outstanding ('000 shares)	9,644,444	9,001,481
Before the deduction of non-recurring profit or loss		
Net profit for the year attributable to the Bank's ordinary shareholders	10,974,378	9,697,866
Basic earnings per share and diluted earnings per share (in RMB)	1.14	1.08
After the deduction of non-recurring profit or loss		
Net profit for the year attributable to the Bank's ordinary shareholders	10,950,581	9,550,939
Basic earnings per share and diluted earnings per share (in RMB)	1.14	1.06

In both 2022 and 2021, there was no difference between basic and diluted earnings per share as the Group did not have any shares that would have a potential dilutive effect.

3. Return on net assets

In accordance with Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings Per Share (2010 revised) issued by the CSRC, the Group's return on net assets is calculated as follows:

	2022	2021
Net assets at the end of the year attributable to the Bank's ordinary shareholders	101,833,969	93,768,103
Weighted average net assets attributable to the Bank's ordinary shareholders	97,801,036	85,115,635
Before the deduction of non-recurring profit or loss		
Net profit for the year attributable to the Bank's ordinary shareholders	10,974,378	9,697,866
Weighted average return on net assets (%)	11.22	11.39
After the deduction of non-recurring profit or loss		
Net profit for the year attributable to the Bank's ordinary shareholders	10,950,581	9,550,939
Weighted average return on net assets (%)	11.20	11.22

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