



# 2020 ANNUAL REPORT



## **Mission**

Inclusive finance delivers better life.

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## **Vision**

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

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## **Core Values**

**S**incerity **R**esponsibility

**C**reation **B**enefit

# SRCB


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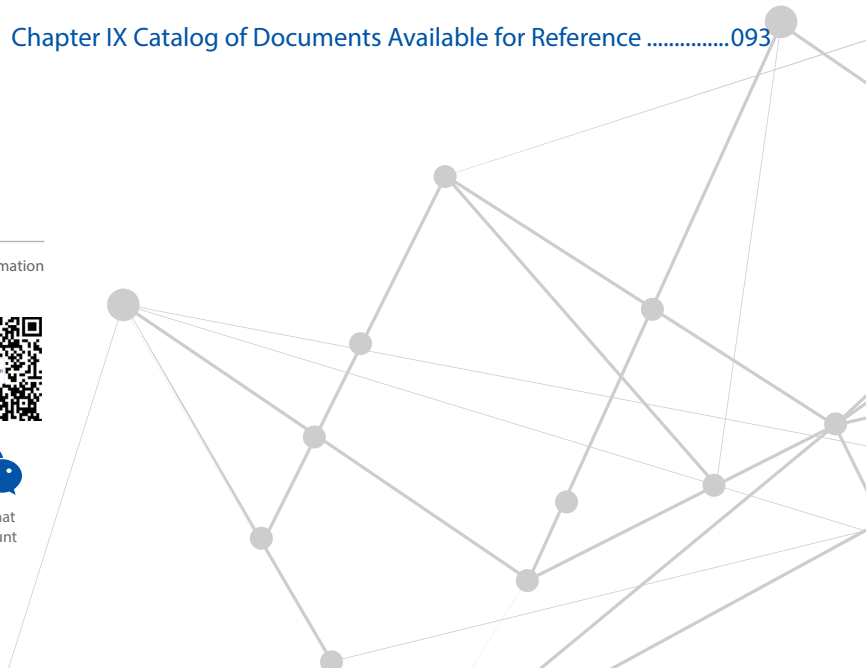
  
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# Important Notice

- ▶ The Board of Directors, the Board of Supervisors, directors, supervisors and the Senior Management members of the Company warrant that the information in this report is authentic, accurate and complete, contains no false record, misleading statement or material omission, and jointly and severally accept full responsibility for the information in this report.
- ▶ This Annual Report has been reviewed and approved at the 6th Meeting of the 4th Board of Directors held on 29 April 2021. 19 directors should attend the meeting and 13 directors actually attended in person. Non-executive Director Li Jin was unable to attend the meeting due to other important official duties and appointed Chairman Xu Li to attend and vote on his behalf; Non-executive Director Wu Kunzong was unable to attend the meeting due to other important official duties and appointed Non-executive Director Huang Jian to attend and vote on his behalf; Non-executive Director Ruan Liya was unable to attend the meeting due to other important official duties and appointed Non-executive Director Ha Erman to attend and vote on her behalf. Independent Director Chen Naiwei and Independent Director Chen Kai were unable to attend the meeting due to other important official duties and appointed Independent Director Sun Zheng to attend and vote on their behalf; Independent Director Mao Huigang was unable to attend the meeting due to other important official duties and appointed Independent Director Zhu Yuchen to attend and vote on his behalf. All 19 directors exercised their voting rights. Some supervisors and senior management of the Bank were present at the meeting
- ▶ The financial statements prepared by the Company in accordance with Chinese Accounting Standards ("CAS") have been audited by Deloitte & Touche CPAs ( LLP ) , who issued an unqualified opinion.
- ▶ Chairman of the Board of Directors Xu Li, Gu Jianzhong in charge of the Company's accounting and Chen Nanhua in charge of the accounting firm warrant the authenticity, accuracy and completeness of the financial statements in this report.
- ▶ Considering that the Company's IPO application has been approved by the Issuance Review Committee of the CSRC, in order to promote the subsequent IPO work in an orderly manner following regulatory requirements and the long-term development of the Company, the Company is planning not distribute cash dividends for the year 2020. The above profit distribution plan has yet to be submitted to the Company's 2020 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/the Bank/Bank/SRCB	Shanghai Rural Commercial Bank Co., Ltd.
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
RMB	Renminbi, the lawful currency of PRC
Reporting period	1 January 2020 to 31 December 2020

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.



Party Secretary and Chairman: Xu Li

## Message from the Chairman

The year 2020 marks the opening of our Bank's new three-year development strategy and a critical year for promoting the IPO work. In the face of the grim situation with the sudden outbreak of COVID-19 pandemic and increasing economic downward pressure, we have cultivated opportunities in the midst of crisis and ushered in a new chapter in the midst of turbulence, fully implementing the three core strategies of "adhering to customer-oriented principle, inclusive finance and digital transformation". We have withstood the major test of fierce market competition as well as rapid innovation and transformation, witnessed by the successful approval of our A-share IPO application by the Issuance Review Committee. We have donated in cash and supplies amounted to RMB 21 million in total to fight against the pandemic in unity, and introduced a number of financial support measures against the pandemic, adding RMB 50.8 billion in corporate loans and helping over 600,000 employees of small and micro enterprises to resume work and production.

The year 2020 marks the 15th anniversary of the establishment of SRCB. These fifteen years have witnessed our Bank's efforts to forge ahead, robust operation and rapid growth. **Rooted in Shanghai's society and economy, we have strived to build a service-oriented Bank that creates value for customers with service and gains from value creation, taking business development one step forward after another.** As of the end of 2020, the total assets of the Group reached RMB 1,056.977 billion, exceeding RMB 1000 billion for the first time, representing an average CAGR of 15.15%; the Group achieved operating income of RMB 22.04 billion and net profit of RMB 8.419 billion, with average CAGR of 12.95%

and 24.16% respectively. Asset quality continued to improve, with a NPL ratio of 0.99%. The Bank ranked 153rd on the UK The Banker's "Top 1000 World Banks 2020" and 26th among Chinese domestic commercial banks.

In the past 15 years, we have marched forward through trials and hardships, moving from "Rural Credit Cooperative" to "Rural Commercial Bank", from "Rural Credit Cooperative people" to "Rural Commercial Bank people", from the first day of restructuring to the 15th year of development. **We have passed on our original aspiration, the rural commercial spirit, and undertaken the mission of inclusive finance.**

**Along the journey, we have become more and more determined in our strategic choice of "inclusive finance".** As a rural financial institution rooted in Shanghai, we are ordinary, but being ordinary is no excuse for mediocrity. Facing the downward impact of large commercial banks and cross-sector competition from Fintech companies, we have tried to step out of our traditional comfort zone and realized the importance of determined strategic transformation under the pressure of abandoning the traditional growth path. We have increased our investment in technology and implemented the FOCUS project to empower our business with technology and improve our customer structure. We have penetrated to the most basic social and livelihood areas, making friends with small and medium-sized enterprises, working class and farmers. As a poem goes, "Only on a glance cast backward do I behold: there you are, where lights are burning so low", we have gradually clarified and differentiated position and identified a broad market space in the

homogeneous competition. In the new three-year development plan from 2020 to 2022, we have clearly put forward the corporate mission of "facilitating better life with inclusive finance", becoming a Bank trusted by the people and for the people.

"Inclusive finance" is no longer just a regulatory requirement and social responsibility for us, but also our strategic goal. Our strategic path is to empower people's pursuit and aspiration for a better life with financial services in areas that are closely related to people's livelihood. It's hard to put into practice what is known. We need to cross the threshold in order to innovate and develop inclusive finance, namely, how to crack the "information asymmetry" problem in the world, how to balance the relationship between "capital preservation and commercial sustainability", and how to achieve the organic unity of "accessibility, affordability and sustainability" of inclusive finance. Fortunately, we are in a great new era. With our original aspiration of "finance for good" and reverence for the laws of finance, we insist on customer-oriented principle and digital transformation, and strive to find SRCB's key to open the door of inclusive finance - empower social governance with inclusive finance.

To empower social governance with inclusive finance is a new pattern of financial development. By empowering social governance, it organically combines the political attributes of rural commercial banks to serve people's livelihood and the business attributes of sustainable development, transforms the political and institutional advantages of China's social governance into the driving source for developing inclusive finance, promotes innovative transformation and development, improves customer operation and risk management, and realizes organic unity of "accessibility, affordability and sustainability" of inclusive finance. We have explored the "1-2-3-4-5-6" model of empowering social governance in our long-term strategic perseverance. "Empower with 1 network", integrate online and offline into one network, on the basis of 359 outlets in Shanghai, a full coverage of over 1,570 administrative villages in more than 100 towns in Shanghai suburbs with financial services, and effectively achieve "outlets to towns and services to villages"; meanwhile, through various electronic channels such as mobile banking, online banking and WeChat banking, we provide customers with 24-hour services that are available anywhere and anytime. "Empower 2 areas", in the suburban areas, the Company issues "Rural Revitalization Theme Card", and launches "Rural Land Management Right Mortgage Loan", "Agricultural Revolving Loan", "Agricultural Machinery Loan" and "XNZB Online Revolving Loan"; in the urban areas, the Company promotes emerging payment methods in vegetable markets, parking lots and shopping malls, and actively supports the reconstruction of old communities. "Empower with 3 cards", we have issued a total of 5.1898 million Trade Union Cards, serving nearly 50,100 enterprises; we have issued "Public Welfare Passport" physical cards to volunteers, providing them with exclusive services such as insurance coverage, public welfare recognition and incentives etc.; we have actively participated in the issuance of Seniority Cards, the number of which has exceeded 1 million. "Empower 4 segments", the Company adheres to its business positioning of serving the "agricultural customers, small and micro enterprises, scientific innovation enterprises, and community residents", and promotes the improvement of social governance capacity by better serving the target customer segments. In collaboration with the Shanghai Municipal Committee of the Communist Youth League and the Shanghai Youth Federation, we have established a joint mechanism to support young entrepreneurs and young start-ups to fight the pandemic and resume work and production, with "response on the day of application", which has been well received. The Company has set aside a credit line of RMB 30 billion to support pandemic prevention and control as well as enterprises seriously affected by the pandemic to resume work and production as soon as possible; actively utilized the lists of committees, offices, associations and parks at all levels to promote the "100 banks for 10,000 enterprises" bank-enterprise matchmaking activities so as to increase credit support for small and micro enterprises; deepened the financial system construction for scientific innovation featuring "Xindongneng training program, dedicated institutions and services, as well as talent, mechanism and channel support", carrying out the "Xindongneng" program of cultivating strategic emerging customers, and providing high-tech enterprises with product matching as well as comprehensive and integrated services throughout their life cycle. "Empower from 5 dimensions", centering on "facilitating better life", we provide considerate financial services in five dimensions of consumption, elderly care, travel, culture & education, and medical care, and support the "Breakfast Project" in Shanghai with a loan of

RMB 6 million, launching the "One Yuan for Breakfast" campaign. We have disbursed Shanghai's first credit loan for elevator retrofitting in old neighborhoods to meet the funding needs of the elevator retrofitting project in early stage, speeding up the project construction so as to benefit thousands of residents in old neighborhoods. "Empower with 6 models", we have explored six modes of natural empowerment, operation sinking, service embedding, function output, platform leading and ecological co-building. We consciously take Fintech as the core driving force for the Bank's transformation and development as well as empowerment of social governance, and strengthen the innovative application of information technology and other technical means with a more open vision and win-win mindset, collaborating with multiple stakeholders to build a sound social ecosystem.

Inclusive finance empowers social governance, and it is a new financial logic of "finance for good". The development of inclusive finance not only focuses on making the right to financial development fully available to more people, but also includes the harmonious coexistence and inclusive development of people and nature, people and society, which precisely reflects the social function attributes of finance that are increasingly prominent at the core, and is also an inevitable requirement of "good finance". Green finance and sustainable finance give a new connotation to the development of inclusive finance. In the modernization of social governance, we play the role of "aggregator of autonomous governance at the grassroots level", "booster of government-embedded governance" and "router of collaborative social governance". Through "financing", "intelligence" and "credit", we create a new model of social governance with governments at all levels and grassroots social organizations to promote the modernization of social governance. We actively practice the theory of "lucid waters and lush mountains are invaluable assets" and the philosophy of "people's cities are built by the people and for the people", adhering to the path of green development that puts ecology first. We set the strategic goal of "building the Bank with the greenest development in the Yangtze River Delta", integrate the concept of sustainable development and ESG management into our business management, and respond more deeply and fully to people's expectations and demands for a better life, assume social responsibility and promote people's well-being. We empower social governance and promote green development with finance, effectively enhance the sense of access and satisfaction of agricultural customers, small and micro enterprises, scientific innovation enterprises, and community residents to financial services, find new opportunities, explore new markets and build new ecology in addressing difficult and painful social issues, promote social equity and progress, realize the organic unity of the Bank's commercial value and social function, building ourselves into a Bank with the greenest development in the Yangtze River Delta, and an excellent, responsible corporate citizen with warmth.

General Secretary Xi has pointed out that "the people's wish for a good life is our goal". As a state-owned financial institution, in 2021, we will adhere to the Party's leadership in all work in accordance with General Secretary Xi's instructions, take "facilitating a better life" as the start and goal of all our work, ensure the correct direction of empowering social governance with inclusive finance, transform the Party's political and organizational advantages into the winning momentum of empowering social governance and promoting high-quality development with inclusive finance, insist on the business positioning of serving "agricultural customers, small and micro enterprises, scientific innovation enterprises, and community residents", identify the business mode of "earning money with hard work, integrity and professionalism", make every effort to promote the "6 projects" of improving the quality of customer development, quality of services, the capacity of channels, the efficiency of management, the speed of technology application, and the soft strength, make every effort to enhance the service capability of creating value for customers, building a service-oriented Bank that creates value for customers, and an integrated regional financial service group with the best experience and outstanding brand as soon as possible so as to celebrate the 100th anniversary of the founding of the CPC with outstanding achievements!

Chairman:





Deputy Party Secretary, Vice Chairman and President: Gu Jianzhong

## Message from the President

The year 2020 is extremely unusual. Faced with the sudden outbreak of COVID-19 pandemic, we have united together on our positions, bravely undertaking our responsibilities and actively fighting against the pandemic to resume work and production. In the face of the unprecedented changes in a century, we have forged ahead against difficulties in unity, adhered to the development path of empowering social governance, optimizing quality operation and insisting on innovation and transformation with inclusive finance, and maintained a sound development momentum across the Bank with the courage to overcome obstacles and vigor to tackle challenges.

By the end of 2020, the Group's total assets exceeded one trillion, reaching RMB 1,056.977 billion, up by 13.66% compared with the end of last year, achieving RMB 8.161 billion in net profit attributable to the parent company and operating income of RMB 22.04 billion, with an average return on total assets of 0.85% and a weighted average return on equity of 11.02%. Total loans and advances amounted to RMB 530.673 billion, representing an increase of 13.67% compared with the end of last year. Total deposits received amounted to RMB 763.617 billion, an increase of 10.29% compared with the end of last year.

**We have actively grasped the macro policy orientation and facilitated national strategies.** We have reflected value in our positioning and explored opportunities in facilitating national strategies, sparing no effort in financial assistance to fight against the pandemic and helping small, medium-sized and micro enterprises as well as agricultural customers to tide over the difficulties of the pandemic. We have proactively incorporated into the integrated development of the Yangtze River Delta, established the Yangtze River Delta financial headquarters and released SRCB's Service Plan for the Integration of Yangtze River Delta Region. We have promoted capital into the Yangtze River Delta development strategy, and successfully invested in the Haimen Rural Commercial Bank project. We have innovated the national strategy of serving inclusive finance, promoted the "Xindongneng" service scheme, and vigorously supported the construction of science and technology innovation center. We have also launched innovative businesses such as "Yinshuikuaidai" (tax-based express loan) to speed up the digital transformation of inclusive finance; facilitated the implementation of livelihood projects such as elevator retrofitting and mobile breakfast carts with finance and explored the empowerment of social governance with inclusive finance. We have facilitated the national strategy of rural revitalization, successfully issued



live hog mortgage loans and Shanghai's first loan for the "dotted land supply" project of happy farms; issued RMB 600 million in policy-based agricultural guaranteed loans, ranking first in the city.

**We have continued to deepen the concept of innovative transformation and improve operational quality.** Guided by the tasks in the first year of strategic planning, we have focused on the three core strategies of customer-oriented principle, inclusive finance and digital transformation<sup>1</sup>. We have taken advantage of the "agile" team mechanism of Trade Union Card and innovated in the media-less virtual card model of "Xinsu Card"<sup>1</sup> featured by real-time service so as to create new retail scenarios. We have innovated in the development of customer agency products and expanded the service radius of financial market business driven by customer agency products such as local-currency interest rate swap to customers, Xinyue structured deposit and over-the-counter bond. We have steadily pushed forward digital transformation, with the FOCUS project and data governance progressing comprehensively. We have promoted major system projects such as new generation credit management system and smart lobby orderly, accelerated the integration of finance and technology, and explored the agile R&D model to improve R&D efficiency and provided strong support for customer service and operational quality.

**We have comprehensively optimized our operation management system, practicing our mission and vision.** In terms of organizational structure, we have basically completed the restructuring of the Bank-wide organizational structure, with clearer positioning of responsibilities and optimized management processes. In terms of assessment and evaluation, we have established a strategic evaluation mechanism OKR for the first time which links the evaluation results with performance rewards. In terms of talent training, we have restructured the grade and pay systems and revised business sequence management measures, optimized staffing structure in marketing lines orderly, held human resources work conference to build a talent exchange platform such as middle-level talent reserve classes and talent forums to promote the four-dimensional synergy of talent cultivation. In terms of soft power of corporate culture, we have pushed forward works to summarize the Bank's history and chronicles as well as to draft corporate culture structure in order to create value resonance. In terms of customer experience, we have launched the "Leling" version of mobile banking to improve the experience of using electronic channels for elderly customers. We have basically achieved full online application for credit card business, which has greatly improved the customer experience.

New tasks arise in new situation. We have formed a financial group consisting of 35 rural banks and Yangtze Financial Leasing, attached great importance to strengthening the Group's consolidated management and fully understood the strategic value of rural banks and Yangtze Financial Leasing to the Group. Since 2020, rural banks have gradually increased their capacity to generate profits for the Group, insisted on differentiated development strategy, deepened the concept of "one bank, one policy", adhered to the market positioning of supporting agriculture and small businesses, and strengthened support for the regional real economy. The Yangtze Financial Leasing Company has started to gain industrial advantages and has become a driving force for the Group's strategic development in the Yangtze River Delta.

On November 26th, 2020, our IPO application was successfully approved by the Issuance Review Committee of CSRC, and we are about to usher in a new development stage after the listing. We stick to innovative development and deeper reform, unify our values with market-oriented and professional standards, and concentrate our efforts on innovation and transformation. Facing the new opportunities and challenges after the listing, we strictly benchmark the requirements of listed companies, improve the operation mechanism of corporate governance, establish and improve the information disclosure work system, strengthen the management of insider information, establish a window prompting mechanism, regulate the behavior of shareholders, and strengthen investor relationship management and market

capitalization management. we will strengthen capital management, balance the relationship between capital, risk and return, and strive to improve the return on capital.

In the face of the complicated and changing market environment, the Bank will focus on the "14th Five-Year Plan", the development of Shanghai's "Five New Towns" (namely, Jiading, Qingpu, Songjiang, Fengxian, and Nanhui new towns) and "Five Types of Economy" (namely, innovative economy, service-oriented economy, headquarters economy, open economy, and flow-based economy), strengthen financial support for the real manufacturing industry, accelerate returning to its roots and improve quality management. We will actively contribute to national strategies such as "inclusive finance, rural revitalization, scientific and technological innovation, Yangtze River Delta integration and opening up to the outside world", realizing the social value of commercial bank in serving the real economy. In conjunction with our new three-year development strategy, we will seize historical opportunities, adhere to our service positioning, mine deeper into rural finance, integrate into social governance, leverage regional linkages, cultivate science and technology innovation, enhance technological empowerment, and strive to achieve high-quality development.

In 2021, we will celebrate the 100th anniversary of the founding of CPC and draw the curtain of the "14th Five-Year Plan". Standing at the new start of IPO, we will take the opening as a decisive battle and sprint from the starting line. Looking back, we are elated and inspired; embarking on a new journey, we are full of confidence; looking forward to the new future, we are passionate in embracing our responsibilities. With the "three ox spirit" (namely, serving –the-people ox, pioneering ox, and persisting ox), we will continue to deepen reform, strengthen strategy execution, refine innovation and transformation, optimize management culture, continuously improve the quality of operation and management, and make unremitting efforts to build the Bank into a first-class listed Bank.

President:



<sup>1</sup> As the Company's first non-physical credit card, Xinsu Card relies on digital technology throughout its life cycle to achieve "four real-time", namely real-time application, real-time approval, real-time activation and real-time consumption.



Chairman, Board of Supervisors  
**Li Jianguo**



Deputy Party Secretary  
**Li Jin**



Member of the Party Committee, Vice President  
**Jin Jianhua**



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



Vice President & Secretary to the Board of Directors  
Yu Minhua



Vice President  
Zhang Hongbiao



Vice President & Chief risk officer  
Gu Xianbin



Vice President  
Ying Changming

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# Company Profile

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01

## I. Corporate 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: SRCB )
▶ Legal representative:	Xu Li
▶ Board secretary:	Yu Minhua
Address:	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai, China
Telephone:	021-61899333
Fax:	021-50105180
Email:	ir@srcb.com
▶ Registered address:	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai, China
Office address:	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai, China
Postal code:	200002
Company website:	<a href="http://www.srcb.com">http://www.srcb.com</a>
Email:	ir@srcb.com
Telephone:	021-61899999
Service & complaint hotline:	021-962999
▶ Website for information disclosure:	<a href="http://www.srcb.com">http://www.srcb.com</a>
Annual report available at:	Office of the Board of Directors
▶ Date of initial registration:	23 August, 2005
Registration authority:	Shanghai Municipal Administration for Market Regulation
Unified social credit code:	913100007793473149
▶ Appointed auditor:	Deloitte & Touche CPAs ( LLP )
Office address:	30/F, Bund Center, No. 222 East Yan'an Road, Shanghai, China
Certified Public Accountants who signed the auditor's report:	Hu Xiaojun, Su Yichen
Appointed legal advisor:	Beijing Junhe Law Firm
Office address:	20/F, China Resources Building, 8 Jianguomenbei Avenue, Beijing, China
Equity trust:	Shanghai Equity Exchange
Office address:	Zhangjiang Center, 560 Songtao Road, Zhangjiang High-tech Park, Pudong New District, Shanghai

## II. Business highlight

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

During the reporting period, the Company closely focused on the national strategies of rural revitalization and integrated development of Yangtze River Delta, actively practiced the philosophy of inclusive financial services, adhered to the customer-centric approach, firmly promoted digital transformation, promoted business development with comprehensive marketing capabilities, served target customers with innovative financial products, improved customer experience with efficient process management, and made every effort to build a first-class service-oriented commercial 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. The Company's mission reflects both its attribute as a financial institution in the banking sector and the organic unity of its organic and realistic mission; it expresses the role and responsibility that the Company should assume in promoting social and economic development as well as social equity and justice, and reflects the solemn commitment that the Company has made to itself and the society as a whole.

### 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.** Along with China's social and economic transformation from high speed growth to high quality development, we should return to our roots, 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, effectively enhance the sense of fulfillment and satisfaction of agricultural customers, small and micro enterprises, science and technology innovation enterprises, and residential communities on financial services, 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.** We are committed to putting customers at the center, redefine the meaning of service, continuously improve the process of service and comprehensively enhance the service capability of creating value for the customer. In terms of approaches of service, we are committed to providing financial services from the source by changing 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, link our own business ecosystem with that of our customers, create more touch points and innovate more ways to connect, enhance customer loyalty by building a closed loop of services, making our Company a key player in the customer ecosystem.

**"Best experience" and "outstanding brand" are our goals and criteria for achievement.** The "best experience" emphasizes the customer's perspective, the insight into customers' pain points from a multi-dimensional contact, 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 agricultural customers, small and micro enterprises, 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.** "Regional integrated financial service group" indicates the Company's room for development, the areas of expansion and the trend of moving from a commercial bank to a financial service group. "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.

### Strategic objective

By the end of the planning period of 2022, realize a steadily-expanding market influence with continuously-consolidating customer base, accelerating strategic transformation, continuously-enhancing profitability, significantly-improving Fintech application, effectively-expanding integrated operation, as well as continuously-optimizing organization and talent structure. The Bank will be basically built into a listed public bank with first-class services, distinctive features, efficient processes and regional

leadership, and will be initially built into an integrated regional financial service group with the best experience and outstanding brand.



## Core strategies

**First, insist on customer-centricity.** We take "customer-centric" 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.

**Second, 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 "agricultural customers, small and micro enterprises, science and technology innovation enterprises, and community residents", give priority to retail business, deepen new modern rural 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.

**Third, 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

**1. 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, and the "Belt and Road" initiative, the national strategy of "Yangtze River Delta Integration" and the regional strategy of "Lingang Free Trade Area" have provided the Company with a broad space for development.

**2. 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 98.1%. 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.

**3. Sound risk management and good asset quality.** 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.

**4. Complete business qualifications and strong comprehensive service capability.** 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.

**5. Characteristic inclusive financial services capability.** The Company actively responds to the call of the State and takes "serving agricultural customers, small and micro enterprises, and science and technology innovation enterprises" as the foundation of the Bank, rely 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.

**6. Leading retail business and wealth management business.** The Company has made retail finance the "main battlefield" of its strategy, giving priority to the development of its retail business, consolidating its basic retail customer base, enhancing its professional financial services capabilities, improving its product system and product development and design, enriching the scope of its agency distribution business, grasping market opportunities in the consumer and payment sectors, and enhancing the profit contribution of consumer finance and credit card businesses to achieve steady growth in retail revenue, deposit and loan scale.

**7. Clear equity structure 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, which has laid a solid and stable foundation for the long-term development of the Company.

**8. Market-oriented management mechanism and excellent corporate culture.** In the face of increasingly fierce market competition, the Company has continued to strengthen its basic management, adhered to a market-oriented talent selection and incentive mechanism, completed the reform of professional managers in senior management, built a dual-channel promotion mechanism, vigorously injected younger blood in the leadership across the Bank, implemented the "four synergies"<sup>2</sup> training concept, and created a long-term mechanism for talent development. The Company has always adhered to the core values of "sincerity, responsibility, creation and benefit", fostered an excellent corporate culture and enhanced the cohesiveness and unity of the employees.

<sup>2</sup> Note: "Four synergies" refers to the management system that covers leaders at all levels, human resources, business lines and employees at the same time.

## IV. Honors and awards

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

### ► Domestic/overseas rankings

153 <sup>rd</sup> on the UK The Banker's list of "Top 1000 World Banks 2020", 3 places higher than that of 2019	UK The Banker
24 <sup>th</sup> on the "List of Top 100 among China Banking Industry in 2020" of China Banking Association	China Banking Association
472 <sup>nd</sup> among the "2020 Top 500 Enterprises in China", 5 places higher than last year	China Enterprise Confederation, China Enterprise Directors Association
38 <sup>th</sup> among the "2020 Top 100 Enterprises in Shanghai"	Shanghai Enterprise Directors Association, Jiefang Daily

### ► Brand value

193 <sup>rd</sup> among the "Banking 500 2020"	UK The Banker
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### ► Rating

"BBB" long-term credit rating with a "stable" outlook, "A-2" short-term corporate credit rating by Standard & Poor's Ratings Services	Standard & Poor's Ratings Services
1 <sup>st</sup> among urban rural commercial banks in 2019 "GYROSCOPE" rating	China Banking Association

### ► Awards

2020 Rural Commercial Bank Tianji Award	Securities Times
No. 1 in the 2019 Competitive Evaluation of Rural Commercial Banks with Assets over RMB 100 billion	The Banker
1 <sup>st</sup> prize, Chinese Corporate Financial Institutions	Shanghai Branch of PBOC
Fintech Service Award of Shanghai Banking Sector	
Best Small and Micro Enterprises Service Case of Shanghai Banking Sector	Shanghai Banking Association
Excellent Organization Award for "100 Banks in 10,000 Enterprises" of Shanghai Banking Sector	
2019 Core Interbank Domestic Currency Market Trader	
2019 Excellent Interbank Domestic Currency Market Trader	National Interbank Funding Center
The 1 <sup>st</sup> China Banking Wealth Management Jinniu Awards	China Securities Journal
2020 Financial Bond - Most Socially Responsible Award - Mission Against Poverty Award	China Development Bank
Shanghai Financial Innovation Award Third Prize	Shanghai Municipal People's Government
Rural Commercial Bank Financial Excellence Award of the Year	Shanghai Securities News
Banking Industry Wealth Management Register Outstanding Bank of the Year 2020	Banking Register and Custodian Centre



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## Accounting Data and Financial Indicators Highlights

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## I. Major accounting data

Unit: RMB 1000

Operating results	2020	2019	+/- YoY (%)	2018
Operating income	22,039,556	21,271,299	3.61	20,145,482
Operating profit	9,830,755	10,668,334	-7.85	8,698,242
Profit before tax	9,900,462	10,692,517	-7.41	8,725,850
Net profit	8,418,573	8,938,347	-5.82	7,124,708
Net profit attributable to shareholders of the parent company	8,160,671	8,845,647	-7.74	7,308,149
Net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses	8,062,120	8,206,314	-1.76	7,212,931
<b>Per share (RMB Yuan/share)</b>				
Basic earnings per share	0.94	1.02	-7.84	0.91
Diluted earnings per share	N/A	N/A	N/A	N/A
Net earnings per share after deducting non-recurring profits and losses	0.93	0.94	-1.06	0.90
Net assets per share attributable to shareholders of the Parent company	8.90	8.20	8.54	7.33
<b>Scale indicators</b>				
	December 31, 2020	December 31, 2019	+/- YoY (%)	December 31, 2018
Total assets <sup>3</sup>	1,056,976,684	929,938,101	13.66	833,712,752
Total loans and advances	530,672,635	466,868,105	13.67	409,907,181
Corporate loans and advances	313,962,989	263,130,048	19.32	238,379,671
Personal loans and advances	161,745,564	131,160,210	23.32	107,064,106
Bill discounting	54,964,082	72,577,847	-24.27	64,463,404
Loan loss reserve <sup>4</sup>	-21,985,592	-18,193,927	20.84	-15,872,769
Total liabilities	976,504,788	855,731,986	14.11	768,911,147
Total deposits	763,616,513	692,348,716	10.29	644,907,662
Total interbank borrowing	42,369,245	31,959,252	32.57	21,267,300
Shareholders' equity	80,471,896	74,206,115	8.44	64,801,605
Net assets attributable to shareholders of the parent company	77,210,844	71,149,880	8.52	63,635,638
Share capital	8,680,000	8,680,000	-	8,680,000
Net capital	96,779,439	89,246,080	8.44	79,686,129
Core Tier-I net capital	78,403,963	72,165,439	8.64	63,765,995
Risk-weighted assets	671,905,275	573,332,726	17.19	502,359,308

<sup>3</sup> Note: In accordance with the relevant requirements of Interpretation of Accounting Standards for Business Enterprises No. 2, interest income from "pre-received fee" in other liabilities of Yangtze United Financial Leasing Co., Ltd., a subsidiary of the Group, is recognized under the effective interest rate method, and is therefore consolidated with "unrealized financing gain" in finance lease receivables. The total assets and total liabilities of the Group were restated and adjusted in 2019.

<sup>4</sup> 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	2020	2019	+/- YoY (percentage point)	2018
Average return on total assets <sup>5</sup>	0.85	1.01	-0.16	0.87
Weighted average return on equity <sup>6</sup>	11.02	13.14	-2.12	13.25
Weighted average return on equity after deducting non-recurring profits and losses	10.89	12.19	-1.30	13.08
Net interest spread	1.83	1.77	0.06	1.97
Net interest margin	1.91	1.87	0.04	2.05
Cost-to-income ratio <sup>7</sup>	28.86	30.37	-1.51	32.00
Net fee and commission income to operating income	10.58	11.60	-1.02	14.42
<b>Capital adequacy ratio indicators (standard value)</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>+/- YoY (percentage point)</b>	<b>December 31, 2018</b>
Capital adequacy ratio (≥10.5)	14.40	15.57	-1.17	15.86
Tier-I capital adequacy ratio (≥8.5)	11.70	12.62	-0.92	12.70
Core Tier-I capital adequacy ratio (≥7.5)	11.67	12.59	-0.92	12.69
<b>Assets quality indicators (standard value)</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>+/- YoY (percentage point)</b>	<b>December 31, 2018</b>
Non-performing loan ratio (≤5)	0.99	0.90	0.09	1.13
Provision coverage ratio <sup>8</sup>	419.17	431.31	-12.14	342.28
Provision-to-loan ratio <sup>9</sup>	4.14	3.90	0.24	3.87

## III. Item and amount of non-recurring profit and loss

Unit: RMB 1000

Item	2020	2019	2018
Net income from the disposal of non-current assets	7,621	811,923	85,767
Government subsidy included in the current profit and loss	58,364	24,853	27,650
Net income from the cleanup of dormant accounts	3,387	17,016	5,528
Net income from liquidated damages	3,931	8,250	851
Donation outlay	-33,342	-17,728	-4,254
Others	76,640	16,645	25,483
<b>Total</b>	<b>116,601</b>	<b>860,959</b>	<b>141,025</b>

<sup>5</sup> Note: Average return on total assets = net profit / (total assets at the beginning of the period + total assets at the end of the period) x 2.

<sup>6</sup> Note: Weighted average return on equity = Net profit attributable to the parent company / (Equity attributable to shareholders of the parent company at the beginning of the period + Total comprehensive income attributable to shareholders of the parent company / 2 + New equity from issuance of new shares or debt-to-equity swap for the period x (number of months in the reporting period - months of increase in equity) / number of months in the reporting period - Decrease in equity from assets such as cash dividends or repurchase x (number of months in the reporting period - (number of months of reporting period - number of months of decrease in equity)/number of months of reporting period).

<sup>7</sup> Note: Cost-to-income ratio = (operation and administrative expenses + other operating expenses) / operating income.

<sup>8</sup> Note: Provision coverage ratio = loan loss reserve balance/non-performing loan balance.

<sup>9</sup> Note: Provision-to-loan ratio = loan loss reserve balance/total loans and advances.

## VI. Other financial information disclosed according to regulatory requirements

Unit: %

Item	Standard value	2020	2019	2018
Liquidity ratio	≥25	60.34	51.55	46.52
Loan-to-deposit ratio		73.32	70.99	62.80
Proportion of loans to the largest customer <sup>10</sup>	≤10	2.64	3.52	4.34
Proportion of loans to the top ten customers <sup>11</sup>	≤50	19.08	19.88	23.48

## V. Description of significant changes in major assets

Details of the changes in the Group's major assets are set out in the "Business Discussion and Analysis - Balance Sheet Analysis".

<sup>10</sup> Note: Proportion of loans to the largest customer = loan balance of single largest customer/net capital.

<sup>11</sup> Note: Proportion of loans to the top 10 customers = loan balance of top 10 customers/net capital.

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# Management Discussion and Analysis

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## I. General Performance

During the reporting period, in the face of the complex economic situation at home and abroad and the severe challenges posed by the COVID-19 pandemic, the Group adhered to its strategies, focused on its strategic vision of building a service-oriented bank, paid close attention to customer development, facilitated the resumption of work and production, strictly guarded the risk bottom line, maintained a stable and good development momentum in business operations and excellent asset quality, and achieved a good start to its three-year development strategy.

**Profit level remained stable.** During the reporting period, the Group actively responded to the State's call to promote fee reductions and concessions to support the real economy. The Group's net profit attributable to shareholders of the parent company was RMB 8,161 million, with operating income of RMB 22.04 billion, average return on total assets 0.85%, weighted average return on equity 11.02%

**Strength and scale grew relatively fast.** As of the end of the reporting period, the total assets of the Group was RMB 1,056.977 billion, up by RMB 127.039 billion or 13.66% over the end of the prior year, of which total loans and advances amounted to RMB 530.673 billion, up by RMB 63.805 billion or 13.67% over the end of the prior year. Total liabilities of the Group was RMB 976.505 billion, up by RMB 120.773 billion or 14.11% over the end of the prior year, of which total deposits was RMB 763.617 billion, up by RMB 71.268 billion or 10.29% over the end of the prior year.

**Asset quality remained excellent.** During the reporting period, the Group adhered to a prudent risk appetite and continuously improved its risk management techniques, with asset quality remaining stable. At the end of the reporting period, the Group's non-performing loan ratio was 0.99%, continuing to maintain an excellent level in the industry; the provision coverage ratio was 419.17% and the loan provision ratio was 4.14%, both of which were higher than the regulatory tiered monitoring and warning target value.

**The capital adequacy level maintained a good level.** At the end of the reporting period, the Group had a capital adequacy ratio of 14.40%, a Tier-I capital adequacy ratio of 11.70% and a core Tier-I capital adequacy ratio of 11.67%, which were consistently above the capital requirements stipulated by the CBIRC with a relatively adequate capital buffer.

## II. Analysis of financial statements

### ( I ) Income statement analysis

Unit: RMB 1000

Item	2020	2019	Change
Operating income	22,039,556	21,271,299	768,257
Including: Net interest income	17,870,875	15,353,650	2,517,225
Net fee and commission income	2,332,148	2,467,676	-135,528
Operating expenses	12,208,801	10,602,965	1,605,836
Including: Operation and administrative expenses	6,343,560	6,437,415	-93,855
Impairment losses on credit	5,607,776	3,932,210	1,675,566
Operating profit	9,830,755	10,668,334	-837,579
+: Net non-operating income and expenses	69,707	24,183	45,524
Profit before tax	9,900,462	10,692,517	-792,055
-: Income tax expenses	1,481,889	1,754,170	-272,281
Net profit	8,418,573	8,938,347	-519,774
Including: Net profit attributable to shareholders of the parent company	8,160,671	8,845,647	-684,976

## 1. Net interest income

During the reporting period, net interest income of the Group amounted to RMB 17.871 billion, an increase of 16.39% YoY, including interest income of RMB 37.093 billion, up by 16.18% YoY, and interest expense was RMB 19.222 billion, up by 15.98% YoY. During the reporting period, the Group's average yield of interest-earning assets was 3.96%, up by 6 bps YoY, and the average cost rate of interest-bearing liabilities was 2.13%, up by 1 bps YoY; the net interest spread was 1.83%, and the net interest margin was 1.91%, up by 6 bps and 4 bps YoY respectively.

Unit: RMB 1000

Item	2020			2019		
	Average balance <sup>1</sup>	Interest income/expense	Average yield/cost (%)	Average balance	Interest income/expense	Average yield/cost (%)
<b>Assets</b>						
Loans and advances	495,108,383	23,118,371	4.67	439,538,565	20,146,634	4.58
Financial investment	229,065,750	8,261,065	3.61	195,768,331	7,493,326	3.83
Due from and placements with banks and other financial institutions <sup>2</sup>	123,558,166	2,886,501	2.34	114,153,783	3,198,017	2.80
Balances with Central Bank	62,451,697	924,590	1.48	69,807,150	1,070,826	1.53
Financial lease receivables	26,264,217	1,902,171	7.24	323,306	18,675	5.78
<b>Total interest-earning assets</b>	<b>936,448,213</b>	<b>37,092,698</b>	<b>3.96</b>	<b>819,591,135</b>	<b>31,927,478</b>	<b>3.90</b>
<b>Liabilities</b>						
Deposits from customers	694,110,162	14,220,769	2.05	644,081,387	12,798,205	1.99
Debt securities issued	68,996,824	2,048,419	2.97	34,061,598	1,152,697	3.38
Borrowings from Central Bank	18,647,752	527,188	2.83	12,184,969	374,898	3.08
Due to and placements from banks and other financial institutions <sup>3</sup>	118,737,592	2,425,447	2.04	90,298,848	2,248,028	2.49
<b>Total interest-bearing liabilities</b>	<b>900,492,330</b>	<b>19,221,823</b>	<b>2.13</b>	<b>780,626,802</b>	<b>16,573,828</b>	<b>2.12</b>
<b>Net interest income</b>			<b>17,870,875</b>			<b>15,353,650</b>
<b>Net interest spread<sup>4</sup></b>			<b>1.83</b>			<b>1.77</b>
<b>Net interest margin<sup>5</sup></b>			<b>1.91</b>			<b>1.87</b>

Note: 1. The average balance of interest-earning assets and interest-bearing liabilities is daily average balance, which has not been audited;

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

3. Including deposits from banks and other financial institutions, borrowings, financial assets sold for repurchase and others;

4. Calculated according to the difference between the average yield of total interest-earning assets and the average cost rate of total interest-bearing liabilities;

5. Calculated by annualizing the result of dividing net interest income 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 amounted to RMB 23.118 billion, up by 14.75% YoY, with an average yield of 4.67%, up by 9 bps YoY.

Unit: RMB 1000

Item	2020			2019		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	290,435,204	14,231,385	4.90	249,559,887	12,019,390	4.82
Retail loans	140,637,440	7,099,442	5.05	117,542,911	5,858,406	4.98
Discounted bills	64,035,739	1,787,544	2.79	72,435,767	2,268,838	3.13
<b>Total loans and advances</b>	<b>495,108,383</b>	<b>23,118,371</b>	<b>4.67</b>	<b>439,538,565</b>	<b>20,146,634</b>	<b>4.58</b>

Note: as of the end of the reporting period, the Bank's general short-term loan yield was 4.38%, and the medium and long-term loan yield was 5.03%.

**(2) Interest expenses on deposits**

During the reporting period, the Group's interest expenses on deposits were RMB 14.221 billion, up by 11.12% YoY, with an average interest payment rate of 2.05%, up by 6 bps YoY.

Unit: RMB 1000

Item	2020			2019		
	Average balance	Interest expenses	Average cost rate (%)	Average balance	Interest expenses	Average cost rate (%)
Corporate demand deposit	231,767,197	1,584,812	0.68	222,342,580	1,463,569	0.66
Corporate time deposit	127,570,849	3,659,994	2.87	123,309,926	3,561,556	2.89
Personal demand deposit	56,323,776	227,689	0.40	49,943,920	204,177	0.41
Personal time deposit	278,448,340	8,748,274	3.14	248,284,911	7,568,195	3.05
Others	-	-	N/A	200,050	708	0.35
<b>Total</b>	<b>694,110,162</b>	<b>14,220,769</b>	<b>2.05</b>	<b>644,081,387</b>	<b>12,798,205</b>	<b>1.99</b>

**2. Net non-interest income****(1) Net fee and commission income**

During the reporting period, the Group's net fee and commission income amounted to RMB 2.332 billion, down by 5.49% YoY. Mainly due to changes in customer demand during the COVID-19 pandemic and the Group's continued fee reductions and concessions

Unit: RMB 1000

Item	2020	2019
Fee and commission income	2,626,265	2,696,610
Including : Agency business	1,681,623	1,523,154
Consultancy and advisory business	405,769	498,850
Settlement and clearing business	189,329	305,414
E-banking business	127,682	148,904
Bank card	79,555	135,537
Guarantee and commitment business	26,123	19,174
Asset custodian business	38	359
Other business	116,146	65,218
Fee and commission expenses	-294,117	-228,934
<b>Net fee and commission income</b>	<b>2,332,148</b>	<b>2,467,676</b>

**(2) Other net non-interest income**

During the reporting period, other non-interest net income was RMB 1.837 billion, a decrease of 46.77% year-on-year. Among them, (1) investment income, gains on fair value change and exchange totaled RMB 1.752 billion, down by 31.97% year-on-year. The main reasons were: firstly, the impact of fluctuations in market conditions such as interest rates and exchange rates; secondly, the financing of funds by using financial derivative instruments at appropriate time, reflected in the decline in investment income under net non-interest income. But the overall efficiency of fund operations was improved and cost of funds was lower, which made a positive contribution to the overall operating income; (2) a gain on disposal of assets of RMB 8 million, down by 99.06% year-on-year, mainly due to the large amount of gain from disposal of idle office buildings in 2019.

Unit: RMB 1000

Item	2020	2019
Investment income	1,386,169	2,820,801
Profit/(loss) from fair value changes	314,707	-423,314
Profit/(loss) on exchange	50,970	177,805
Other business income	37,793	37,905
Profit/(loss) from asset disposal	7,621	811,923
Other income	39,273	24,853
<b>Total</b>	<b>1,836,533</b>	<b>3,449,973</b>



### 3. Operation and administrative expenses

During the reporting period, the Group's operation and administrative expenses amounted to RMB 6.344 billion, down by 1.46% YoY, mainly due to reduction of social security expense during COVID-19 pandemic; the cost-to-income ratio was 28.86%, maintained at a reasonable level.

Unit: RMB 1000

Item	2020	2019
Employee compensation	3,936,751	4,032,359
Depreciation, amortization and lease expense	896,658	905,247
Other general and administrative expenses	1,510,151	1,499,809
<b>Total</b>	<b>6,343,560</b>	<b>6,437,415</b>

### 4. Impairment losses on credit / impairment losses on assets

During the reporting period, the Group accrued RMB 5.608 billion of impairment loss on assets, a YoY increase of 42.61%. This was mainly due to the impact of the COVID-19 pandemic, and the Group appropriately increased the accrual of credit risk impairment in order to enhance its overall risk compensation ability.

Unit: RMB 1000

Item	2020	2019
Impairment loss on loans	4,936,036	3,276,879
Debt investment	-93,836	335,079
Other debt investment	6,566	-10,284
Financial lease receivables	556,566	-2,960
Expected off-balance-sheet impairment loss on credit	161,605	273,879
Other	40,839	59,617
<b>Total</b>	<b>5,607,776</b>	<b>3,932,210</b>

## ( II ) Balance sheet analysis

### 1. Assets

In 2020, the Group based on the overall national strategy, served the development of the real economy, adhered to the strategy of inclusive finance, contributed to rural revitalization, and the Yangtze River Delta integration, accelerated the transformation of innovative finance, increased loan disbursement and the Group's asset size exceeded a trillion. As of the end of the reporting period, the total assets of the Group amounted to RMB 1,056.977 billion, an increase of RMB 127.039 billion or 13.66% over the end of the prior year, mainly due to the increase in loans, advances, financial investment, due from/placements with banks and other financial institutions of the Group.

Unit: RMB 1000

Item	December 31, 2020		December 31, 2019	
	Amount	Percentage of total ( % )	Amount	Percentage of total( % )
Total loans and advances	530,672,635	50.21	466,868,105	50.20
Accrued loan interest	908,943	0.09	747,417	0.08
Loan loss reserve <sup>1</sup>	-21,564,168	-2.04	-17,833,288	-1.92
Net loans and advances	510,017,410	48.25	449,782,234	48.37
Financial investment <sup>2</sup>	316,609,609	29.95	277,706,008	29.86
Cash, and balances with Central Bank	66,035,061	6.25	76,153,174	8.19
Due from and placements with banks and other financial institutions <sup>3</sup>	118,471,324	11.21	91,393,314	9.83
Financial lease receivables	28,344,778	2.68	22,488,053	2.42
Other <sup>4</sup>	17,498,502	1.66	12,415,318	1.34
<b>Total assets</b>	<b>1,056,976,684</b>	<b>100.00</b>	<b>929,938,101</b>	<b>100.00</b>

Note: 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 precious metal, derivative financial assets, long-term equity investment, fixed assets, and construction in progress, deferred income tax assets, held-for-sale assets and other assets.

**(1) Loans and advances to customers**

The Group followed closely the guidance of national financial policies, increased its support to the real economy and continuously enhanced its ability to serve the real economy, achieving good growth in loan scale. As of the end of the reporting period, the Group's total loans and advances amounted to RMB 530.673 billion, an increase of RMB 63.805 billion or 13.67% over the end of the prior year. For details of the Group's loans and advances, please refer to the "loan quality analysis" section.

**(2) Financial investment**

In 2020, the Group actively grasped the market environment 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 investments amounted to RMB 316.61 billion, representing an increase of RMB 38.904 billion or 14.01% from the end of the previous year, mainly due to the faster growth in the scale of trading financial assets and other debt investments.

Unit: RMB 1000

Item	December 31, 2020		December 31, 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Trading financial assets	69,332,583	21.90	51,472,458	18.53
Debt investment	156,317,618	49.37	148,218,827	53.37
Other debt investment	90,947,908	28.73	78,003,223	28.09
Other equity instrument investment	11,500	0.00	11,500	0.00
<b>Total financial investment</b>	<b>316,609,609</b>	<b>100.00</b>	<b>277,706,008</b>	<b>100.00</b>

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

Unit: RMB 1000

Item	December 31, 2020		December 31, 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Debt investment	316,598,109	100.00	277,334,598	99.87
Equity instrument	11,500	0.00	371,410	0.13
<b>Total financial investment</b>	<b>316,609,609</b>	<b>100.00</b>	<b>277,706,008</b>	<b>100.00</b>

**Held-for-trading financial assets**

Held-for-trading financial assets are financial assets at fair value through profit or loss. As of the end of the reporting period, the balance was RMB 69.333 billion, mainly including bond investment, securities fund investment, and wealth management investment in other banks. Please refer to note VIII, 7 to the financial statements for details.

**Debt investment**

Debt investment is a debt instrument investment measured at amortized cost. As of the end of the reporting period, the balance was RMB 156.318 billion, mainly including bond investment and asset management plan etc. Please refer to note VIII, 8 to the financial statements for details.

**Other debt investment**

Other debt investment is a debt instrument investment measured at fair value through other comprehensive income. As of the end of the reporting period, the balance was RMB 90.948 billion, mainly bond investment. Please refer to note VIII, 9 to the financial statements for details.

**Other equity instrument investment**

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

### Top 10 financial bonds by value held by the Group at the end of the reporting period

Unit: RMB 1000

Bond Name	Par value	Annual rate (%)	Maturity date	Impairment reserve
Bond issued by policy banks in 2019	4,760,000	3.28	2024/2/11	-
Bond issued by policy banks in 2018	4,580,000	4.00	2025/11/12	-
Bond issued by policy banks in 2016	4,480,000	3.05	2026/8/25	-
Bond issued by policy banks in 2016	4,380,000	3.18	2026/4/5	-
Bond issued by policy banks in 2015	3,700,000	3.74	2025/9/10	-
Bond issued by policy banks in 2016	3,620,000	3.33	2026/2/22	-
Bond issued by policy banks in 2017	3,520,000	4.04	2027/4/10	-
Bond issued by policy banks in 2017	3,190,000	3.85	2027/1/6	-
Bond issued by policy banks in 2016	2,480,000	3.37	2026/2/26	-
Bond issued by policy banks in 2016	2,380,000	3.58	2026/4/22	-

## 2. Liabilities

In 2020, the Group actively optimized its liability structure, broadened its sources of quality liability and made reasonable use of active financing tools to achieve good growth in the scale of liability. As of the end of the reporting period, the total liabilities of the Group amounted to RMB 976.505 billion, an increase of RMB 120.773 billion or 14.11% over the end of the prior year.

Unit: RMB 1000

Item	December 31, 2020		December 31, 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Deposits	763,616,513	78.20	692,348,716	80.91
Due to and placements from banks and other financial institutions <sup>1</sup>	86,375,653	8.85	90,346,453	10.56
Borrowings from Central Bank	28,861,309	2.96	14,006,071	1.64
Debt securities issued	87,683,730	8.98	47,946,796	5.60
Other <sup>2</sup>	9,967,583	1.02	11,083,950	1.30
<b>Total liabilities</b>	<b>976,504,788</b>	<b>100.00</b>	<b>855,731,986</b>	<b>100.00</b>

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

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

### Deposits from Customers

In 2020, in the face of fierce competition in the deposit market, 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 growth in the scale of deposits and an increase in the proportion of demand deposits. At the end of the reporting period, the Group's total deposits from customers amounted to RMB 763.617 billion, representing an increase of RMB 71.268 billion or 10.29% over the end of the previous year.

Unit: RMB 1000

Item	December 31, 2020		December 31, 2019	
	Percentage of total (%)	Amount	Percentage of total (%)	Amount
Corporate deposits	346,377,231	45.36	316,200,086	45.67
Demand deposit	238,782,807	31.27	207,597,310	29.98
Time deposit	107,594,424	14.09	108,602,776	15.69
Personal deposits	358,736,642	46.98	324,567,603	46.88
Demand deposit	61,053,038	8.00	54,140,313	7.82
Time deposit	297,683,604	38.98	270,427,290	39.06
Pledged deposits	7,909,948	1.04	6,532,211	0.94
Other	35,964,705	4.71	31,726,012	4.58
Principal amount of deposits	748,988,526	98.08	679,025,912	98.08
Accrued interest	14,627,987	1.92	13,322,804	1.92
Total deposits	763,616,513	100.00	692,348,716	100.00

### 3. Shareholders' equity

As of the end of the reporting period, the Group's shareholders' equity was RMB 80.472 billion, an increase of RMB 6.266 billion or 8.44% over the end of the prior year.

Unit: RMB 1000

Item	December 31, 2020	December 31, 2019	+/- over the end of prior year (%)
Share capital	8,680,000	8,680,000	-
Capital reserve	8,947,939	8,947,939	-
Other comprehensive income	776,169	1,226,676	-36.73
Surplus reserve	20,935,430	17,715,475	18.18
General risk reserve	10,207,445	9,641,076	5.87
Undistributed profits	27,663,861	24,938,714	10.93
Total equity attributable to shareholders of the parent company	77,210,844	71,149,880	8.52
Non-controlling interest	3,261,052	3,056,235	6.70
Total shareholders' equity	80,471,896	74,206,115	8.44

### (III) Cash flow statement analysis

In 2020, the Group generated a net cash outflow from operating activities of RMB 13.84 billion, an increase of RMB 20.978 billion year-on-year, mainly due to that the Group increased more investments in held-for-trading financial assets in conjunction with changes in the market environment, resulting in an increase in cash outflow from operating activities for the period and hence a decrease in net cash flow from operating activities. Net cash outflow from investing activities amounted to RMB 13.083 billion, representing a year-on-year decrease of RMB 18.149 billion. The net cash outflow was mainly due to cash paid for investments; net cash inflow from financing activities amounted to RMB 35.986 billion, representing a year-on-year increase of RMB 14.103 billion. The net cash inflow was mainly due to cash received from the issuance of negotiable certificate of deposits and financial bonds.

### (VI) Off-balance sheet items that may have a material impact on financial and business results

See Note 11 to the financial statements for details.

### III. Analysis of loan quality

#### 1. Loan distribution by five-category classification

Unit: RMB 1000

Item	December 31, 2020		December 31, 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Normal	521,383,093	98.25	459,103,441	98.34
Special mention	4,044,564	0.76	3,546,411	0.76
Substandard	2,508,155	0.47	2,507,205	0.54
Doubtful	1,819,695	0.34	1,120,317	0.24
Loss	917,128	0.17	590,731	0.13
Total loans and advances to customers	530,672,635	100.00	466,868,105	100.00
Carrying balance of non-performing loans	5,244,978	0.99	4,218,252	0.90

#### 2. Loan balance and NPL distribution by type of collateral

Unit: RMB 1000

Type of collateral	December 31, 2020			December 31, 2019		
	Loan balance	NPL balance	NPL% (%)	Loan balance	NPL balance	NPL% (%)
Credit loans	74,174,000	608,995	0.82	52,985,037	365,831	0.69
Guaranteed loans	67,739,856	780,142	1.15	48,487,634	827,745	1.71
Pledged loans	314,890,380	3,848,424	1.22	277,361,670	3,017,678	1.09
Secured loans	73,868,399	7,416	0.01	88,033,764	6,998	0.01
Total loans and advances to customers	530,672,635	5,244,978	0.99	466,868,105	4,218,252	0.90

#### 3. Loan migration ratios

Item	December 31, 2020	December 31, 2019	2018年12月31日
Migration ratio of normal loans (%)	1.05	0.82	0.71
Migration ratio of special mention loans (%)	32.52	21.91	63.49
Migration ratio of substandard loans (%)	26.08	28.93	30.49
Migration ratio of doubtful loans (%)	16.14	11.78	30.12

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

#### 4. Loans to the top five industries and top ten single borrowers

At the end of the reporting period, the Group's top five industries in terms of loans were as follows:

Unit: RMB 1000

Industry	Loan balance	Percentage of total loans and advances to customers (%)
Real estate	105,096,582	19.80
Leasing and commercial services	68,630,201	12.93
Manufacturing	55,183,334	10.40
Wholesale and retail	23,897,892	4.50
Transportation, warehousing and postal services	12,607,332	2.38

At the end of the reporting period, the Group's total loans to the top ten single borrowers and their percentages of total loans (%) were as follows:

Unit: RMB 1000

Borrower	Amount	Percentage of total loans and advances( % )
Borrower A	2,552,000	0.48
Borrower B	2,461,500	0.46
Borrower C	2,100,000	0.40
Borrower D	2,091,284	0.39
Borrower E	1,637,000	0.31
Borrower F	1,577,500	0.30
Borrower G	1,554,286	0.29
Borrower H	1,500,000	0.28
Borrower I	1,500,000	0.28
Borrower J	1,494,000	0.28
<b>Total</b>	<b>18,467,570</b>	<b>3.48</b>

## 5. Status of overdue loans and restructured loans

Unit: RMB 1000

Item	December 31, 2020		December 31, 2019	
	Amount	Percentage of total loans and advances (%)	Amount	Percentage of total loans and advances (%)
1 day to 90 days overdue (inclusive)	2,878,775	0.54	1,641,720	0.35
90 days to 1 year overdue (inclusive)	1,511,935	0.28	844,983	0.18
Over 1 year overdue	2,721,267	0.51	2,862,738	0.61
<b>Total</b>	<b>7,111,977</b>	<b>1.34</b>	<b>5,349,441</b>	<b>1.15</b>

Unit: RMB 1000

Item	December 31, 2020		+/- YoY ( % )
	Balance	Percentage of total loans and advances ( % )	
Restructured loans	247	0.00	-99.76
Overdue loans	7,111,977	1.34	32.95

## 6. Changes in loan loss reserves

Unit: RMB 1000

Item	Loan and advance measured at amortized cost				Loan and advance measured at fair value through other comprehensive income			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	12,071,260	2,286,350	3,475,678	17,833,288	360,639	-	-	360,639
Accrual of the current period/ (transfer back)	2,018,700	904,797	1,951,754	4,875,251	60,785	-	-	60,785
Recovery after write-off	-	-	480,939	480,939	-	-	-	-
Write-offs of the current period	-	-	-1,625,310	-1,625,310	-	-	-	-
Closing balance	14,230,678	2,921,063	4,412,427	21,564,168	421,424	-	-	421,424

## 7. Debt assets and accrual of impairment provision

Unit: RMB 1000

Category	December 31, 2020		December 31, 2019	
	Amount	Accrual of impairment provision	Amount	Accrual of impairment provision
Houses and buildings	43,206	-6,321	53,357	-6,632
<b>Total</b>	<b>43,206</b>	<b>-6,321</b>	<b>53,357</b>	<b>-6,632</b>

## IV. Analysis of capital adequacy ratio

The Group continued to improve its capital management mechanism and promote refined capital management by focusing on enhancing capital utilization efficiency and capital returns. It adhered to organic capital accumulation, supplemented by external sources, and made reasonable use of external capital replenishment tools to maintain adequate and reasonable capital levels. During the reporting period, the Group decided to issue capital bonds of a size not exceeding RMB 10 billion and redeemed the RMB 10 billion of existing Tier-II capital bonds. For details, please refer to "Chapter IV Major Events - Other Major Events".

As at the end of the reporting period, the Group's capital adequacy ratio was 14.40%, Tier-I capital adequacy ratio was 11.70% and core Tier-I capital adequacy ratio was 11.67%, which were consistently above the capital requirements set by the CBIRC with a relatively adequate capital buffer.

### (I) Capital adequacy ratio

Unit: RMB 1000

Item	December 31, 2020		December 31, 2019	
	The Group	The Bank	The Group	The Bank
Core Tier-I capital	78,825,251	76,290,937	72,558,229	70,480,729
Including: Eligible portion of paid-in capital	8,680,000	8,680,000	8,680,000	8,680,000
Eligible portion of capital reserve	9,210,500	9,210,500	9,210,500	9,210,500
Surplus reserve	20,612,301	20,612,301	17,460,427	17,460,427
General reserve	9,772,127	9,772,127	9,215,955	9,215,955
Undistributed profits	28,218,432	27,226,624	25,358,906	24,566,673
Eligible portion of minority interests	1,542,507	-	1,285,267	-
Other	789,384	789,384	1,347,174	1,347,174
Other Tier-I capital	205,542	-	171,369	-
Including: Other Tier-I capital instruments and premium	-	-	-	-
Eligible portion of minority interests	205,542	-	171,369	-
Tier-II capital	18,169,934	17,290,131	16,909,272	16,181,783
Including: Tier-II capital instruments and related premium	10,000,000	10,000,000	10,000,000	10,000,000
Excess loan loss provisions	7,755,312	7,290,131	6,566,976	6,181,783
Eligible portion of minority interests	414,623	-	342,297	-
Total capital	97,200,727	93,581,068	89,638,870	86,662,512
Deductions				
Core Tier-I capital deduction	421,288	2,904,663	392,790	2,877,201
Net core Tier-I capital	78,403,963	73,386,273	72,165,439	67,603,528
Other Tier-I capital deduction	-	-	-	-
Net Tier-I capital	78,609,505	73,386,273	72,336,808	67,603,528
Tier-II capital regulatory deduction	-	-	-	-
Net capital	96,779,439	90,676,404	89,246,080	83,785,311
Risk-weighted assets	671,905,275	632,112,983	573,332,726	540,476,377
Including: Credit risk-weighted assets	628,180,246	590,500,618	531,925,020	500,724,402
Market risk-weighted assets	4,540,731	4,540,731	5,306,614	5,306,614
Operational risk-weighted assets	39,184,298	37,071,634	36,101,092	34,445,360
Core Tier-I capital adequacy ratio (%)	11.67	11.61	12.59	12.51
Tier-I capital adequacy ratio (%)	11.70	11.61	12.62	12.51
Capital adequacy ratio (%)	14.40	14.34	15.57	15.50

Note: 1. The above is the data and information related to the capital adequacy ratio measured by the parent Company and the Group in accordance with the Measures for Capital Management of Commercial Banks (Trial) issued by the CBIRC. Net core Tier-I capital = core Tier-I capital - core Tier-I capital deduction; net Tier-I capital = net core Tier-I capital + other Tier-I capital - other Tier-I capital deduction; net total capital = net Tier-I capital + Tier-II capital - Tier-II capital deduction.

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

**( II ) Leverage ratio**

Unit: RMB 1000

Item	December 31, 2020		December 31, 2019	
	The Group	The Company	The Group	The Company
Net tier-I capital	78,609,505	73,386,273	72,336,808	67,603,528
Adjusted on-and-off-balance sheet asset balance	1,121,897,194	1,069,428,424	980,866,070	936,630,231
Leverage ratio ( % )	7.01	6.86	7.37	7.22

**( III ) Information on various risk exposures****1. Credit risk exposure****( 1 ) Total credit risk exposure**

The Bank uses the method of weighting 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	Amount
On-balance sheet credit risk exposure	1,061,320,496
Cash mitigation	3,864,992
Non-cash mitigation	46,718,322
Non-mitigated risk exposure	1,009,767,072
Off-balance sheet converted credit risk exposure	39,161,667

**( 2 ) Distribution of counterparties with credit risk exposure**

Details of the Group's on- and off-balance sheet credit risk exposures by counterparty at the end of the reporting period on a consolidated basis are set out in the following table:

Unit: RMB 1000

Counterparty distribution	December 31, 2020	
	Risk exposure	Unmitigated risk exposure
Subtotal on-balance sheet credit risk exposure	1,061,320,496	1,009,767,072
Central Government and Central Bank	39,292,872	39,292,872
Public sector entities	64,269,050	64,269,050
Financial institutions	332,109,851	290,571,944
Creditor's rights on financial institutions registered in other countries/regions	8,545,845	8,265,596
Enterprises and public institutions	334,746,776	325,986,381
Individual	158,874,011	158,869,248
Other	123,482,091	122,511,981

**2. Market risk exposure**

The Bank 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 363 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	Foreign exchange risk	Option risk	Commodity risk	Stock risk		
2020-end	221,277	42,424	14,879	-	-	84,678	363,258



### 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 3.135 billion.

### 4. Other risk exposure

#### (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 2.96 billion.

#### (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, 2020		
	Public trading risk exposure	Non-public trading risk exposure	Unrealized potential risk gains or losses
Banking financial institutions	-	380,717	-
Non-Banking financial institutions	-	11,500	-
Non-financial institutions	-	-	-
<b>Total</b>	-	<b>392,217</b>	-

Note: Publicly 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; unrealized potential risk gains or losses are gains or losses recognized in the balance sheet but not yet recognized in the income statement.

## V. Operating information of branches

During the reporting period, the operating income of the Company's banking business was RMB 12.16 billion, accounting for 55.17% of the Group's operating income, with a profit before tax of RMB 5.38 billion, accounting for 54.34%. The operating income of personal banking business was RMB 6.112 billion, accounting for 27.73%, with a profit before tax of RMB 1.9 billion, accounting for 19.19%. The operating income of financial market business was RMB 2.245 billion, accounting for 10.18%, with a profit before tax of RMB 1.729 billion, accounting for 17.46%. The operating income of other business segments was RMB 1.523 billion, accounting for 6.91%, with a profit before tax of RMB 892 million, accounting for 9.01%.

## VI. Changes in external environment and responses

### (1) External environment, industry landscape and trends

2021 is the opening year of the national "14th Five-Year Plan", which will open a new journey of building a modern socialist country in an all-round way and the second Centenary Goal. The international situation is still complex and severe, and the COVID-19 pandemic has far-reaching effects. The domestic pandemic prevention and control has achieved significant strategic results, the economy is improving in the long term, the development is resilient, and the general situation of society is stable. With the implementation of the "14th Five-Year Plan" and the promotion of the new development pattern, China's economy will continue to maintain a stable development trend, bringing new opportunities for the development of the banking sector. Meanwhile, the financial supply-side reform continues to deepen, and new technology trends and business models and ecologies continue to emerge. The banking industry should implement the national strategy, gain insight into market changes, respond to customer needs, and steadfastly serve the real economy, prevent financial risks, and promote technological empowerment to facilitate the new development pattern.

From the perspective of regional economic development, Shanghai will focus on building a central node of the domestic circulation and a strategic link to the domestic dual circulation, and proactively serve and integrate into the new development pattern. It will promote the formation of an integrated development pattern of the Yangtze River Delta and further consolidate its position as a hub for opening up internally and externally. Take promoting the high-level reform and opening up of Pudong and three new major tasks as strategic traction, it will focus on strengthening the "four major functions", deepening the "five centers" construction, promoting the digital transformation of the city, and enhancing the city's capacity and core competitiveness as the main direction, take advantage of the "five types of economy" and accelerate the construction of the "five new urban districts". Shanghai's social and economic development will be the greatest opportunity and a unique resource for the Company's high-quality development.

## ( II ) 2021 business plan

In 2021, the Company will adhere to its strategies, deepen the concept of customer centrality, focus on the "six projects" of improving the quality of customer development, enhancing services, boosting channel capability, increasing management efficiency, speeding up technology and lifting soft power, accelerate structural adjustment, promote innovation and transformation, benchmark with high-quality listed banks, improve the level of refined management and strive to achieve high-quality development. First, based on the overall situation of national strategies such as rural revitalization, and Yangtze River Delta integration, we actively serve the development of the real economy. Second, break through the bottleneck of retail development and promote innovation and reform in depth. Third, strengthen the concept of professional operation to ensure the quality and expansion of the Company's financial business. Fourth, vigorously promote emerging businesses and facilitate business innovation and transformation. Fifth, deepen the concept of risk management and strengthen the bottom line of compliance and internal control. Sixth, vigorously promote digital transformation and actively play the leading role in technology. Seventh, optimize operation management, and enhance operation effectiveness and maintenance management. Eighth, continue to improve management systems and refine management mechanisms. Ninth, deepen strategic human resources management and accelerate market transformation. Tenth, accelerate the implementation of corporate culture and gather the internal synergy across the Bank.

Overall speaking, it is expected that the Group's asset and liability scale will grow steadily in 2021, the operating structure will continue to be optimized, profitability levels will remain stable and asset quality will be maintained at a relatively good level.

## ( III ) Possible risks

With the complex and severe global political and economic situation, China's economic and financial system is facing obviously increasing external pressure. The task of domestic reform, development and stability is daunting, and there are still disturbing issues in economic recovery. The difficulties and risks faced by the financial sector are increasing.

Commercial banks need to focus more on balancing high-quality development, risk prevention and deepening reform. In terms of strict implementation of the concentration management system for real estate loans, disposal of existing financial management assets and internet loan management, commercial banks need to take practical and effective measures to enhance sound risk management capabilities and promote innovative transformation of business structures.

Part of the following section and data under "VII Business overview" is analyzed from the Company's perspective.

## VII. Business overview

### ( I ) Corporate finance

During the reporting period, the Company's corporate finance business closely followed the national strategic deployment and the direction of regional economic development, focused on key regions such as the Yangtze River Delta region and the Lingang New Area, adhered to its service positioning, consolidated its customer base, innovated business models, enhanced technological empowerment and improved customer experience, thus achieving steady development of all businesses.

At the end of the reporting period, the Company had a total of 321,000 corporate customers, representing an increase of 4.7% over the end of the previous year; the balance of corporate deposits (including margin deposits and other corporate deposits) was RMB 378.094 billion, representing an increase of 10.95% over the end of the previous year. The balance of corporate loans (including bill discounting) amounted to RMB 365.377 billion, representing an increase of 10.16% as compared with the end of the previous year.

## 1 Inclusive finance

The Company implemented its strategic mission of inclusive finance, adhered to its market positioning of serving agricultural customers, small and micro enterprises, science and innovation enterprises, and community residents, strengthened product, service and model innovation, continued to build an inclusive finance business system supported by three distinctive businesses, namely, agricultural finance, small and micro enterprises finance and technology-oriented finance, and achieved rapid growth in the number of agricultural-related loans, loans to small and micro enterprises and loans to technology enterprises.

In terms of financial services for the "agricultural customers", the Company deepened its service features and extended the scope of traditional businesses following the fundamental principle of "agriculture". The Company focused on the innovation of financial products to support agriculture, the establishment of a mechanism to guarantee the supply of agricultural products, the digital transformation of the agricultural-related business, the promotion of relatively concentrated housing projects for farmers, and the financial assistance for poverty alleviation. The Company continued to support the high-quality development of agricultural economy and serve the national strategy of rural revitalization. During the reporting period, the Company granted the hog mortgage loan, the first loan for the "spot land supply" project for happy farms in Shanghai, and the first "brand loan" for high-quality local agricultural products in Shanghai. At the end of the reporting period, the balance of the Company's agriculture-related loans by regulatory definition was RMB 60.932 billion, a net increase of RMB 9.936 billion over the end of the previous year, ranking first in Shanghai's peers for many years in a row; the Company issued RMB 600 million of policy-based agricultural guaranteed loans, ranking first in Shanghai.

In terms of small and micro enterprise finance, the Company continued to increase the investment in small and micro enterprise credit, helped enterprises to fight against the pandemic and ensure supply, resume work and production, and did its utmost to relieve the difficulties of small and micro enterprises, established green channels for financial services, and ranked among the top in Shanghai in terms of the number of small and micro enterprises benefited. We actively explored multiparty cooperation models, expanded the scope of financial services, significantly increased the proportion of credit loans to small and micro enterprises, and effectively achieved "extension as much as possible"<sup>12</sup>, added over 1000 first-time inclusive and small and micro enterprise

<sup>12</sup> Extension as much as possible, namely according to the Notice of the People's Bank of China on Further Implementation of Phased Deferred SME Loan Repayment (PBOC [2020] No. 122), as long as an enterprise submits an application for deferred repayment, maintains effective guarantee arrangements or provides alternative arrangements according to commercial principles, and undertakes to maintain the basic stability of employment, banking financial institutions should process the application, and make reasonable repayment arrangements to avoid concentrated maturity. For other loans to small and medium-sized enterprises and large international industrial chain enterprises (foreign trade enterprises) and other enterprises with special difficulties, the enterprises and banking financial institutions can negotiate independently to defer repayments.

loan accounts. We actively explored inclusive finance to empower social governance and facilitate a better life for the people, and made every effort to serve livelihood projects such as the installation of lifts in old residential buildings and the Shanghai Mobile Breakfast Cart. We also launched a number of innovative inclusive online financing products such as Yinshuikuaidai (tax-based express loan) and Business e-Loan to create a contactless service experience. At the end of the reporting period, the balance of the Company's loans to small and micro enterprises under the "Two Increases and Two Controls" scheme was RMB 40.853 billion, an increase of RMB 12.696 billion, or 45.09%, compared with the end of the previous year; the number of loan accounts was 19,584, a year-on-year increase of 9,333 accounts. The weighted average interest rate for loans granted during the year was 4.81%, a decrease of 27 bps from the end of the previous year.

In terms of science and technology finance, with the objective of "more advanced science and technology innovation, more comprehensive science and technology services", the Company was committed to serving the construction of Shanghai's science and technology innovation center, launched credit loan products for high-tech enterprises and became the first bank in Shanghai to commercialize the "High-tech Enterprise Loan" service, increasing the targeted credit loan support to high-tech enterprise; issued Shanghai's first "Chuangyi Loan" to support innovation and entrepreneurship; launched the "Clinical Loan" business and financial services programme to increase support for biopharmaceutical industries, anti-pandemic and pandemic-affected industries. Focusing on the whole life cycle of science and innovation enterprises, the Company promoted the development of the "Xindongneng" customer cultivation database, focused on cultivating 124 science and technology innovation enterprises in Shanghai, facilitated 7 science and innovation enterprises to land on the capital market, and won the Shanghai Banking Industry Science and Technology Financial Services Award for four consecutive years, Shanghai Science and Technology Finance Cooperative Bank (including Advanced Award and Excellent Award), also the "Shanghai Intellectual Property Pledge Financing Outstanding Contribution Award" in 2020. At the end of the reporting period, the balance of the Company's loans to technology enterprises was RMB 35.377 billion, an increase of RMB 9.761 billion or 38.10% over the end of the previous year.

## 2 Trade finance

The Company actively participated in the integration of the Yangtze River Delta and the construction of the Shanghai Pilot Free Trade Zone and the Lingang New Area, providing customers with trade financial services covering domestic and foreign currencies, integrated settlement and financing home and abroad. Firstly, we created a special model of financial services in the Lingang New Area. We empowered the Lingang New Area Sub-branch to serve more of the pilot policies in the Lingang area. We provided enterprises in the Lingang New Area with five customized service solutions on

"trade settlement, financing, interest and exchange rate risk management, personalized financing services and financial service innovation". Secondly, we actively led the Yangtze River Delta Rural Financial Institutions Trade Finance Specialized Committee and set up a channel for small and medium-sized financial institutions to "borrow boats to go to sea". Thirdly, took advantage of being a "comprehensive financial service provider for the China International Import Expo", provided financial services to exhibitors and enterprises, and actively maintained and developed FI channels. We opened up fast credit approval channels to strengthen inclusive financial services for foreign trade enterprises during the pandemic. At the end of the reporting period, the Company's trade finance business settlement amount reached USD 21.925 billion, up by 41.44% year-on-year from the previous year.

### 3 Investment banking

The Company insisted on serving the real economy, focused on industry leaders, listed companies and other high-quality clients, continued to promote bond underwriting, focused on industrial mergers and acquisitions, carried out in-depth debt-equity combined financing, actively assisted clients in resource or industry chain integration through merger and acquisition financing, and provided clients with comprehensive financial services such as investment, financing and consultancy.

In terms of bond underwriting, during the reporting period, the Company issued 37 bonds for 21 issuers, with a principal underwriting amount of RMB 25.12 billion, representing a year-on-year increase of 75% in the number of issuers, 85% in the number of bonds issued and 103.81% in the underwriting amount. The Bank's underwriting amount under NAFMII<sup>13</sup> bond classification ranked 13th among Shanghai's principal underwriters, up by 5 places from the end of 2019. The Bank won the "Rapid Progress Award for Bond Underwriting", "Best NAFMII Bond Underwriter Excellence in Rural Commercial Banks" and "Best Credit Bond Underwriter in Rural Commercial Banks" in the "Wind Best Investment Bank 2020" evaluation. In terms of M&A business, the amount of M&A financing incurred was RMB 8.738 billion.

## ( II ) Retail finance

During the reporting period, the Company made every effort to promote the second transformation and development of its retail business. The Company improved the operation of customer stratification and classification, deepened scenario-based cooperation with institutions, and consolidated the basic retail customer base; enhanced professional financial services capabilities, improved the product system and product development and design, enriched the scope of agency sales business, and increased the scale of customer assets under management; grasped market opportunities in the consumer and payment sectors, and enhanced the profit contribution of

consumer finance and credit card businesses, achieving steady growth in retail revenue and deposit and loan scale.

At the end of the reporting period, the operating income of the retail finance business (including financial management) was RMB 6.491 billion, an increase of RMB 406 million or 6.68% year-on-year. The balance of personal deposits (including personal principle-guaranteed financial management) was RMB 345.633 billion, an increase of RMB 32.154 billion or 10.26% over the end of last year. Retail loans reached RMB 149.491 billion, an increase of RMB 27.754 billion or 22.80% over the end of last year.

### 1 Retail clients and clients' total AUM

By the end of the reporting period, the Company had 16.19 million personal customers (excluding credit card customers), an increase of 2.2 million or 15.73% over the end of last year. Among them, there were 71,705 customers with financial assets (AUM) above RMB 1 million, an increase of 14,317 accounts or 24.66% over the end of last year. RMB 528.183 billion of financial assets of personal customers (AUM) were under the Company's management, an increase of RMB 68.888 billion or 15% over the end of last year. The Company had issued a total of 19,446,800 debit cards, including 5,189,800 Shanghai Trade Union Membership Service Cards, 1,023,500 Seniority Cards and 2,132,100 new Social Security Cards.

### 2 Retail loans

During the reporting period, the Company continued to expand and integrate diverse online and offline marketing channels, improve customer service efficiency and expand the scope of customer service, resulting in a steady growth in the overall scale of its retail loan business and a balanced business structure. For housing loan business, the Company strictly implemented the real estate regulation and control policy, supported residents' reasonable demand for home purchases, and steadily carried out personal housing loan businesses; for consumer loan business, the Company reasonably met customers' needs for consumer credit related to people's livelihood, such as shopping, entertainment and education, and actively promoted the "Xin e Loan", an online consumer loan product. For the loan business of individual entrepreneurs and small and micro enterprise owners, the Company launched and continuously enriched its online business loan product system, focusing on the industrial chain of small and micro enterprises and providing them with intelligent and convenient credit services through scenario-based operations.

The Company attached great importance to empower retail loan business with digitalization based on marketing, operation and management refinement, used data as a lever to build and continuously improve its marketing data management system, combining data management and artificial intelligence to achieve accurate marketing and provide highly-matched credit services to customers. With

<sup>13</sup> NAFMII refers to the National Association of Financial Market Institutional Investors.

a comprehensive risk management strategy, we continued to improve our quantitative risk control capability for retail loans, and formed a model management system for the whole process before, during and after lending so as to monitor and control business risks in all aspects driven by big data and quantitative models.

As of the end of the reporting period, the Company's total retail loan balance (excluding credit cards) amounted to RMB 137.769 billion, an increase of RMB 25.369 billion or 22.57% over the end of the prior year. The balance of housing mortgage loan was RMB 103.007 billion, including the personal housing mortgage loan balance of RMB 93.356 billion, an increase of 12.21% over the end of the prior year. The balance of non-housing mortgage loan was RMB 34.762 billion. Entrusted by Shanghai Housing Provident Fund Management Center, the Company disbursed RMB 17.568 billion of pure provident fund loan to Shanghai residents during the reporting period.

### 3 Wealth management

During the reporting period, the Company improved the quality of its professional team, accelerated technological empowerment, broadened cooperation channels and optimized its product system to provide professional, diversified and personalized wealth and private banking services to customers. Firstly, based on the original aspiration of wealth management to "create value for clients", the Company continuously improved its professional wealth product management and risk control mechanism, built a segmented product system with different income and risk characteristics and suitable customer segments, and better matched the wealth management needs of clients, leading to rapid growth of wealth clients and effective increase of AUM; secondly, based on the wealth management concept of "major asset allocation", we continued to promote the diversified and balanced allocation of clients' financial assets among wealth management, funds, insurance, asset management and trusts from the perspective of clients' needs and preferences, thus achieving an increase in the quantity and quality of non-savings AUM; thirdly, based on the wealth management service principle of "accompanying clients with our heart", we improved the customer experience of wealth management services, provided exclusive wealth product customization services, and launched a series of wealth salons and value-added activities, such as the "Famous Doctor's Lecture", "Xinxiang Life" and "Into the Beautiful Countryside", to enhance the brand image while effectively "revitalizing" and "delighting" customers.

At the end of the reporting period, the Company's personal savings deposits in domestic and foreign currency was RMB 340.446 billion, an increase of 14% compared with the end of the previous year; non-savings AUM increased by 25% compared with the end of the previous year, and fee income from agency wealth business increased by 44% compared with the previous year; among which, agency sales of non-

monetary non-ultra-short bond funds increased by 482% year-on-year; agency sales of trust and securities asset management increased by 27% year-on-year; income from agency fund business increased by 316% year-on-year. The precious metals business developed well, taking the advantages of network lobby plus exhibition format to achieve synergy across online and offline channels; the private banking business continued to accelerate product introduction with high-quality projects and achieved 226% year-on-year growth in agency trust asset management revenue while strengthening qualified investor education.

### 4 Credit card

During the reporting period, the Company actively developed the digital business model, innovated and developed the "Xinsu Card" featured by real-time services, comprehensively upgraded the product functions of the "Rural Revitalization Themed Credit Card", launched the Rural Revitalization Themed Credit Card - Yangtze River Delta Featured Card, providing exclusive functions such as interest-bearing deposits, overdraft privileges and fee waivers for agricultural-related entities, and launched the "SRCB Credit Card" APP to provide a platform for customer acquisition and activation. Enriched product system and launched new installment products "Xinzhijin" and the "Premium Platinum Xin Card (XinCard installment)" to tap the potential of income generation and meet the demand for installment under multiple scenarios. Built a three-dimensional marketing matrix, deepened lobby marketing and developed own channels such as direct sales and telemarketing to enhance customer management capabilities and service efficiency.

By the end of the reporting period, the Company had issued a total of 1.68 million credit cards, up by 30% YoY. During the reporting period, the Company issued 390,000 new credit cards, an increase of 81% YoY. The balance of credit card loans was RMB 11.741 billion, an increase of 26% YoY. The NPL% of credit card was 1.73% with the overall risk stable and controllable.

## ( III ) Financial market and financial institutional business

During the reporting period, the Company participated extensively in various financial factor markets, deepened cooperation with financial institutions in multiple fields, based on the construction of a "trading center" and an "agency center", continued to promote innovation in business varieties and trading models, focused on trading transformation and customer service upgrading, building up financial market business. The Company also vigorously developed its asset management business, enhanced its investment capabilities and marketing services, meeting the investment and financing needs of its customers in all aspects.

## 1 Investment trading

We strengthened and enhanced our intrinsic investment and trading capabilities, actively responded to market changes and achieved optimization and upgrading of trading strategies. Firstly, adjusted quickly and flexibly in line with policy and market trends, and built multi-level and multi-scenario allocation solutions in terms of size, duration and interest rates; secondly, deepened sector rotation strategy, actively searched for market opportunities in bond, precious metals, notes, interbank and derivatives market rotation, and realized multi-market and cross-species portfolio switch; thirdly, tightly grasped the dual cores of technology and clients, and enhanced the ability to capture trading opportunities through quantitative trading systems and to broaden clients' investment channels with products such as over-the-counter bonds and Jicunjin etc.

During the reporting period, the Company's financial market business was among the most active in the market and its market share continued to increase. The annual trading volume of money market and bond market exceeded RMB 2.8 trillion, representing a year-on-year increase of 6.91%; the underwriting volume of government bonds and policy financial bonds was about RMB 180 billion, representing a year-on-year increase of 62.7%; the trading volume of interest rate swaps and interest rate options was about RMB 190 billion, representing a year-on-year increase of 81.94%; and the balance of foreign currency bond investment was equivalent to RMB 1,887 million, representing an increase of approximately 25% as compared with the end of 2019.

The Company actively explored new investments such as credit index fund and net-worth monetary fund, and participated in the first batch of interest rate option transactions, FDR001 interest rate swap contract transactions, forward transactions on the underlying bonds of agricultural development bonds and X-Bargain transactions, striving to be a "bellwether" among rural financial institutions in the financial market. The Company was awarded "Core Dealer" in the interbank local currency market, "Outstanding Dealer in the Currency Market", "X-Repo Trading Mechanism Innovation Award" and "X-Lending Trading Mechanism Innovation Award", and was shortlisted as an X-Repo pre-market quotation institution, "Star of Real-time Undertaking for Interest Rate Swaps" by the Foreign Exchange Trading System, "Outstanding Contribution Award to Collateral Business" and "Excellent Underwriter of Counter Business" by the China Central Depository & Clearing Co., Ltd. (CCDC), and "Outstanding Underwriter" for financial bonds of China Development Bank etc., with wide recognition from the industry.

## 2 Agency business

During the reporting period, the Company gradually built its financial market counterparty product system and optimized customer experience. On the one hand, the Company relied on its professional trading base, improved its product framework, and continuously strengthened its "product hardcore power"

by creating LPR-linked RMB interest rate swap agency products to provide corporate clients with interest rate hedging tools and expanded its over-the-counter liquid bond service channel to the corporate internet banking end, achieving full coverage of online channels and over-the-counter interest rate debt products. On the other hand, relied on transaction transformation, empowered agency services, and continuously enhanced our "soft power of service" to promote the smooth operation of Jicunjin and other existing businesses. During the reporting period, the number of RMB agency business customers increased by 20% year-on-year.

In terms of foreign exchange agency business, the Company monitored fluctuations in the RMB foreign exchange market in real time and provided various trading products such as foreign exchange forwards, swaps, currency swaps and foreign exchange options to assist clients in effectively managing market risks and controlling financial costs. During the reporting period, the trading volume of agency foreign exchange derivative products was USD 283 million, representing an increase of approximately 29% over 2019.

## 3 Financial institutional (FI) cooperation

With regard to the expansion of FI cooperation, the Company continued to strengthen the stratification of FI clients, consolidate basic clients, cultivate and expand active clients and explore value clients. By integrating transaction and marketing resources, establishing a sound integrated marketing system, further exploring and deepening the path of "FI+" scenario construction, gradually creating a variety of scenario cooperation solutions, promoting the integration of industry and finance customers, and cooperating with leading institutions in the industry, the Company has continuously improved the comprehensive experience of FI cooperation.

With regard to FI cooperation in the Yangtze River Delta, the Company issued the SRCB Three-Year Action Plan to Support the Integrated Development of the Yangtze River Delta Region (2020-2022) to strengthen interbank exchanges in the region and further broaden the scope of cooperation. At the end of the reporting period, the Company had cooperation with 93% of urban rural commercial banks that had an asset scale over RMB 100 billion in the Yangtze River Delta region; and granted nearly RMB 40 billion of credit line to rural financial institutions in the Yangtze River Delta region, an increase of about 9.40% over the end of the prior year.

In respect of FI agency business, the Company actively conducted FI visits and maintained and expanded its global network of correspondent banks. At the end of the reporting period, there were 586 correspondent banking institutions, including 204 domestic institutions and 382 overseas institutions, continuing to maintain its leading position in the domestic rural financial system. During the reporting period, the Company landed its first agency interbank export business and agency letter of credit notification business, further enriching its interbank cooperation products.

#### 4 Asset management

The asset management business has always been based on the prudent and steady principle, with the aim of serving the real economy. The Company has built a diversified asset allocation portfolio, improved asset investment management capabilities, explored the practice of collaborative marketing and HQ-branch interaction, etc., focused on the development of regional special economy, increased investment and financing support for key regional entities, and created value for customers through comprehensive financial services solutions.

During the reporting period, in compliance with the new capital management regulations and relevant regulatory policies, the Company continued to promote the transformation of its financial management products into net value products, enriched and improved its wealth management product lines and built a multi-level financial management product system. Firstly, improved the net-value wealth management product system and promote the transformation and development of our asset management business. By controlling the issuance scale of products with expected income and increasing the issuance and promotion of net-value products, the proportion of net-value products has been continuously increased to build the "Shanghai rural commercial asset management" brand. Secondly, focused on our core strategy of "customer centricity", continuously improved our ability to allocate major assets, enriched and improved our wealth management product system, optimized our product structure and expanded our product types from cash management and fixed income products to hybrid products in order to meet the diversified wealth allocation needs of our customers. Thirdly, adjusted investment operations, accelerated the rectification of existing assets, adhered to the concept of major asset portfolio investment, allocated assets flexibly and continuously improved its asset investment management capabilities. Fourthly, built a professional investment and research team, established a sound investment and research system covering macro, strategy, industry and enterprise, strengthened market analysis and research capabilities, and promoted the integration of investment and research to lay the foundation for the development of major asset class allocation.

During the reporting period, the Company was awarded the "Outstanding Wealth Management Registration Bank in Banking Sector 2020" by the Banking Industry Wealth Management Registration and Custody Centre, the "Golden Bull Award for Wealth Management Banks" by China Securities Journal and the "Outstanding Wealth Management Award among Rural Commercial Banks of the Year" by Shanghai Securities News. The popularity and recognition of the "Xinyi Wealth Management" brand continued to increase.

At the end of the reporting period, the total scale of wealth management products was RMB 141.498 billion, an increase of RMB 11.255 billion or 8.64% over the beginning of the year.

The customer structure continued to be optimized and the scale of personal wealth management business continued to reach a record high, with an increase of RMB 14.367 billion or 12.89% over the beginning of the year. The proportion of net-value products continued to increase, with the total scale of net-value products reaching RMB 123.29 billion, accounting for over 90% of the scale of non-principal-guaranteed wealth management, with an increase of RMB 70.332 billion or 132.81% over the beginning of the year.

## (VI) Fintech

During the reporting period, the Company launched the first phase of the "FOCUS"<sup>14</sup> digital transformation project to build a bank-wide "intelligent brain". "The "FOCUS" project is based on data, intelligence, shared capabilities, cloud computing, mobile development and open banking. It uses the rapid iterations and innovative applications of information technology such as "big data", "cloud computing" and "artificial intelligence", expands application scenarios to help improve the ability of customer acquisition by batch, user management, channel integration, intelligent risk control and other areas. Through the construction of the three centers of data, business and intelligence capabilities, we built a financial technology system that is "agile in the front office, strong in the middle office and stable in the back office", strived to achieve open technology, open business and open ecology, promoted the digitization of customer service, business operations and business decisions, and created the image of "intelligent finance, digital banking, and quality service".

### 1 Investment in technology

The Company continued to increase its investment in information technology, strengthened the construction of its technology team and improved the structure of its technology personnel. During the reporting period, the Company invested RMB 722 million in technology, representing an increase of 6.18% over the previous year. At the end of the reporting period, the Company had 374 full-time Fintech personnel, accounting for 5.21% of the total number of employees, representing an increase of 43.85% over the end of the previous year. More than 50% of our Fintech personnel have a master's degree or above, and more than 100 of them have international high-end certifications such as CCIE<sup>15</sup>, PMP<sup>16</sup> and CISP<sup>17</sup> etc. The Company actively conducted Fintech training, with over 800 participants.

### 2 Application system development

The Company promoted major system projects in an orderly manner. The Company completed the consulting project for the construction of a new-generation credit management information system, carried out data quality cleaning and

<sup>14</sup> Fusion, Open, Cooperation, User, Smart.

<sup>15</sup> Cisco Certified Internetwork Expert

<sup>16</sup> Project Management Professional

<sup>17</sup> Certified Information Security Professional

verification, formulated a data migration plan and launched the development of the system cluster. The data control platform, intelligent financial system, operation platform system and operation management platform system were launched and put into operation. Completed the switchover of the second generation credit enquiry system and the construction of the second generation credit reporting system. Focused on the secondary transformation of retail, iterated and optimized scenarios, and continued to enrich the functions of mobile financial services; focused on the intelligent and lightweight development of branches, built intelligent operations and intelligent lobby platforms, and launched intelligent low counters to create a new model of financial services that puts customer experience first; focused on special businesses, launched high-quality products such as structured deposits, precious metal quantification, Yinshuikuaidai (tax-based express loan) and Xinnongle Loan to enhance the scale and market competitiveness of businesses related to agriculture, small and micro enterprises and technology enterprises. At the end of the reporting period, the Company owned 3 national patents in Fintech and 4 software copyrights.

The Company responded positively to business development requests and continued to accelerate application innovation and process optimization to further enhance the support of Fintech to business. Taking the Retail Finance and the Internet Finance as pilots, we explored the agile R&D model to improve R&D efficiency and provide quality products and convenient support for market expansion and customer services.

### **3 Data governance**

The Company promoted the construction of a data governance system, improved the data governance structure, built a "four-tier" data governance system, improved data and governance processes, and formulated data standards. Clarified the rights and responsibilities of data assets and information items, built customer master data, established a data control platform and mined deeper into the value of data. Built a basic data standard system covering the entire business area and to continuously improve data quality across the bank.

### **4 Fintech innovation**

The Company deepened cooperation between industry, academia and research, established joint innovation laboratories with Fintech companies and universities, jointly promoted the innovative application of artificial intelligence, big data and other advanced technologies in the financial sector, and implemented research results of intelligent network applications based on edge computing in network development. Built an intelligent recognition center to realize voiceprint recognition and face recognition applications to enhance customer experience. Introduced RPA<sup>18</sup> intelligent robots to realize intelligent processing of 18 business scenarios such as corporate account-opening applications and public opinion monitoring etc. Compared with the efficiency of manual processing, the efficiency of corporate account-opening increased by 4 times and the efficiency of processing credit card statements increased by 10 times.

### **5 Security operation and maintenance and information protection**

The Company completed the construction of the "two locations and three centers" disaster recovery architecture with three data centers in Shanghai, Shanghai Zhangjiang, Shanghai Taopu and Shenzhen, and established a production and operation management system and team correspondingly, basically forming a production and operation system with the first-class level among regional banks in China. During the reporting period, the operation of the Company's information systems was stable and reliable, and the availability rate of the core financial system during business hours was maintained at 100%. The Company built a network security active defense platform and ranked among the top regional banks in China in terms of average score in protection assessment of important information systems. We actively carried out special inspection on the compliance of the personal information collection and use. Six client softwares including mobile banking etc. were the first to obtain the national unified Fintech product certification.

<sup>18</sup> Robotic process automation



## (V) Channel development

### 1 Physical network

The Company further strengthened the refined management of its network planning system and improved its proactive deployment capabilities. By the end of the reporting period, the Company had 366 branches, including 359 in Shanghai and 7 out of Shanghai. See the table below for details:

Name	Business address	No. of outlets	No. of employee	Asset scale (RMB million)
Headquarters Business Department	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai, China	1	89	65,767.94
Pudong Branch	No. 1500, Century Avenue, Pudong New District, Shanghai	44	653	109,570.59
Shanghai Pilot Free Trade Zone Branch	Room 103, No.8 Yincheng Zhong Road, Pudong New District, Shanghai	1	43	4,671.32
Minhang Branch	1-2/F, No. 670, Qixin Road, Minhang District, Shanghai	26	391	57,827.03
Jiading Branch	No. 386, Tacheng Road, Jiading District, Shanghai	26	377	47,180.86
Baoshan Branch	No. 1198, Mudanjiang Road, Baoshan District, Shanghai	27	393	58,787.11
Songjiang Branch	No. 405, North Renmin Road, Songjiang District, Shanghai	25	381	43,527.47
Jinshan Branch	No. 505, West Weiqing Road, Jinshan District, Shanghai	20	350	41,458.66
Qingpu Branch	No. 399, Gongyuan Road, Qingpu District, Shanghai	22	345	42,816.72
Fengxian Branch	No. 9780, Nanfeng Road, Fengxian District, Shanghai	26	335	38,794.12
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	30	422	64,402.24
Chongming Branch	No. 188, Beimen Road, Chengqiao Town, Chongming County, Shanghai	31	305	38,760.06
Putuo Branch	No. 599, Xincun Road, Putuo District, Shanghai	19	229	29,357.35
Changning Branch	No. 8, Lane 555, Gubei Road, Changning District, Shanghai	9	147	16,145.10
Xuhui Branch	No. 3-7, Lane 9, Zhaojiabang Road, Xuhui District, Shanghai	17	226	25,797.86
Hongkou Branch	No. 2721, Songhuajiang Road, Hongkou District, Shanghai	9	154	12,812.33
Yangpu Branch	No. 1599, Huangxing Road, Yangpu District, Shanghai	9	140	17,851.04
Huangpu Branch	1/F, No. 500, Guangdong Road, Huangpu District, Shanghai	5	108	11,309.00
Jing'an Branch	No. 770, West Beijing Road, Jing'an District, Shanghai	11	169	13,803.18
Zhangjiang Science and Technology Branch	Room 103-108, No. 8, Zone B, Lane 500, Zhangheng Road, Pudong New District, Shanghai	1	46	8,808.71
Jiashan Branch	No. 67-63, Jiashan Avenue, Luoxing Sub district, Jiashan County, Zhejiang Province	2	41	7,012.52
Xiangtan County Branch	No. 598, Jingui South Road, Yisuhe Town, Xiangtan County, Hu'nan Province	3	48	4,969.66
Kunshan Branch	Room 1-5, Building 18, Jiulongwanhuayuan, No. 388, Chezhan Road, Kunshan Development Zone, Jiangsu Province	2	52	7,503.58

The Company promoted intelligent operation in depth. Firstly, promoted the intelligent network development, innovated intelligent machines and equipment, optimized their functions, built lobby intelligent management systems and visual display systems, and strengthened network service capabilities. At the end of the reporting period, the Company had a total of 757 smart teller machines covering 146 business functions, which diverted approximately 85% of personal businesses; secondly, built an operation platform to optimize business processes and strengthen centralized operation capabilities, effectively shortening business processing time, enhancing operational efficiency and improving customer experience; thirdly, built an intelligent operation risk control platform to enhance the comprehensiveness of inspection and supervision. During the reporting period, the average daily transaction volume of the Company's core account system was 5,581,000, representing an increase of 4.9% over 2019.

## 2 E-Banking

The Company accelerated the construction of online financial channels, promoted online, digital and intelligent products and services, drove business development with agile mechanisms, innovated and launched digital products, and continued to improve customer experience. During the reporting period, the Company won the China Financial Certification Authority's "China Fintech Innovation Competition - Glory Award" and China Electronic Banking Network's "Best Mobile Banking User Experience Award".

In terms of mobile banking channel, personal mobile banking applied biometric technologies such as face and fingerprint, combined with digital certificate signature to enhance transaction security and optimize customer experience. The "Leling Version" Mobile Banking was launched to provide financial services for the elderly. Built a scenario-based ecology, covering parking, community, rural areas, education and many other areas, providing one-stop aggregated payment services. Improved the functions of corporate e-channel products and enhanced the online service capability of financial inclusion.

In terms of Internet banking channels, we upgraded a number of corporate Internet banking functions and introduced new services such as "corporate Internet banking counter bond, receipts by batch, foreign exchange third phase and ETC top-up & repayment". Financial services were integrated into the production and operation activities of customers through direct connection between banks and enterprises.

At the end of the reporting period, the Company had 4,018,200 registered mobile banking users, representing an increase of 15.46% over the end of the previous year; 3,813,200 registered users of online banking, an increase of 6.03% over the end of the prior year; and 921,000 registered WeChat banking users, representing an increase of 15.96% over the end of the previous year.

## 3 Remote banking

Promoted the construction of remote banking, made every effort to ensure safe operations, especially during the pandemic, and guaranteed 7 x 24 continuity of services; comprehensively enhanced value contribution and service capability, improved intelligent services and significantly increased the problem-solving rate by intelligent customer service robots. At the end of the reporting period, the satisfaction rate of remote banking manual services reached 99.55%.

## ( VI ) Regional presence and major holding/participating companies

### Regional presence

In response to national strategies and regional economic development policies, and to implement the national strategy for the integration of the Yangtze River Delta, the Company

took the initiative in the integrated development of the four regions of Shanghai, Jiangsu, Zhejiang and Anhui. During the reporting period, the Yangtze River Delta Financial Headquarters was established and the Company invested in Haimen Rural Commercial Bank as a minority shareholder, in order to build an industry and finance platform and a comprehensive financial service platform with the Financial Headquarters as the main force and Yangtze United Financial Leasing as the bridgehead, relying on the business resources and network platform across the Bank to serve the regional economic and social development. Formulated the SRCB Yangtze River Delta Regional Integration Service Plan and signed comprehensive financial service plans with the governments of Qingpu District in Shanghai, Wujiang District in Suzhou and Jiashan County in Jiaxing, planning to provide credit lines of no less than RMB120 billion for the Yangtze River Delta region.

Against the backdrop of narrowing bank interest spreads, the Company accelerated the pace of innovation and reform, promoted the Group's integrated operations and proactively participated in the construction and integration of a favorable position in the new financial ecosystem. The Company seized the strategic opportunity of the integration of the Yangtze River Delta and leveraged the synergy of the regional presence and integrated services of its branches in the Yangtze River Delta region and Yangtze United Financial Leasing Company, so that the Company's business operations and customer services were given a broader scope, helping transform the Company-wide operating structure. Meanwhile, the Company strengthened its consolidated management capabilities and group management, and further optimized its assessment system and profit-sharing mechanism to maximize strategic synergy and business linkage effects.

### Major holding/participating companies

#### 1 Rural Bank

SRCB Rural Bank is a financial institution with independent legal person entity established by the Company in response to the call of the CPC Party Central Committee and regulatory authorities to improve rural financial environment and accelerate the reform and innovation of rural financial system. The Company opened its first rural bank in Chongming, Shanghai in 2009. 34 rural banks were established in Shandong Province, Hunan Province, Yunnan Province, Beijing and Shenzhen from 2011 to 2012, 12 of which are located in poor counties (including formerly poor counties), forming a regional layout of "organic integration of the East, Middle and West, one in the South and one in the North". Based in the counties, SRCB rural banks adhere to the market positioning of "supporting farmers and small businesses", and take the mission of "facilitating better life with inclusive finance" as mission, taking the initiative to assume economic, social and environmental responsibilities. At the end of the reporting period, the registered capital of the 35 SRCB rural banks totaled RMB 2.778 billion, of which the Company held RMB 1.693 billion.

During the reporting period, in the face of the macroeconomic downturn that brought about a shift in the industry's development cycle and the significant impact of the unexpected COVID-19 pandemic on the traditional model, SRCB rural banks focused on the four main lines of "focused on development, committed to the main business, cultivate characteristics and different management", effectively practiced the strategies of inclusive finance, serving small and micro enterprises and poverty alleviation.

At the end of the reporting period, the 35 rural banks achieved a net profit of RMB 286 million<sup>19</sup>, total assets of RMB 30.053 billion, total net assets of RMB 3.2 billion, deposit balance of RMB 25.261 billion, loan balance of RMB 15.805 billion, and the proportion of loans to farmers and small and micro enterprises reached 85.94% of the total.

## 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 is headquartered in China (Shanghai) pilot free trade zone. As of the end of the reporting period, the registered capital of Yangtze Financial Leasing Co., Ltd. was RMB 2.45 billion, and the Company controlled 51.02% of its shares.

During the reporting period, adhering to the strategic mission of "focusing on industrial finance, committed to platform ecology, and contributing to industrial transformation and upgrading, and economic and social development", the Yangtze Financial Leasing Company took root in the Yangtze River Delta city cluster. With a focus on professional and featured operations, it centers 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 SRCB to deploy its business in the Yangtze River Delta.

As of the end of the reporting period, the total assets of the Yangtze Financial Leasing Company was RMB 30.348 billion; the net assets, RMB 3.629 billion. During the reporting period, Yangtze Financial Leasing Company realized an operating income of RMB 1.141 billion and a net profit of RMB 332 million.

## 3 Major participating companies

As of the end of the reporting period, the main participating companies of the Company were Jiangsu Haimen Rural Commercial Bank Co., Ltd. and Rural Credit Banks Funds Clearing Center Co., Ltd., with shareholding ratios of 8.96% and 5.76% respectively.

## (VII) Human resource management

The Company strived to build a management mechanism of "one subject, two wings, three initiatives and four synergies" with talent development as the main body, performance management and resource allocation as the means, marketization, specialization and informatization of human resources management as the direction, and all-inclusive management covering leaders at all levels, human resources, business lines and employees, built a talent team that is "moderate in size, reasonable in structure, lean and efficient, and competitive", improved the organizational structure, business model and management mechanism that meet the needs to implement the Company's "three core strategies", enhanced the ability of the head office departments to lead, the branches and sub-branches to support, and the front line to fight, providing solid human resources support for achieving the strategic objectives.

During the reporting period, the Company completed the selection and recruitment of professional managers at the senior management level in accordance with the principles of "market-based selection and recruitment, contractual management, differentiated remuneration and market-based exit", further enriching its strength and optimizing its structure. A number of outstanding young cadres were promoted and appointed to strengthen the middle-level management team of the head office and gradually promote the rejuvenation of the entire leadership team of the Bank. We flexibly adjusted the talent recruitment format, organized virtual seminars and live selection sessions, and held the first "Chuangxinzhe" Fintech challenge, which was the first full online recruitment process in the banking industry in Shanghai. During the reporting period, the Company recruited a total of over 1,300 people. The Company actively built a "721" training system to cultivate talents, and continued to strengthen talent cultivation by holding talent development forums, issuing a series of talent development awards, regulating the career development of fresh graduates, and clarifying the management authority and responsibilities of intra-bank posting and rotation training.

<sup>19</sup> Note: new financial instruments standard is not applied to rural banks under holding.

## ( VIII ) The development and profit/loss of financial management, asset securitization, custody, trust, wealth management and other businesses during the reporting period

See above-mentioned "Business Overview" for details.

## ( IX ) Launch of innovative businesses during the reporting period

See above-mentioned "Business Overview" for details.

# VIII. Various risks and risk management

The Company adheres to the philosophy of "enhancing risk management capability and creating value through risk management", upholds a prudent risk appetite. Oriented by promoting comprehensive, perspective, independent, professional and forward-looking risk management, the Company aims for optimal risk-adjusted return on capital (RAROC), guards the bottom line of no systemic risk, and continues to promote the construction of a comprehensive risk management system.

During the reporting period, the Company formulated a clear risk strategy, risk appetite and risk limit system, continuously optimized its risk management system and procedures, cultivated a good risk culture, enhanced its ability to operate risks, actively embraced Fintech, promoted the construction of a risk management system cluster, improved risk data quality, strengthened IT risk monitoring and control, enhanced internal control and compliance management, and increased audit supervision.

The three lines of defense for risk management include the front office business departments, the risk management and internal control departments, and the audit and supervision departments, with each line of defense having clear authority and responsibility, interaction and collaboration, and mutual checks and balances. During the reporting period, the Company continued to consolidate the main responsibility for risk management of the front-office business departments, enhanced the risk identification and management capabilities of the first line of defense; strengthened the refined and differentiated risk management capabilities of the second line of defense, and moved risk management to earlier stages; vertically managed the three audit lines of defense, strengthened supervision and inspection, took the initiative to be accountable, and corrected deviations in a timely manner.

## ( I ) Credit task 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 effectively manage credit risk, the Company clarifies management principles, improves management structure, implements management responsibilities, improves ways and means of risk identification, measurement, monitoring and control, and optimizes risk reporting and information disclosure.

During the reporting period, in the face of factors such as changes in the economic environment and the sudden outbreak of the COVID-19 pandemic, the Company adhered to substantive risk judgment and effectively enhanced the foresight, initiative and effectiveness of credit risk management. Firstly, we strengthened macro research, combined regional economic development and our own positioning, and guided credit allocation through annual credit investment policy to focus on our main responsibilities and main business. Second, timely implemented management requirements, strengthened post-credit monitoring and multi-dimensional credit risk screening for in-depth identification of potential risks; continuously tracked business development dynamics, enriched early warning scenarios, completed adaptive transformation of early warning rules on major issues and themes; differentiated collection strategies, reasonably promoted risky loan resolution in a balanced way; strictly adhered to risk bottom line, regularly carried out credit risk stress tests, prudently assessed the impact of macroeconomic changes and pandemic on operation and management. Thirdly, promoted intelligent risk management driven by financial technology and digital transformation. We completed the construction of the second-generation credit inquiry management system, orderly carried out the construction of the next-generation CMIS system, put the new financial instrument impairment measurement system into operation, continued to improve the internal rating model, further deepened the application of risk measurement tools such as RWA and RAROC, promoted the construction of risk early warning models for small and medium-sized banks, strengthened interbank risk control, and established an internal rating system and risk early warning system for credit bond issuers. Fourth, strengthened synergy, cultivated teams, built professional underwriting teams, and strengthened the construction of risk management mid-office in branches and sub-branches.

## ( 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 mainly exposed to interest rate risk and exchange rate risk.

During the reporting period, the Company set annual market risk limit indicators, including position limits, stop-loss limits, sensitivity limits, value-at-risk limits, etc., in accordance with domestic and international economic and financial development trends, business development plans and its own risk tolerance, and monitored, measured and reported them on a daily basis to ensure that the risk level of the Bank's financial market business was maintained within the range set by the Board of Directors. Continuously deepened the building of market risk management system and asset-liability management system, optimized the development and maintenance of market risk measurement models, and gradually enhanced market risk management techniques and improved market risk management methods and systems. Actively cooperated with new product and business development, identified and assessed new product and business risks, established new product risk management systems and processes, and conducted risk control, monitoring and reporting on new products.

### 1. Interest rate risk management

#### 1.1 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.

The Company mainly adopts 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 continue to optimize the market risk limit management system based on trading portfolios, improve the limit indicator system and dynamic management mechanism to meet the timeliness requirements of new products and new businesses, and realize fast and flexible limit monitoring and dynamic adjustment by relying on the market risk management system.

#### 1.2 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 so as to avoid material losses on the economic value and overall return of its banking book.

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

### 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 the 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.

The main principle for the Company to control exchange rate risk is to match assets and liabilities in different currencies as much as possible, and to control exchange rate risk within the limits set by the Company. In accordance with the guiding principles of internal control and relevant regulations, the Company sets the risk tolerance limit, and tries to minimize the possible currency mismatch of assets and liabilities by reasonably arranging the source and application of foreign currency funds. Foreign exchange risk exposure is managed under authorization according to business types and traders' authorities.

### ( 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 the due debts, perform other payment obligations and meet other capital needs of normal business development. The events or factors that cause liquidity risk include: concentrated withdrawal of deposit from deposit customers, withdrawal from loan customers, debtor's delayed payment, mismatching of asset and liability structure, difficulty in asset realization, operational loss, derivatives transaction risk and related risks of affiliated institutions, etc.

The 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 Company-wide business development; comprehensively considers the overall liquidity of the Group to prevent the internal risk transmission within the Group.

During the reporting period, according to the external business situation and business development requirements of the Company, the Company formulated annual value of liquidity risk appetite; made full use of internal fund transfer pricing and other tools to flexibly adjust the term structure of assets and liabilities and optimize the term allocation of assets and liabilities; strengthened the liquidity risk management of business segments by setting reasonable liquidity risk limits for each segment; continuously improved daily liquidity management, strengthened capital control at key points and maintained a reasonable level of provision; opened up market financing channels, carried out active liability business flexibly and issued financial bonds in a timely manner; strengthened the management of liquidity risk indicators, monitored and tracked dynamically and coordinated in a timely manner to ensure compliance with various indicators; improved contingency plans, carried out emergency drills and conducted regular stress tests; continuously optimized management information systems, improved monitoring, measurement and control capabilities, and strengthened the level of technological support.

The overall liquidity position of the Company was sound and moderate.

The Group's liquidity ratio was 60.34%, liquidity coverage ratio was 265.58%, and net stable fund ratio was 134.06%, which were all higher than regulatory requirements, meeting the Group's annual liquidity risk appetite.

#### 1. Liquidity coverage ratio

Unit: RMB 1000

The Group	December 31, 2020
Liquidity coverage ratio ( % )	265.58
High-quality liquid assets	139,178,880
Net cash outflow in the next 30 days	52,405,642

#### 2. Net stable fund ratio

Unit: RMB 1000

The Group	December 31, 2020	2020年9月30日
Net stable fund ratio ( % )	134.06	130.61
Stable fund available	708,344,331	672,258,306
Stable fund needed	528,376,060	514,691,592

### ( IV ) Operational risk management

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

During the reporting period, the Company continued to improve its risk management with the goal of preventing significant operational risks. First, carried out gap analysis against the Important Risk Points and Preventive Measures for Operational Risks of Financial Institutions, drew on good industrial practices and continuously improved our risk prevention and control capabilities. Second, continued to optimize and improve the performance of the operational risk management system. Third, deepened the application of the three major tools, carried out operational risk and control self-assessment (RCSA), regularly carried out loss data (LDC) collection

and submission and key risk indicators (KRI) monitoring, and included consolidated subsidiaries in the monitoring of indicators. Fourth, continuously strengthened the operational risk identification, monitoring, analysis, report and evaluation mechanism by improving the management evaluation methods, implementation rules and other institutional systems. During the reporting period, the Company had no significant 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 focused on the task of "compliance management demonstration bank", combined internal and external regulatory requirements and compliance work priorities, further improved the evaluation mechanism of compliance management benchmark bank, explored the mechanism of "qualification access, off-site posting, regular rotation, two-line reporting" for the head of compliance and internal control department in branches and sub-branches, strengthened compliance services, improved compliance and internal control management capabilities, and actively experimented with the working mode of compliance personnel assignment system; strengthened regulatory communication, completed various regulatory inspection reception and reporting work, sorted out the implementation of 2020 regulatory tips and risk tips, organized and carried out the work of 2020 market disorder review, and strengthened strict accountability to promote the "inspection-rectification-compliance" system; improved fraud prevention and monitoring to ensure the in-place implementation of fraud prevention work.

## ( VI ) Money laundering risk management

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

During the reporting period, the Company actively performed all anti-money laundering obligations in compliance with anti-money laundering laws and regulations, established sound anti-money laundering internal control system and took a number of initiatives to ensure effective money laundering risk management of the Company. These initiatives include, but are not limited to: improved the AML internal control system, formulated AML work rules for business lines; improved the business money laundering risk assessment and customer money laundering risk classification index system, embedded money laundering risk management requirements and results into systems, processes and systems; accepted joint AML supervision and inspection, conducted in-depth various types of risk ranking and self-correction to prevent various money laundering risks; optimized suspicious transaction monitoring standards and started to build an intelligent working platform; realized centralized processing of AML across the Bank; continued to do a good job in customer identification, list monitoring and other anti-money laundering work; organized various anti-money laundering thematic trainings and publicity activities to strengthen the awareness building and management supervision of subsidiaries.

## ( VII ) Legal risk management

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

During the reporting period, the Company implemented the management of rules and regulations, insisted on the creation, reform, abolition and interpretation of rules and regulations, regulated the system, drafting and articulation of rules and regulations, completed the regular interpretation of regulatory rules, emphasized the requirement of timeliness of the internalization of regulatory rules, and penetrated the management of rules and regulations into various segments across the Bank; strengthened professional support, revised and authorized the management of demonstration texts for the whole Bank, supported the upgrading and promotion of new products and businesses; promoted and studied the rule of law, improved professional services, completed the work related to the "Seventh Five-Year Plan" of law publicity and education, and actively carried out training related to the Civil Code to cultivate a sound legal culture.

## ( VIII ) Reputation risk management

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

During the reporting period, the Company continued to improve its reputation risk management mechanism, enhance the standardization and effectiveness of reputation risk management and maintain its brand image. Meanwhile, the Company actively carried out positive communications, grasping the hot topics of current affairs, focusing on the themes of serving rural revitalization, poverty alleviation, resumption of work and production, supporting the science and technology innovation board, supporting the construction of the Shanghai Pilot Free Trade Zone Lingang New Area, supporting the integration of the Yangtze River Delta and the 30th anniversary of the development and opening up of Pudong, etc. The positive communications showcased the Company's characteristics and advantages of being rooted in Shanghai and inclusive finance, and enhanced the ability of the brand to withstand reputation 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 mainly refers to the uncertainty for commercial banks to suffer losses in the process of operation and development.

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

## ( X ) IT risk management

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

The Company continued to improve the information technology risk management mechanism, continued to carry out IT risk monitoring and reporting, implement special risk assessment for IT outsourcing management and business continuity management, identify the Company's risk exposure and improve its risk prevention capability; strengthened the risk review of major IT projects and improved risk prevention capability; optimized the emergency management and disaster preparedness system, conducted regular emergency drills and improved the level of emergency response; During the reporting period, the Company's IT system ran normally without major crash and information security incidents.

## ( 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. Country risk may be triggered by the deterioration of a country or region's economic situation, political and social turmoil, nationalization or expropriation of assets, government's refusal to pay foreign debts, foreign exchange control or currency devaluation etc.

During the reporting period, in the face of the complex international political and economic situation and external environment, the Company continued to strengthen its cross-border risk management, dynamically monitored changes in country risk, and incorporated the country risk evaluation rating into the risk assessment of overseas banking institutions and other areas. At the end of the reporting period, the Company's country risk exposure was stable, and the assets involved in country risk exposure were small in scale and well structured, with overall controllable risks that would not have a significant impact on the Company's business operations.



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## Major Events

I. Proposals for profit distribution of ordinary shares or conversion of capital reserve to share capital	047
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X. Disciplinary actions on and rectifications of the Company and its directors, supervisors, senior management, controlling shareholders, actual controllers and acquirers	052
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## I. 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 2019 profit distribution plan was strictly in accordance with the relevant provisions of the Articles of Association of the Company and was reviewed and approved by the 2019 Annual General Meeting of Shareholders. The criteria and proportion of cash dividends were clear and explicit, and independent directors made clear comments on the profit distribution plan. The Company's Board of Directors has implemented the profit distribution plan.

### ( II ) 2020 Profit distribution proposal

In 2020, the audited net profit of the Company was RMB 7,925 million and the profit distribution proposal is as follows:

1. Statutory surplus reserve is accrued at 10% of the Company's net profit, amounting to RMB 792 million.
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 1,641 million.
3. As a result of the above profit distribution, the Company's balance of undistributed profit as of December 31st, 2020 was RMB 24.729 billion. The discretionary surplus reserve of RMB 2,473 million was provided at 10% of this amount.
4. Considering that the Company's IPO application has been approved by the Issuance Review Committee of CSRC, in order to promote the subsequent issuance and listing phase in an orderly manner in accordance with the regulatory requirements and to promote the long-term development of the Company, the Company plans not to distribute cash dividends for the year 2020.

The above-mentioned profit distribution proposal is subject to the review by the 2020 Annual General Meeting of Shareholders.

## II. Fulfilled/unfulfilled commitments by the actual controller, shareholders, related parties, acquirers and the Company etc. in/as of the reporting period

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

No.	Commitment type	Commitment party	Main content of commitment	Commitment time and duration	Yes/No deadline for performance
1	Avoid horizontal competition and 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.	Avoid horizontal competition and standardize related-party transactions	Long-term	Yes
2	Stabilize share price	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.	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 SRCB general meeting of shareholders.	Within three years after listing	Yes

No.	Commitment type	Commitment party	Main content of commitment	Commitment time and duration	Yes/No deadline for performance
3	Major shareholders' commitment to share ownership	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., Taiping Life Insurance Co. Ltd., Shanghai Shendi (Group) Co., Ltd., Lanhai Holdings (Group) Co., Ltd., Shanghai Shanxin Real Estate Co., Ltd., Oriental International (Holding) Co., Ltd., Shanghai International Group Co., Ltd., Shanghai International Group Asset Management Co., Ltd.	Do not seek related-party transactions superior to other shareholders, do not interfere in the Bank's daily business affairs, supplement capital to the Bank when necessary, do not impose improper indicator pressure on the Bank, support the Bank to strengthen services to "agricultural customers" etc.	Long-term	Yes
Indicate the specific reasons for failure to fulfill timely			N/A		
Indicate the next-step plan if commitment is not fulfilled			N/A		

### III. Fund occupancy and progress of debt clearing in the reporting period

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

### IV. Analysis of the reasons and impacts of changes in accounting policies and accounting estimates or correction of major accounting errors

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

### V. Major equity investment

On November 5th, 2020, the shareholder qualification of the Company's equity investment in Jiangsu Haimen Rural Commercial Bank Co., Ltd. was approved by the Nantong Supervision Branch of CBIRC, holding 88.35 million shares or 8.96% of Jiangsu Haimen Rural Commercial Bank Co., Ltd.

### VI. Appointment and Dismissal of Accounting Firms

The 31<sup>st</sup> Meeting of the 2<sup>nd</sup> Board of Directors of SRCB in 2017 approved the appointment of Deloitte & Touche CPAs Ltd. (LLP) as the auditor of the Company's IPO. The Company's 2<sup>nd</sup> meeting of the 4<sup>th</sup> Board of Directors reviewed and approved the appointment of Deloitte & Touche CPAs Ltd. (LLP) as the auditor of the Company's 2020 annual financial statements.

Current appointment	
Name of the auditor	Deloitte & Touche CPAs Ltd. (LLP)
Remuneration for the auditor	RMB 4.7 million
Terms of audit	7 years
Name of CPA of the auditor	Hu Xiaojun, Su Yichen

### VII. Major litigation and arbitration

The Company was involved in a number of legal proceedings in the daily business operation, most of which were initiated to recover non-performing loans. As at the end of the reporting period, the Company had not obtained final judgments in 5 sued cases (including litigation and arbitration), with the subject amount of RMB 107 million. The Company believes that the above lawsuits and arbitrations will not have a material adverse impact on the financial or operating results of the Company.

## VIII. Related-party transactions

### ( I ) Overview of related-party transactions

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

As of the end of the reporting period, the balance of the Company's related-party transactions of credit amounted to RMB 30,426,721,700, of which the balance of related-party transactions of credit with legal persons amounted to RMB 30,127,158,600 and the balance of related-party transactions of credit with natural persons amounted to RMB 299,563,100; the cumulative amount of related-party transactions of service amounted to RMB 35,783,000; the cumulative amount of other related transactions amounted to RMB 461,823,929,800. During the reporting period, the Company's related-party transactions were conducted in accordance with general commercial terms, and the terms of the transactions were fair and reasonable and followed the principles of good faith and fairness, which were in line with the overall interests of the Company and its shareholders.

The balance of credit extended by the Company to major shareholders and their controlling shareholders, actual controllers, related parties, parties acting in concert, ultimate beneficiaries and other individual entities did not exceed 10% of the Company's net capital; the aggregate balance of credit extended to individual major shareholders and their controlling shareholders, actual controllers, related parties, parties acting in concert, ultimate beneficiaries did not exceed 15% of the Company's net capital; the exposure to a single customer or group customers in the same industry did not exceed 25% of the Company's net Tier-I capital; the balance of credit to all related parties did not exceed 50% of the Company's net capital. The above ratios are in compliance with the relevant provisions of the Measures for the Administration of Related-party Transactions between Commercial Banks and Insiders and Shareholders, Interim Measures for the Administration of Equity in Commercial Banks, Measures for the Administration of Large Exposures of Commercial Banks and Measures for the Administration of Related-party Transactions of SRCB.

### ( II ) Major related-party transactions

Transaction counterparty	Transaction type	Transaction amount	Approver	Major content of the transaction
China Everbright Bank Co. Ltd., Bank of Hangzhou Co., Ltd., Bank of Shanghai Co., Ltd., Orient Securities Co., Ltd., Guotaijunan Securities Co., Ltd., China Merchants Securities Co., Ltd.	Other	RMB 2 billion limit for single transaction	The 31 <sup>st</sup> meeting of SRCB 3 <sup>rd</sup> Board	The upper limit of a single related-party transaction of financial market business between the Company and six financial institutions, including China Everbright Bank Co., Ltd, is RMB 2 billion.
China Pacific Insurance (Group) Co., Ltd., China Pacific Life Insurance (Group) Co., Ltd., China Pacific Asset Management Co., Ltd.	Other	RMB 2 billion limit for single transaction	2019 Annual General Meeting of Shareholders	The upper limit of a single related-party transaction of financial market business between the Company and China Pacific Insurance (Group) Co., Ltd., China Pacific Life Insurance (Group) Co., Ltd., China Pacific Asset Management Co., Ltd., is RMB 2 billion.
China Pacific Insurance (Group) Co., Ltd. and its subsidiaries	Credit	RMB 6 billion		The Company granted a credit line of RMB 6 billion to China Pacific Insurance (Group) Co., Ltd. and its subsidiaries (including product accounts)
Guotai Junan Securities Co., Ltd.		RMB 12.4 billion		A credit line of RMB 7.9 billion was granted to Guotai Junan Securities Co., Ltd. and an unincorporated entity line of RMB 4.5 billion.
China Merchants Securities Co., Ltd.	Credit & other	RMB 9.9 billion	The 34 <sup>th</sup> meeting of SRCB 3 <sup>rd</sup> Board	A credit line of RMB 5.4 billion was granted to China Merchants Securities Co., Ltd. and an unincorporated entity line of RMB 4.5 billion.
Orient Securities Co., Ltd.		RMB 9.1 billion		A credit line of RMB 5.1 billion was granted to Orient Securities Co., Ltd. and an unincorporated entity line of RMB 4 billion.

Transaction counterparty	Transaction type	Transaction amount	Approver	Major content of the transaction
AXA SPDB Investment Managers Co., Ltd.		RMB 5.5 billion		A credit line of RMB 5.5 billion was granted to AXA SPDB Investment Managers Co., Ltd.
Yangtze United Financial Leasing Co., Ltd.		RMB 8 billion		Yangtze United Financial Leasing Co., Ltd. was granted a credit line of RMB 4 billion and a non-principal-guaranteed financial product allocation quota of RMB 4 billion.
Zheshang Securities Co., Ltd.		RMB 3.6 billion		Zheshang Securities Co., Ltd. was granted a credit line of RMB 700 million, RMB 2.6 billion of unincorporated entity line, and RMB 300 million for the allocation of non-principal-guaranteed financial products.
Zheshang Fund Management Co., Ltd.	Credit & other	RMB 3.5 billion	The 34 <sup>th</sup> meeting of SRCB 3 <sup>rd</sup> Board	Zheshang Fund Management Co., Ltd. was granted an unincorporated entity line of RMB 3.5 billion, including a trading quota of RMB 1 billion for product accounts and an investment quota of RMB 2.5 billion for product accounts.
Taiping & Sinopec Financial Leasing Co., Ltd., Taiping Fund Management Co., Ltd.		RMB 5.5 billion		Taiping & Sinopec Financial Leasing Co., Ltd. and Taiping General Insurance Co., Ltd. were granted a credit line of RMB 1.4 billion, an asset allocation quota of RMB 300 million for non-principal-guaranteed financial products of Taiping General Insurance Co., Ltd., and an unincorporated entity line of RMB 3.8 billion to Taiping Fund Management Co., Ltd.
Caitong Fund Management Co., Ltd.		RMB 2.8 billion		Caitong Fund Management Co., Ltd. was given an unincorporated entity line of RMB 2.8 billion, including a trading quota of RMB 800 million for product accounts and an investment quota of RMB 2 billion for product accounts.
Industrial Securities Co., Ltd.		RMB 2.3 billion		Industrial Securities Co., Ltd. was granted a credit line of RMB 1.4 billion and an unincorporated entity line of RMB 900 million.
Shanghai International Group Co., Ltd. and its related parties		RMB 8.9 billion		RMB 8.9 billion credit line was granted to Shanghai International Group Co., Ltd. and its related companies, including RMB 1.5 billion of credit line to the group headquarters and RMB 7 billion to subsidiaries of the group, and RMB 400 million of private equity investment in phase I of Shanghai Guofang FOF, a parallel fund.
China COSCO Shipping Corporation Ltd. and its related companies	Credit & other	RMB 9.5 billion	1 <sup>st</sup> Ad-hoc General Meeting of Shareholders in 2020	RMB 9.5 billion credit line was granted to China COSCO Shipping Corporation Ltd. and its related companies, including RMB 3 billion of credit line to the group headquarters and RMB 6.5 billion to subsidiaries of the group.
China Baowu Steel Group Corporation Ltd. and its related companies		RMB 12 billion		RMB 12 billion credit line was granted to China Baowu Steel Group Corporation Ltd. and its related companies, including RMB 2 billion of credit line to the group headquarters and RMB 10 billion to subsidiaries of the group.
China Taiping Insurance Group Co., Ltd.		RMB 3.8 billion		China Taiping Insurance Group Co., Ltd. was granted an unincorporated entity line of RMB 3.8 billion

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### ( III ) Related-party transactions with major shareholders and their controlling shareholders, actual controllers, related parties, parties acting in concert and ultimate beneficiaries during the reporting period

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

#### 1. Related-party transactions of credit

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

As of the end of the reporting period, the balance of credit to Shanghai International Group Co., Ltd. was RMB 140.273 million, the balance of credit to Shanghai State-owned Assets Management Co., Ltd. was RMB 1,242.895 million, and the balance of credit to Shanghai International Group Asset Management Co., Ltd. was RMB 50 million.

##### **2 Related-party transactions with China COSCO Shipping Corporation Ltd. and its related parties**

At the end of the reporting period, the Company had a credit balance of RMB 201,534,000 with COSCO Shipping Development Company Limited, a credit balance of RMB 313,500,000 with COSCO Shipping Development (Tianjin) Leasing Co., Ltd., a credit balance of RMB 365,700,000 with COSCO Shipping Leasing Co., Ltd., a credit balance of RMB 182,697,200 with OFI Co., Ltd., a credit balance of RMB 500,000,000 with Haihui Commercial Factoring (Tianjin) Co., Ltd., a credit balance of RMB 156,597,600 with COSCO Shipping Development (Hong Kong) Co., Ltd., a credit balance of RMB 60,402,100 to China International Marine Containers (Group) Ltd., a credit balance of RMB 97.51 million to Shanghai International Port (Group) Co., Ltd., and a credit balance of RMB 30,000,000 with Shanghai Friendship Shipping Co. Ltd.

##### **3 Related-party transactions with BaoSteel Corporation Ltd. and its related parties**

At the end of the reporting period, the Company had a credit balance of RMB 320,474,200 with BaoSteel Corporation Ltd., a credit balance of RMB 94,165,000 with Huabao Duding (Shanghai) Financial Leasing Co., Ltd. and a credit balance of RMB 449,841,200 with China Baowu Steel Group Corporation Ltd.

##### **4 Related-party transactions with Shanghai Jiushi (Group) Co., Ltd. and its related parties**

At the end of the reporting period, the Company had a credit balance of RMB 800,000,000 with Shanghai Jiushi (Group) Co., Ltd. and a credit balance of RMB 2,602,391,100 with Shanghai Lingang Economic Development (Group) Co., Ltd.

##### **5 Related-party transactions with China Pacific Life Insurance Co., Ltd. and its related parties**

At the end of the reporting period, the Company had a credit balance of RMB 7,895,000 with China Pacific Insurance (Group) Co., Ltd. and a credit balance of RMB 3,831,238,500 with Orient Securities Co., Ltd.

##### **6 Related-party transactions with Shanghai Guosheng Assets Co., Ltd. and its related parties**

At the end of the reporting period, the balance of credit granted by the Company to Shanghai Guosheng (Group) Co., Ltd. was RMB 660,510,100, and the balance of credit granted to AXA SPDB Investment Managers Co., Ltd. was RMB 105,905,000

##### **7 Related-party transactions with Zhejiang Expressway Co., Ltd. and its related parties**

At the end of the reporting period, the Company had a credit balance of RMB 4,318,000 with Zhejiang Expressway Co., Ltd., a credit balance of RMB 326,157,900 with Zhejiang Communications Investment Group Co., Ltd., and a credit balance of RMB 500,000,000 with Zheshang Securities Co., Ltd.

##### **8 Related-party transactions with China Taiping Life Insurance Co., Ltd. and its related parties**

As of the end of the reporting period, the Company had a credit balance of RMB 97,760,000 with Taiping Fund Management Co., Ltd. and a credit balance of RMB 150,000,000 with Taiping General Insurance Co., Ltd.

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

At the end of the reporting period, the Company had a credit balance of RMB 214,104,500 with Shanghai Shendi (Group) Co., Ltd.

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

As of the end of the reporting period, the Company had a credit balance of RMB 72,250,000 with Shanghai Shanxin Real Estate & Development Co., Ltd., and a credit balance of RMB 62,000,000 with Jiaxing Chengwang Real Estate & Development Co., Ltd.

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

At the end of the reporting period, the Company had a credit balance of RMB 6,200 with Orient International (Holding) Co., Ltd., a credit balance of RMB 149,900,900 with Shanghai Textile Investment Trading Co., Ltd., a credit balance of RMB 116,000,000 with Shanghai Jiaqiang Economic and Trade Co., Ltd., a credit balance of RMB 1,402,900 with Shanghai Shenchuang Construction Engineering Co., Ltd., a credit balance of RMB 110,000,000 with Shanghai Songjiang New City Construction Development Co. Ltd. and a credit balance of RMB 4,053,473,300 with China Huarong Asset Management Co., Ltd.

**2. Related-party transactions of service**

During the reporting period, there were service transactions with major shareholders and their related parties, mainly including lease fee, annuity and retirement subsidy fee management services, the procurement of dual-application Labor Union Card, etc., with a total amount of RMB 24.4067 million.

**3. Other related-party transactions**

During the reporting period, there were other related-party transactions with major shareholders and their related parties, and the main types of transaction were buying and selling of cash bonds, with a cumulative amount of RMB 82,461,486,500.

**IX. 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**

The guarantee business belongs to the daily business of the Company. During the reporting period, except for the financial guarantee business within the scope approved by the People's Bank of China and 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 have any entrusted financial asset management business beyond the normal business scope.

**( IV ) Other major contracts**

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

**X. Disciplinary actions on and rectifications of the Company and its directors, supervisors, senior management, controlling shareholders, actual controllers and acquirers**

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

## **XI. Integrity of the Company and its largest shareholder during the reporting period**

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

## **XII. The situation and influence of the Company's equity incentive plan, employee stock ownership plan or other employee incentive measures**

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

## **XIII. Performance of social responsibility**

The Company has been actively fulfilling its social responsibility and has published a social responsibility report for the 14th consecutive year. Details of the Company's social responsibility performance in 2020 can be found in the SRCB Annual Social Responsibility Report 2020 published on the official website.

### **( I ) Targeted poverty alleviation**

The Company resolutely implements the relevant requirements of the CPC Central Committee and the State Council on winning the battle against poverty and takes precise poverty alleviation as an important part of fulfilling its social responsibility. The Party Committee of the head office takes charge, dovetails with the needs of poor areas, establishes a working mechanism for targeted poverty alleviation, formulates work plans, implements project funds, focuses on supporting deeply impoverished areas, carries out solid work on targeted and fixed-point poverty alleviation, and fights the hard battle of poverty alleviation with finance.

From communities around us to distant mountainous areas, from public education to targeted poverty alleviation, the Company seeks the well-being and benefit of the public and actively undertakes the responsibility of building a harmonious society by carrying out public welfare activities such as voluntary services, charitable donations, helping the poor and caring for special groups. During the reporting period, the Company continued to carry out a new round of comprehensive rural assistance (2018-2022) projects with Chongming District, donating RMB 5 million for the investment and construction of comprehensive rural assistance projects to further improve the independent development capacity of relatively economically weak areas, improve the living standards of local farmers, especially those living in hardship, and realize the prosperity of farmers through pairing assistance. Meanwhile, in accordance with the deployment of "100 enterprises helping 100 villages" by Shanghai SASAC, we have paired with Yangwenshan Village in Bazhai Town, Laozhai Village in Jihanji Town and Mula Village in Renhe Town of Maguan County, Yunnan Province, to help build 2 industrial roads, 4 hardened roads and 9 garbage incineration ponds, support the construction of village roads in poor areas, strengthen the living environment and improve production and living conditions. Focused on improving production and living conditions, and enhance the regional development capacity of poor areas. Explored the way of targeted poverty alleviation, carried out health poverty alleviation projects, launched the Public Welfare Health Project, allowing professional doctors, high-end equipment and clinical technology to move to the most grassroots level, promoting the effective service of high-quality medical resources to poor areas, and playing the role of "early detection" through health checkups, so as to let the concept and measures of disease prevention penetrate into the impoverished areas, and improve the health literacy and health level of the public while trying to prevent poverty caused by diseases and returning to poverty due to diseases. In addition, by purchasing RMB 5.9 million of agricultural products from paired regions, we effectively helped people in impoverished areas increase their income. During the reporting period, the Company granted various types of loans for poverty alleviation totaling RMB 1.137 billion.



The statistics of the Company's targeted poverty alleviation are as follows:

Unit: RMB 10,000

Indicator	Amount
<b>I. General information</b>	
Fund	3,334.2
<b>II. By item</b>	
Industrial development and poverty alleviation	500
Poverty alleviation in health	60
Poverty alleviation by education	15
Poverty alleviation in society	556.4
including: Poverty alleviation project in Tibet	250
Fixed-point poverty alleviation	160
Poverty alleviation in areas with rural banks	76.4
Poverty alleviation in local areas	70
Other projects	2,202.8
Including : Fight against COVID-19	1,794
Veteran care	200
Youth support	100
Other projects	108.8
<b>III. Awards ( content, level )</b>	The "Jixiang Ankang" public welfare project of accidental injury insurance for farmers and herdsmen in five counties of Shigatse won the excellent case award in the "Third China Excellent Poverty Alleviation Case" jointly sponsored by the People's Daily, people.cn and China Poverty Alleviation Magazine. The project of "Medical Service via Cloud" won the excellent case of "2020 China Rural Financial Poverty Alleviation and Innovation Case Collection" of China Economic Times.

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

In 2021, the Company, guided by Xi Jinping's thought of socialism with Chinese characteristics in the new era, will conscientiously implement the decision and deployment of the Party Central Committee and the State Council, put the consolidation and expansion of poverty eradication results in an important position, insist on the responsibility, the policy, and the help even after poverty alleviation, and continue to consolidate the good achievements of poverty eradication.

## ( II ) Protection of consumers' rights and interests

The Company has always taken "customer-centricity" as its core competitiveness, focusing on the "eight rights" of financial consumers and regulatory requirements, and taking the needs of customers and their development as the starting point and focus of all its work to promote the protection of consumer rights and interests in line with the Company's strategy.

The Company has established a sound organizational structure, with the Consumer Rights and Interests Protection Committee under the Board of Directors, which incorporates consumer rights and interests protection into corporate governance, development strategy and corporate culture; the Consumer Rights and Interests Protection Working Committee under the senior management, which plans and coordinates consumer rights and interests protection-related work; and the Consumer Rights and Interests Protection Department, which is a first-level dedicated department responsible for the management of consumer rights and interests protection and complaint handling across the Bank. It is independent from all business lines and constantly improves the relevant rules and personal information protection policies such as Management Measures for Consumer Rights Protection of SRCB, Management Measures for Handling Consumer Complaints of SRCB, Regulations for Reviewing Consumer Rights Protection of SRCB, Management Measures for Personal Customer Information of SRCB (Trial) etc., optimizes product and service processes to improve customer experience.

During the reporting period, the Company received 1,874 consumer complaints, of which 1,865 involved Shanghai and 9 in other regions (Kunshan County, Jiashan County and Xiangtan County), all of which were disposed of on time in a standardized and efficient manner. According to the statistical classification standards for financial consumer complaints, the channels for handling business complaints were mainly business sites, self-service machines and middle and back office business channels; the categories of business complaints were mostly about bank card business, loan business and RMB savings business; the reasons for complaints were mainly related to service facilities and equipment, business rules, processes and systems, etc.

During the reporting period, the Company actively carried out education and publicity activities for the protection of financial consumers' rights and interests around the prevention of illegal fund-raising, illegal lending and financial fraud, etc. During the special period of the pandemic, the Company built a "cloud" education and publicity model online with the help of a multimedia platform, and explored a diversified integrated education and publicity system offline to create a comprehensive classroom for consumer protection. During the reporting period, the Company organized 1,624 promotional activities, reaching more than 5,845,700 consumers, distributing more than 270,300 copies of promotional materials and publishing more than 200 press articles in mainstream media such as Xinhua News Agency, Financial Times and Securities Daily.

### ( III ) Green finance

The Company has set the strategic goal of "building the Bank with the greenest development in the Yangtze River Delta", vigorously developing green finance and helping to build a beautiful China where people and nature coexist in harmony.

During the reporting period, the Company formulated the 2021-2025 Green Financial Development Strategy of SRCB, built an internal green financial system, established a professional green management team, conducted in-depth research on industry segments, developed innovative business models, formulated professional development policies, and initially formed a green financial service model featuring "whole industry chain, whole life cycle, and whole product service".

In terms of green credit and financial services, the Company actively implements the requirements of green credit policies and differentiated credit resource allocation, focuses on low-carbon economy, circular economy, energy conservation and environmental protection, increases credit support for clean energy industries, and strictly controls new loans to high-pollution and high-energy-consuming industries. Use "commercial banking + investment banking" and starts with traditional comprehensive credit, we provide traditional business varieties such as short-term liquidity loans, bank notes, letters of credit and letters of guarantee based on the actual business needs and real trade background of clean energy enterprises, and expand our business varieties to medium- and long-term project loans, equipment procurement bridge financing, green special bonds, carbon asset mortgage loans, contract energy management future earning right financing, debt-equity combined financing and other investment banking businesses. At the end of the reporting period, the Company had a green credit balance of RMB 6.578 billion and participated in subscribing RMB 1 billion to create a national green development fund, providing capital support for green development projects.

In terms of green operations and green environmental protection, the Company actively advocates environmentally friendly offices, improves video conferencing systems, optimizes the functions of collaborative office systems, promotes paperless meetings and electronic file management, and effectively strengthens the refined management of office rooms, meeting rooms and warehouses to reduce unnecessary energy consumption. We have strengthened the construction of green data center, improved equipment operation efficiency, and significantly reduced the PUE<sup>20</sup> energy consumption index during the reporting period. We continue to adhere to the green procurement concept and the "three nos in purchases"<sup>21</sup>, and strengthen supplier management.

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<sup>20</sup> PUE, short for Power Usage Effectiveness, is the ratio of all energy consumed by a data center to the energy consumed by the IT load, and is a metric for evaluating the energy efficiency of a data center.

<sup>21</sup> Three nos in procurement means that do not purchase products or services from enterprises that violate environmental laws and regulations; do not purchase backward products and products from backward production capacity and process equipment that the state orders to phase out; do not purchase products of toxic and harmful substances prohibited by the state.

## XIV. Other major events

### (I) Amendment of the Articles of Association

The 2<sup>nd</sup> Ad-hoc General Meeting of the Company in 2020 reviewed and approved the Proposal to Amend the Articles of Association of SRCB. The amendment mainly improved the content related to the party organization, the rules and procedures for nomination of directors and the provisions related to the Board of Supervisors in the Articles of Association of. The amended Articles of Association were approved by the CBIRC-Shanghai on December 29, 2020 and took effect.

The 2<sup>nd</sup> Ad-hoc General Meeting of the Company in 2020 reviewed and approved the Proposal to Amend the Articles of Association (Draft) of SRCB Applicable and Effective after IPO. The amendment mainly improved the important matters in the Articles of Association (Draft) regarding the duties and powers of the party organization, institutional setting, operation mechanism and basic security, and amended the relevant contents in accordance with the Securities Law of the People's Republic of China (amended in 2019), which took effect on March 1, 2020. The revised Articles of Association (Draft) were approved by the CBIRC-Shanghai on February 5, 2021 and will become effective upon the public offering and listing of the Company's shares on the domestic stock exchange.

### (II) Issuance of capital bonds

The 1<sup>st</sup> Ad-hoc General Meeting of the Company in 2020 reviewed and approved the relevant proposal of issuing capital bonds, proposing to issue capital bonds of a size not exceeding RMB 10 billion in the domestic market, including open-ended bonds and qualified Tier-II capital instruments, and to redeem the existing RMB 10 billion of Tier-II capital bonds. The issuance is currently subject to regulatory approval. The issuance of capital supplement bonds is not expected to have a significant impact on the Company's ROE and other indicators.

### (III) Issuance of ordinary financial bonds

Reviewed and approved by the 1<sup>st</sup> Ad-hoc General Meeting of the Company in 2020, CBIRC-Shanghai via CBIRC-Shanghai's Approval of SRCB to Raise and Issue Financial Bonds (CBIRC-Shanghai Approval [2020] No. 366) and the People's Bank of China via People's Bank of China's Decision on Granting Administrative License) (PBOC Approval [2020] No. 105), the Company was permitted to issue financial bonds in the national interbank bond market of up to RMB 10 billion. In October and November 2020, the Company issued two phases of ordinary financial bonds totaling RMB 10 billion with face interest rates of 3.63% and 3.75% respectively.

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## Changes in Shares and Particulars of Shareholders

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## I. Changes in Share Capital

Unit: share

Type of shareholder	December 31, 2019		Change during reporting period ( +, - )					December 31, 2020	
	No. of shares	Percentage to the total ( % )	Issuance of new shares	Bonus issuance	Conversion of capital reserve	Other	Total	No. of shares	Percentage to the total ( % )
1.Shareholding by the State	-	-	-	-	-	-	-	-	-
2.Shareholding by state-owned legal entities	5,944,638,008	68.49	-	-	-	-	-	5,944,638,008	68.49
3.Shareholding by other domestic entities	2,735,361,992	31.51	-	-	-	-	-	2,735,361,992	31.51
Including: Shareholding by domestic non-state-owned Legal entities	1,456,616,710	16.78	-	-	-	-	-	1,456,616,710	16.78
Shareholding by domestic natural person	1,278,745,282	14.73	-	-	-	-	-	1,278,745,282	14.73
4.Shareholding by foreign companies	-	-	-	-	-	-	-	-	-
5.Total shares	8,680,000,000	100.00	-	-	-	-	-	8,680,000,000	100.00

## II. Share issuance and IPO

### ( I ) Share issuance as of the reporting period

During the reporting period, there was no change in the total amount of ordinary share capital of the Company. On November 26, 2020, the 169th issuance review meeting of the 18th Issuance Review Committee of the CSRC reviewed and approved the Company's application for IPO.

### ( II ) Existing internal employee shares

As of the end of the reporting period, there were 429,530,450 internal employee shares in the Company, accounting for 4.95% of the total shares by the end of the reporting period, and aligned with the Notice on the Regulation of Internal Employee Shareholding in Financial Enterprises (Ministry of Finance [2010] No.97). Employee shares are mainly obtained through the following ways: first, the shares of the Company subscribed by internal employees at the time of establishment; second, the conversion of capital reserve to share capital after the establishment of the Company; third, through inheritance, judicial judgment and other ways.

## III. Shareholders and actual controllers

### (I) Number of shareholders

At the end of the reporting period, the Company had a total of 24,636 shareholders, of which 213 were institutional shareholders, 24,422 were individual shareholders and 1 was a holder of packaged shares<sup>22</sup>. The number of shareholders of ordinary shares at the end of the previous month before the disclosure of this annual report was 24,636.

<sup>22</sup> Note: Under Document (2004) No. 61 of former CBRC, any capital stock whose shareholders cannot be identified by the original rural credit cooperatives shall be converted into a 'packaged share' and subject to further processing after the actual shareholder is identified.

## ( II ) Top 10 shareholders and their shares at the end of the reporting period

Unit: share

Shareholder's name	Nature of shareholder	Shareholding ratio	Total number of shares	Increase/decrease during the reporting period	Pledged/frozen shares	
					Status	Number of shares
Shanghai State-owned Assets Management Co., Ltd.	State-owned institution	9.22	800,000,000	-	-	-
China COSCO Shipping Corporation Ltd.	State-owned institution	9.22	800,000,000	-	-	-
BaoSteel Corporation Ltd.	State-owned institution	9.22	800,000,000	-	-	-
Shanghai Jiushi (Group) Co., Ltd.	State-owned institution	8.45	733,842,856	+733,842,856	-	-
China Pacific Life Insurance Co., Ltd.	State-owned institution	6.45	560,000,000	-	-	-
Shanghai Guosheng Assets Co., Ltd.	State-owned institution	5.46	474,047,514	-	-	-
Zhejiang Expressway Co., Ltd.	State-owned institution	5.36	465,500,000	-	-	-
Taiping Life Insurance Co., Ltd.	State-owned institution	4.78	414,904,000	-	-	-
Shanghai Shendi (Group) Co., Ltd.	State-owned institution	4.12	357,700,000	-	-	-
Lanhai Holding Group Co., Ltd.	Domestic non-state legal person	3.87	336,000,000	-	Pledged	122,000,000
<b>Total</b>		<b>66.15</b>	<b>5,741,994,370</b>			

## (III) Controlling shareholders and actual controllers

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

## IV. Major shareholders of the Company

### ( I ) Shareholders holding more than 5% of shares

#### 1 Shanghai State-owned Assets Management Co., Ltd.

Shanghai State-owned Assets Management Co., Ltd. was established on September 24, 1999 with a registered capital of RMB 5.5 billion. The legal representative is Zhou Lei. Registered address is Building 1, No.1 Nandan Road, Xuhui District, Shanghai. The unified social credit code is 91310000631604599A. The business scope includes: industrial investment, capital operation, asset acquisition, packaging and transfer, enterprise and asset custody, debt restructuring, property brokerage, real estate intermediary, financial consulting, investment consulting and consulting services related to the business scope, guarantee related to asset operation and capital operation business.

As of the end of the reporting period, Shanghai State-owned Assets Management Co., Ltd. held 800,000,000 shares of the Company, accounting for 9.22% of the Company's total share capital. Mr. Zhou Lei was nominated by Shanghai State-owned Assets Management Co., Ltd. as a director of the Company. The controlling shareholder of Shanghai State-owned Assets Management Co., Ltd. is Shanghai International Group Co., Ltd.; the actual controller, SASAC Shanghai; and the ultimate beneficiary, Shanghai State-owned Assets Management Co., Ltd. According to the relevant provisions of the Interim Measures for Equity Management of Commercial Banks, the related parties of Shanghai State-owned Assets Management Co., Ltd. include Shanghai International Group Co., Ltd., Shanghai International Group Asset Management Co., Ltd., Shanghai Guoxin Investment Development Co., Ltd., etc. As of the end of the reporting period, Shanghai State-owned Assets Management Co., Ltd., its related parties and concerted actors jointly held 10% of the Company's shares, and there was no pledge of the Company's shares.

## 2 China COSCO Shipping Corporation Ltd.

China COSCO Shipping Corporation Ltd. was established on February 5, 2016 with a registered capital of RMB 11 billion. The legal representative is Xu Lirong. The registered address is No. 628 Minsheng Road, China (Shanghai) Pilot Free Trade Zone. The unified social credit code is 91310000MA1FL1MMXL. The business scope includes: international shipping, international maritime auxiliary business; import and export business of goods and technology; international freight forwarding business of sea, land and aviation; proprietary ship leasing; sale of ships, containers and steel; offshore engineering equipment design; terminal and port investment; sale of communication equipment, information and technology services; warehousing (except for hazardous chemicals); development, transfer, consultation, services of technology related to ships and spare parts, and equity investment funds.

As of the end of the reporting period, China COSCO Shipping Corporation Ltd. held 800,000,000 shares of the Company, accounting for 9.22% of the Company's total share capital. Mr. Huang Jian was nominated by China COSCO Shipping Corporation Ltd. as a director of the Company. The controlling shareholder and actual controller of China COSCO Shipping Corporation Ltd. is SASAC, and the ultimate beneficiary is China COSCO Shipping Corporation Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, the related parties of China COSCO Shipping Corporation Ltd. include COSCO Shipping Co., Ltd., China Shipping Group Co., Ltd., COSCO Shipping Bulk Co., Ltd., etc. As of the end of the reporting period, China COSCO Shipping Corporation Ltd., its related parties and concerted actors jointly held 9.22% of the Company's shares, and there was no pledge of the Company's shares.

## 3 BaoSteel Corporation Ltd.

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

As of the end of the reporting period, BaoSteel Corporation Ltd. held 800,000,000 shares of the Company, accounting for 9.22% of the Company's total share capital. Mr. Wu Kunzong was nominated by BaoSteel Corporation Ltd. as the director of the Company. China Baowu Steel Group Co., Ltd. is the controlling shareholder of BaoSteel Corporation Ltd.; the actual controller, SASAC; and the ultimate beneficiary, BaoSteel Corporation Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, the related parties of BaoSteel Corporation Ltd. include Shanghai Meishan Iron and Steel Co., Ltd., Baosteel Zhanjiang Co., Ltd., Wuhan Iron and Steel Co., Ltd., etc. As of the end of the reporting period, BaoSteel Corporation Ltd., its related parties and concerted actors jointly held 9.22% of the Company's shares, and there was no pledge of the Company's shares.

## 4 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 733,842,856 shares of the Company, accounting for 8.45% 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, the related parties of Shanghai Jiushi (Group) Co., Ltd. include Shanghai Qiangsheng Holding Co. Ltd., Shanghai Jiushi Public Transportation 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 8.45% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares.

**5 China Pacific Life Insurance Co., Ltd.**

China Pacific Life Insurance Co., Ltd. was established on November 9, 2001 with a registered capital of RMB 8.42 billion. The legal representative is Pan Yanhong. The registered address is No.1, Zhongshan South Road, Huangpu District, Shanghai. The unified social credit code is 91310000733370906P. The business scope includes: underwriting various personal insurance businesses in RMB and foreign currency, including life insurance, health insurance, accidental injury insurance and other businesses, the reinsurance of the afore-mentioned businesses, various legal personal insurance business; establish agency and business relationship with domestic and foreign insurance and related institutions, handle loss appraisal, claim settlement and other related matters entrusted by foreign insurance institutions, fund utilization business stipulated by the Insurance Law and relevant laws and regulations, participate in international insurance activities upon approval and other businesses approved by CIRC.

As of the end of the reporting period, China Pacific Life Insurance Co., Ltd. held 560,000,000 shares of the Company, accounting for 6.45% 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, the related parties of China Pacific Life Insurance Co., Ltd. also include China Pacific Property Insurance Co., Ltd., Pacific Asset Management Co., Ltd., CPIC Allianz Health Insurance Co., Ltd., etc. As of the end of the reporting period, China Pacific Life Insurance Co., Ltd. held 6.45% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares.

**6 Shanghai Guosheng Assets Co., Ltd.**

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

As of the end of the reporting period, Shanghai Guosheng Assets Co., Ltd. held 474,047,514 shares of the Company, accounting for 5.46% of the Company's total share capital. Ms. Ha Erman was nominated by Shanghai Guosheng Assets Co., Ltd. as the director of the Company. The controlling shareholder of Shanghai Guosheng Assets Co., Ltd. is Shanghai Guosheng (Group) Co., Ltd.; the actual controller, SASAC Shanghai; and the ultimate beneficiary, Shanghai Guosheng Assets Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, the related parties of Shanghai Guosheng Assets Co., Ltd. include Shanghai Assets Equity Group Limited Co., Shanghai Shengrong Industry Co., Ltd., Shanghai Lvhong Investment Development Co., Ltd., etc. As of the end of the reporting period, Shanghai Guosheng Assets Co., Ltd. held 5.46% of the Company's shares together with its related parties and concerted actors, and there was no pledge of the Company's shares.

**7 Zhejiang Expressway Co., Ltd.**

Zhejiang Expressway Co., Ltd. was established on March 1, 1997 with a registered capital of RMB 4,343,114,500. Legal representative is YU Zhihong. Registered address is 12/F, Block A, Huanglong Century Plaza, No.1 Hangda Road, Hangzhou. Unified social credit Code is 91330000142942095H. Business scope includes licensed projects: road management and maintenance; various engineering construction activities; construction engineering design; catering services. 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 465,500,000 shares of the Company, accounting for 5.36% 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, the related parties of Zhejiang Expressway Co., Ltd. include Zhejiang Shangsang Expressway Co., Ltd., Zhejiang Jiaying Expressway Co., Ltd., Zhejiang Jinhua Yongjin Expressway Co., Ltd., etc. As of the end of the reporting period, Zhejiang Expressway Co., Ltd. and its related parties and concerted actors jointly held 5.36% of the Company's shares, and there was no pledge of the Company's shares.



## ( II ) Other major shareholders under regulatory standard

### 1 Taiping Life Insurance Co., Ltd.

Taiping Life Insurance Co., Ltd. was established on November 17, 1984 with a registered capital of RMB 10.03 billion. Legal representative is Cheng Yonghong. Registered address is Room 2801, 2803A and 2804, Taiping Financial Building, No. 488, Middle Yincheng Road, China (Shanghai) Pilot Free Trade Zone, 29-33/F. Unified social credit code is 91310000710928436A. Business scope includes: personal accident insurance, personal term death insurance, personal endowment insurance, personal life insurance, personal annuity insurance, personal short-term health insurance, personal long-term health insurance, group accidental injury insurance, group fixed-term life insurance, group life insurance, group annuity insurance, group short-term health insurance, reinsurance business of the afore-mentioned insurance businesses, capital utilization business and other businesses approved by CIRC, such as concurrent property insurance agency business.

As of the end of the reporting period, Taiping Life Insurance Co., Ltd. held 414,904,000 shares of the Company, accounting for 4.78% of the Company's total share capital. Mr. Zhang Zuoxue was nominated by Taiping Life Insurance Co., Ltd. as a director of the Company. The controlling shareholder of Taiping Life Insurance Co., Ltd. is China Taiping Insurance Holdings Co., Ltd.; the actual controller, the Ministry of Finance of the People's Republic of China; and the ultimate beneficiary, Taiping Life Insurance Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, the related parties of Taiping Life Insurance Co., Ltd. include Taiping Senior Living Investments Co., Ltd, PIBC, Taiping Property (Beijing) Co., Ltd., etc. As of the end of the reporting period, Taiping Life Insurance Co., Ltd. held 4.78% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares.

### 2 Shanghai Shendi (Group) Co., Ltd.

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

As of the end of the reporting period, Shanghai Shendi (Group) Co., Ltd. held 357,700,000 shares of the Company, accounting for 4.12% of the Company's total share capital. Ms. Shao Xiaoyun was nominated by Shanghai Shendi (Group) Co., Ltd. as a director of the Company. Shanghai Shendi (Group) Co., Ltd. has no controlling shareholder; the actual controller, SASAC Shanghai; and the ultimate beneficiary, Shanghai Shendi (Group) Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, the related parties of Shanghai Shendi (Group) Co., Ltd. also include Shanghai Shendi Construction Co., Ltd., Shanghai Shendi Tourism and Resort Development Co., Ltd., Shanghai Shendi Development Co., Ltd., etc. As of the end of the reporting period, Shanghai Shendi (Group) Co., Ltd. held 4.12% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares.

### 3 Lanhai Holding Group Co., Ltd.

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

As of the end of the reporting period, Lanhai Holding Group Co., Ltd. held 336,000,000 shares of the Company, accounting for 3.87% of the Company's total share capital. Mr. Cai Zehua was nominated by Lanhai Holding Group Co., Ltd. as the supervisor of the Company. MI Chunlei is the controlling shareholder and actual controller of Lanhai Holding Group Co., Ltd. and the ultimate beneficiary is Lanhai Holding Group Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Bank, the related parties of Lanhai Holding Group Co., Ltd. include Lanhai Automobile Industry Development Co., Ltd., Shanghai Lanhai Luoheng Investment Co., Ltd., Shanghai Life Insurance Co., Ltd., etc. By the end of the reporting period, Lanhai Holding Group Co., Ltd., its related parties and concerted actors jointly held 3.87% of the Company's shares, and 122,000,000 shares had been pledged, which accounted for 36.31% of its total shareholding.

#### **4 Shanghai Shanxin Real Estate & Development Co., Ltd.**

Shanghai Shanxin Real Estate & Development Co., Ltd. was established on September 20, 1996, with a registered capital of RMB 20 million. Its legal representative is Wu Zhenlai. Its registered address is 4/F, No. 1111, Mengshan Road, Jinshan District, Shanghai. Its unified social credit code is 91310116123279525F. Its business scope includes: real estate development and operation, proprietary house leasing, production, processing and sales of electronic products (excluding medical equipment).

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

#### **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 22-24/F, Block A, Orient International Building, No. 85, Loushanguan Road, Shanghai. The unified social credit code is 913100001322319278. The business scope includes: operating and agency for the import and export business of textiles, clothing and other commodities, undertaking Sino-foreign joint venture, cooperative production, processing and compensation trade business, operating technology import and export business, foreign project contracting of light textile and clothing industries, domestic bidding for international projects, all kinds of labor and personnel dispatch to foreign countries, international freight forwarding business, property brokerage, proprietary house leasing.

As of the end of the reporting period, Orient International (Holding) Co., Ltd. held 114,000,000 shares of the Company, accounting for 1.31% of the Company's total share capital. Mr. Xu Peiqi was nominated by Orient International (Holding) Co., Ltd. as the supervisor of the Company. The controlling shareholder and actual controller of Orient International (Holding) Co., Ltd. is SASAC Shanghai, and the ultimate beneficiary is Orient International (Holding) Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Bank, the related parties of Orient International (Holding) Co., Ltd. include Shanghai Textile (Group) Co., Ltd., Orient International Group Shanghai Investment Co., Ltd., Orient International Holding Shanghai Foreign Trade Co., Ltd., etc. As of the end of the reporting period, Orient International (Holding) Co., Ltd. and its related parties and concerted actors jointly held 1.31% of the Company's shares, and there was no pledge of the Company's shares.

#### **6 Shanghai International Group Co., Ltd. (SIG)**

Shanghai International Group Co., Ltd. was established on April 20, 2000, with a registered capital of RMB 10,558,840,000. The legal representative is Yu Beihua. Registered address is No. 511 Weihai Road, Jing'an District, Shanghai. Unified social credit code is 91310000631757739E. Its business scope includes: investment dominated by financial investment and supported with non-financial investment, capital operation and asset management, financial research, and social and economic consultation.

As of the end of the reporting period, Shanghai International Group Co., Ltd. held 67,990,000 shares of the Company, accounting for 0.78% 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, the related parties of Shanghai International Group Co., Ltd. include Shanghai State-owned Assets Management Co., Ltd., Shanghai International Group Asset Management Co., Ltd., Shanghai Guoxin Investment Development Co., Ltd., etc. As of the end of the reporting period, Shanghai International Group Co., Ltd. held 10% of the Company's shares together with its related parties and concerted actors, and there was no pledge of the Company's shares.

## 7 Shanghai International Group Asset Management Co., Ltd.

Shanghai International Group Asset Management Co., Ltd. was established on December 16, 1987 with a registered capital of RMB 3.5 billion. Legal representative is DENG Weili. Registered address is Zone C, 3/F, No. 511, Weihai Road, Jing'an District, Shanghai. Unified social credit code is 91310106132201066T. Business scope includes: various domestic and foreign investment business, asset management business, enterprise management, financial consultation (not engaging in agency bookkeeping), investment consultation (not engaging in brokerage).

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 Bank, the related parties of Shanghai International Group Asset Management Co., Ltd. include Shanghai International Group Co., Ltd., Shanghai State-owned Assets Management Co., Ltd., Shanghai Xiayang Lake Investment Management Co., Ltd., etc. As of the end of the reporting period, Shanghai International Group Asset Management Co., Ltd. held 10% of the Company's shares together with its related parties and concerted actors, and there was no pledge of the Company's shares.

## V. Other information

### 1. Major changes in shares of major shareholders during the reporting period

As approved by the Approval of CBIRC Shanghai on the Equity Change of SRCB (CBIRC-Shanghai (2020) No. 355), Shanghai Jiushi (Group) Co., Ltd. transferred 413,484,285 shares of the Company held by Shanghai International Group Co., Ltd. and 320,358,571 shares of the Company held by Shanghai International Group Asset Management Co., Ltd., totaling 733,842,856 shares.

### 2. Pledged shares involving freezing, judicial auction, legal restriction of voting rights or other rights

As of the end of the reporting period, the pledged SRCB shares involved 3 frozen shareholders totaling 24,799,990 shares, including 16 million shares from Shanghai Jilian Investment Management Co., Ltd.<sup>23</sup> and 0.8 million shares of Zhejiang Yanhuang Down Products Co., Ltd.

During the reporting period, the pledged equity of the Company were frozen in two instances: First, in July 2020, Shanghai Songjiang District People's Court froze 7,999,990 SRCB shares (pledged) and dividends held by the Company's shareholder, Shanghai Guoting Real Estate Co., Ltd., for a period from July 7, 2020 to July 6, 2023. The above-mentioned shares went through judicial auction in October 2020. Second, in July 2020, the People's Court of Liandu District, Lishui City, Zhejiang Province and the People's Court of Huishan District, Wuxi City, Jiangsu Province froze 800,000 SRCB shares (pledged) and dividends held by the Company's shareholder Zhejiang Yanhuang Down Products Co., Ltd., for a period from July 10, 2020 to July 9, 2023 and July 28, 2020 to July 28, 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 Bank reached or exceeded 50% of its shareholding.

<sup>23</sup> The National Enterprise Credit Information Disclosure System shows that Shanghai Jilian Investment Management Co., Ltd. has changed its name to Shanghai Zheerguan Enterprise Management Co., Ltd.

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# Directors, Supervisors, the Senior Management and Employees

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## 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 and reasons	Remuneration before tax from the Company during the reporting period (RMB 10,000)	Remuneration from the Company's related parties (√)
Xu Li	Chairman of the Board of Directors, Executive Director	Male	1967	2019.1-2023.11	-	-	-	125.35	
Gu Jianzhong	Vice Chairman of the Board of Directors, Executive Director, President	Male	1974	2019.1-2023.11	-	-	-	160.54	√
Li Jin	Non-executive Director, Employee Director	Male	1963	2019.3-2023.11	480,000	480,000	-	112.80	
Zhou Lei	Non-executive Director	Male	1978	2017.3-2023.11	-	-	-	-	√
Huang Jian	Non-executive Director	Male	1969	2018.4-2023.11	-	-	-	-	√
Wu Kunzong	Non-executive Director	Male	1971	2018.2-2023.11	-	-	-	-	√
Zhang Chunhua	Non-executive Director	Female	1972	2020.11-2023.11	-	-	-	-	√
Ye Peng	Non-executive Director	Male	1972	2020.11-2023.11	-	-	-	-	√
Ha Erman	Non-executive Director	Female	1975	2017.3-2023.11	-	-	-	-	√
Ruan Liya	Non-executive Director	Female	1983	2020.11-2023.11	-	-	-	-	√
Zhang Zuoxue	Non-executive Director	Male	1972	2020.11-2023.11	-	-	-	-	√
Shao Xiaoyun	Non-executive Director	Female	1961	2019.4-2023.11	-	-	-	-	√
Wang Kaiguo	Independent Director	Male	1958	2017.3-2023.3	-	-	-	40.00	√
Zhu Yuchen	Independent Director	Male	1961	2017.3-2023.3	-	-	-	37.28	√
Chen Jiwu	Independent Director	Male	1966	2017.3-2023.3	-	-	-	37.64	√
Sun Zheng	Independent Director	Male	1957	2017.3-2023.3	-	-	-	39.64	√
Chen Naiwei	Independent Director	Male	1957	2017.3-2023.3	-	-	-	38.00	√
Chen Kai	Independent Director	Male	1970	2017.3-2023.3	-	-	-	38.00	√
Mao Huigang	Independent Director	Male	1972	2017.3-2023.3	-	-	-	39.64	√
Li Jianguo	Chairman of the Board of Supervisors, External Supervisor	Male	1963	2018.4-2023.11	-	-	-	76.95	√
Cai Zehua	Shareholder Supervisor	Male	1978	2020.5-2023.11	-	-	-	-	√
Wu Zhenlai	Shareholder Supervisor	Male	1950	2005.8-2023.11	640,000	640,000	-	3.00	√

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 (√)
Xu Peiqi	Shareholder Supervisor	Male	1989	2020.5-2023.11	-	-	-	-	√
Lian Bolin	External Supervisor	Male	1958	2020.9-2023.11	-	-	-	7.50	√
Nie Ming	External Supervisor	Male	1960	2020.9-2023.11	-	-	-	7.00	
Yang Yuanjun	Employee Supervisor	Male	1966	2017.3-2023.11	240,000	240,000	-	429.40	
Xu Jingfen	Employee Supervisor	Female	1969	2017.3-2023.11	-	-	-	225.64	
Lu Wenjun	Employee Supervisor	Female	1969	2019.9-2023.11	400,000	400,000	-	217.61	
Jin Jianhua	Vice President	Male	1965	2010.9-2023.11	480,000	480,000	-	145.15	
Yu Minhua	Vice President Secretary to the Board of Directors	Male	1976	2018.6-2023.11 2019.2-2023.11	96,000	96,000	-	211.32	
Zhang Hongbiao	Vice President	Male	1968	2020.11-2023.11	320,000	320,000	-	6.34	√
Gu Xianbin	Vice President Chief Risk Officer	Male	1979	2020.11-2023.11 2017.10-2023.11	96,000	96,000	-	376.92	
Ying Changming	Vice President	Male	1972	2020.11-2023.11	-	-	-	282.70	

## Note:

- According to the regulatory provisions, the term of office of directors, supervisors and the Senior Management in the table above starts from the date of first appointment if re-election is involved.
- On November 27, 2020, the Company's Second Ad-hoc General Meeting of 2020 elected Xu Li and Gu Jianzhong as executive directors for a second term; Zhou Lei, Huang Jian, Wu Kunzong, Zhang Chunhua, Ha Erman and Shao Xiaoyun as non-executive directors for a second term; Wang Kaiguo, Zhu Yuchen, Chen Jiwu, Sun Zheng, Chen Naiwei, Chen Kai and Mao Huigang as independent directors for a second term; and newly elected Ye Peng, Ruan Liya and Zhang Zuoxue as non-executive directors; elected Cai Zehua, Wu Zhenlai and Xu Peiqi as shareholder supervisors for a second term, and Li Jianguo, Lian Bolin and Nie Ming as external supervisors for a second term.
- On November 27, 2020, the Company held the first meeting of the 4th Board of Directors and elected Director Xu Li as the Chairman of the Company and Director Gu Jianzhong as the Vice Chairman and President of the Company; appointed Jin Jianhua, Yu Minhua, Zhang Hongbiao, Gu Xianbin and Ying Changming as Vice Presidents of the Company; Yu Minhua was also the Secretary of the Board of Directors of the Company and Gu Xianbin was also the Chief Risk Officer of the Company for the same term of office as the 4th Board of Directors.
- On 27 November 2020, the Company held the 1st meeting of the 4th Board of Supervisors and elected Supervisor Li Jianguo as the Chairman of the Board of Supervisors of the Company for the same term of office as the 4th Board of Supervisors.
- CBIRC Shanghai approved the qualification of Ms. Zhang Chunhua as a director of the Company on January 14, 2021; CBIRC Shanghai approved the qualification of Ye Peng and Zhang Zuoxue as directors of the Company on January 18, 2021; CBIRC Shanghai approved the qualification of Ruan Liya as a director of the Company on January 27, 2021; Shanghai CBIRC Shanghai approved the qualification of Zhang Hongbiao, Gu Xianbin and Ying Changming as vice presidents of the Company on January 26, 2021.
- 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.
- The remuneration received by Li Jianguo from related parties of the Company during the reporting period represented the remuneration deferred from the period of his remuneration relationship with Shanghai Bank Co., Ltd.
- The remuneration received by Zhang Hongbiao from related parties of the Company during the reporting period represented the remuneration granted during the period of his remuneration relationship with Shanghai Bank Co., Ltd.

## II. Outgoing directors, supervisors, and senior management

Name	Position	Gender	Year of birth	Term of office	No. of shares at the beginning of the period (share)	No. of shares at the end of the period (share)	Change of shares and reasons	Remuneration before tax from the Company during the reporting period (RMB 10,000)	Remuneration from the Company's related parties (√)
Zhao Ying	Non-executive Director	Male	1971	2017.12-2020.11	-	-	-	-	√
Wang Tayu	Non-executive Director	Male	1970	2017.12-2020.11	-	-	-	-	√
Wang Dehua	Non-executive Director	Male	1974	2018.8-2020.11	-	-	-	-	√
Zhang Ke	Non-executive Director	Male	1964	2019.4-2020.8	-	-	-	-	√
Zhang Xilin	Shareholder Supervisor	Male	1979	2017.12-2020.5	-	-	-	1.00	√
Zhu Peilan	Shareholder Supervisor	Female	1975	2015.4-2020.5	-	-	-	-	√
Wu Jian	External Supervisor	Male	1968	2017.3-2020.9	-	-	-	33.00	√
Ling Wei	External Supervisor	Female	1965	2017.3-2020.9	-	-	-	34.50	
Kang Jie	Vice President	Male	1979	2018.6-2020.3.	160,000	160,000	-	97.74	

Note:

According to the regulatory provisions, the term of office of directors, supervisors and the Senior Management in the table above starts from the date of first appointment if re-election is involved.

## III. Biography and work experiences of directors, supervisors and senior management

### (I) Directors

**Xu Li**, male, born in December 1967, graduate degree, master's degree in economics, senior economist, and deputy to the 15th Shanghai Municipal People's Congress. Now, he is the Secretary of SRCB Party Committee and Chairman of SRCB, Deputy Director of the 6th Rural Cooperative Financial Working Committee of China Banking Association, Executive Director of Shanghai Financial Association, Deputy Chairman of the council member of Shanghai Banking Association, and Board Member of Shanghai Guozi. He was the former General Manager of the Corporate Banking Department of ICBC Shanghai Branch, President and Secretary of the CPC General Branch of the ICBC Shanghai Bund Sub-branch, Assistant President, Deputy Executive President, and Party Committee member of ICBC Shanghai Branch, Deputy Party Secretary, Vice President and President of SRCB.

**Gu Jianzhong**, male, born in November 1974, graduate degree, master's degree in economics, economist. Now, he is the Deputy Secretary of the Party Committee, Vice Chairman and President of SRCB, and Vice Chairman of the 3rd Shanghai Youth Federation of Finance, Executive Chairman of the 8th Shanghai Youth Entrepreneurs Association, Vice Chairman of Shanghai Financial Association, and member of the 12th China Youth Entrepreneurs Association. He was Deputy General Manager of Corporate Finance Department, General Manager of Marketing Department, Hong Kong and Taiwan Business Department of Bank of Shanghai, General Manager of Corporate Finance Department, General Manager of Credit Approval Center, General Manager of Business Department of Bank of Shanghai, Deputy Director (temporary) of Comprehensive Coordination Division, Director (temporary) of Financial Institution Division of Shanghai Finance Office, Member of the Party Committee, Director and General Manager of Human Resources, Deputy Secretary of Discipline Inspection Commission of Bank of Shanghai, Deputy General Manager and Member of Party Committee of Shanghai International Group Co., Ltd.

**Li Jin**, male, born in June 1963, graduate degree, Executive MBA, senior economist. Now, he is the Deputy Secretary of the Party Committee, Employee Director and Chairman of the Trade Union of SRCB, and Vice Chairman of Shanghai Corporate Counsel Association, Director of Shanghai Real Estate Economic Society, member of the Standing Committee of Rural Bank Working Committee of China Banking Association, executive member of the 5th council of Research Association of Ideological and Political Work of China Financial Institutions, 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 CBRC Shanghai, Director of the Supervision Division and Chief Supervisor of Bank of Communications (Deputy Inspector), member of the Party Committee and Vice President of SRCB.

**Zhou Lei**, male, born in July 1978, graduate degree, MBA, economist. Now, he is Vice President and member of the Party Committee of Shanghai International Group Co., Ltd., Party Secretary and Chairman of Shanghai State-owned Assets Management Co., Ltd., Director of Guotai Junan Securities, and Non-executive Director of SRCB. He was General Manager of Financing Department and Deputy Director of Project Development of SIG Asset Management Co., Ltd., Deputy General Manager, Head of Compliance Risk, Deputy Party Secretary and Board Director of Shanghai Aijian Trust Co. Ltd., Party Committee Member, Deputy General Manager (managed as principal title of subsidiaries), Deputy Party Secretary, Vice Chairman and President of Shanghai State-owned Assets Management Co., Ltd.

**Huang Jian**, male, born in August 1969, undergraduate degree, MBA, senior accountant. He is currently General Manager of the Capital Operation Department of COSCO Shipping Group Co., Ltd., Director of COSCO Shipping Development Co., Ltd., Director of COSCO Shipping Investment Holdings Co., Ltd., Director of COSCO Shipping Captive Insurance Co., Ltd., Director of China Merchants Securities Co., Ltd., Director of Lanhai Medical Industry Investment Co., Ltd., and Non-executive Director of SRCB. He was Senior Staff Member of Accounting Division, Accounting and Finance Department, Principal Staff Member, Deputy Director and Director of Fund Division, Treasury Department of former COSCO Group, Vice-President and General Manager of Finance Department of COSCO Shipping Lines North America Inland Transport Company, Financial Director and Party Committee Member of COSCO Americas, Vice-President of COSCO (Group)/COSCO Finance Department, Deputy General Manager of the Capital Operation Department of COSCO Shipping Group Co., Ltd (presiding over the work).

**Wu Kunzong**, male, born in February 1971, undergraduate degree, dual Master's degree in Economics and Management, senior accountant. He is currently Deputy Party Secretary (presiding) and Vice Chairman of Echeng Steel Co., Ltd., Baowu Group, Director of the Financial Director Committee of The Listed Companies Association of Shanghai, and Non-executive Director of SRCB. He was Deputy Director of Audit Division, Deputy Head and Head of Audit Department, Director of System Innovation and Finance, and Director of Finance Department of Baosteel Co., Ltd., Director of the Audit Department, General Manager of Operation and Finance Department, and Director of Assets Management of Baosteel Co., Ltd., Financial Director, Secretary of Board of Directors, and CFO of Baosteel Co., Ltd., Deputy Party Secretary and General Manager of Shanghai Meishan Iron and Steel Co., Ltd.

**Zhang Chunhua**, female, born in March 1972, master's degree in political economy, auditor. Now, she is the Chief Economist and General Manager of Finance Management Department of Shanghai Jiushi Co., Ltd., Director of Shanghai Lingang Economic Development (Group) Co., Ltd., and Non-executive Director of SRCB. 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., and Non-executive Director of SRCB. He was a member of the Party Committee and Chief Accountant of John Hancock-TianAn Life Insurance Co., Ltd., Assistant General Manager, Head of Finance, Secretary to the Board of Directors, General Manager of Finance Department and General Manager of Strategic Development Department of Changjiang Pension Co., Ltd., Deputy 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., and Non-executive Director of SRCB. She was Director Assistant of Shanghai Xuhui District Foreign Trade and Economic Commission, Deputy Director of Xuhui District Hunan Sub-district Office, Deputy Director of Xuhui District Commission of Commerce, Director of Xuhui District Food Bureau, Deputy Party Secretary, Party Secretary, and Vice Chairman of Shanghai State-owned Assets Management Co., Ltd., Party Secretary and Chairman of SIG Asset Management Co., Ltd.



**Ruan Liya**, female, born in January 1983, master's degree, master's degree in science, and intermediate economist. She is currently a member of the Party Committee and Chief Financial Officer of Zhejiang Expressway Co. Ltd., and Non-executive Director of SRCB. 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.

**Zhang Zuoxue**, male, born in July 1972, bachelor's degree, MBA, and senior economist. He is currently a member of the Party Committee and Investment Director of Taiping Life Insurance Co., Ltd., Director of Taiping Investment Holdings Co., Ltd., Supervisor of Taiping Asset Management Co., Ltd., Director of Joy City Holdings Group Co., Ltd., Director of Taiping Poly Investment Management Co., Ltd., Director of WZ Group Co., Ltd., and Non-executive Director of SRCB. He was the Deputy General Manager of the Corporate Business Department (Pudong Development Zone) and Vice President of Pudong Development Zone Sub-branch of ICBC Shanghai Branch, Secretary of the Party Committee and President of Jinshan Sub-branch of ICBC Shanghai, member of the Party Committee and Vice President of ICBC Dalian Branch, and Senior Vice President of Zhongnan Holding Group Co., Ltd.

**Shao Xiaoyun**, female, born in September 1961, undergraduate degree, master's degree in economics, senior economist. She is currently a member of the Party Committee and Vice President of Shanghai Shendi (Group) Co., Ltd., Chairman of Shanghai Wild Animal Park Development Co., Ltd, Executive Director of Shanghai Shendi Development Co., Ltd., Director of Shanghai International Theme Park Co., Ltd. and Shanghai International Theme Park Facilities Co., Ltd., and Non-executive Director of SRCB. She was Assistant Engineer of the No. 615 Research Institute of the Ministry of Aeronautics and Astronautics, Deputy Director and Director of the Contract Office of Financial Department, Assistant Manager, Deputy Manager and Manager of the Financial Department, Assistant General Manager, Deputy General Manager, Financial Director, Deputy Party Secretary, Vice President and Secretary of the Discipline Inspection Commission of Shanghai Airlines Co., Ltd.

**Wang Kaiguo**, male, born in November 1958, doctoral degree, Ph.D. degree in economics, senior economist. He is currently Chairman of Shanghai Zhongping Guoyu Asset Management Co., Ltd., Chairman of PE Association of Shanghai, Independent Director of Shanghai Dazhong Public Co., Ltd., Independent Director of Caitong Fund Management Co., Ltd., Independent Director of Anxin Trust Co., Ltd., Executive Director and Manager of Ningbo Zhongping Enterprise Management Co., Ltd., Independent Director of Zhongliang Holding Group Co., Ltd., Vice President of China Academy of Productivity Science, Director of Hunan Yongxiong Asset Management Group Company Limited, Director of Shanghai Kingstar Software Technology Co., Ltd., and Independent Director of SRCB Board. He was Deputy Director of State-owned Asset Management Bureau Research Institute, Division Head of the Department of Policies and Laws, State-owned Asset Management Bureau, Vice President, President, Party Secretary and Chairman of Haitong Securities.

**Zhu Yuchen**, male, born in April 1961, doctoral degree, Ph.D. degree in economics, senior economist. He is currently CEO of Asia Pacific Exchange, Independent Director of Greentown China Holding Co., Ltd., Executive Director and General Manager of Shanghai Yalin Technology Co., Ltd., Executive Director and General Manager of Shanghai Yalin Zunhong Trading Co., Ltd., and Independent Director of SRCB. He was Deputy Director of National Food Wholesale Market Manager Office, Ministry of Commerce, Chairman and President of Shanghai CIFCO Futures, President of Dalian Commodities Exchange, Chairman of China Futures Association, President of China Financial Futures Exchange, President of SPDB, Chairman and CEO of Shanghai Zunhong Investment Co., Ltd., and Vice Chairman of TaxChina Consultation Co., Ltd.

**Chen Jiwu**, male, born in January 1966, doctoral degree, Ph.D in economics. He is currently Chairman of Vstone Fund Management Co., Ltd., Chairman and General Manager of Shanghai Vstone Wealth Fund Sale Co., Ltd., Chairman and President of Vstone, Executive Director of Shanghai Kaihui Investment Management Co., Ltd., Supervisor of Shanghai Kaiying Catering Co., Ltd., Chairman of Shanghai Yuanlukang Vegetable and Fruit Cooperative, Independent Director of Infinity Bidco, Executive Director of Shanghai Kaishi Investment Management Co., Ltd, Director of Beijing October Inn Technology Co. Ltd., Director of Bengbu Wangsheng Supply Chain Management Co., Ltd., and Independent Director of Framestore and SRCB. He was Deputy General Manager of Investment Banking Department, Zhejiang International Trust Investment Co., Ltd., Fund Manager of Nanfang Fund Co., Investment Director of Fund Investment Department, China Life Fund Operation Center, Investment Director and Vice President of Fullgoal Fund Management Co., Ltd.

**Sun Zheng**, male, born in December 1957, doctoral degree, Ph.D. degree in economics (accounting), senior professor, senior member of Chinese Institute of Certified Public Accountants, senior certified accountant of CPA Australia, and honorary member of FCPA. He is currently Director of the Academic Committee of Shanghai University of Finance and Economics, Independent Director of Bank of Shanghai Co., Ltd., Industrial Securities Co., Ltd., COFCO Capital Holdings Co., Ltd. and SRCB, Director of SHUFE Software Co., Ltd., and Legal representative of Shanghai Xuankai Corporate Management Firm. He is also Vice Chairman of Accounting Society of China. He was Vice President, and Dean of Business School, Shanghai University of Finance and Economics.

**Chen Naiwei**, male, born in August 1957, doctoral degree, Ph.D. degree in civil and commercial law, professor. He is currently Executive President of Advanced Institute of Lawyers, Fudan University, Chairman of Shanghai FTA Intellectual Property Right Association, Vice President of Shanghai Modern Service Industry Federation, Executive Vice Chairman of China Law Association on Science and Technology, Vice Chairman of Shanghai Arbitration Association, Director of Shanghai Song Qing Ling Foundation, Arbitrator of China International Economic and Trade Arbitration Commission, Shanghai Arbitration Commission, Shanghai International Arbitration Centre, Hong Kong International Arbitration Centre, International Chamber of Commerce Court of Arbitration, and Court of Arbitration for Sport, Mediator of WIPO Arbitration and Mediation Centre, External Director of Donghao Lansheng (Group) Co., Ltd., and Independent Director of Zhejiang Medicine Co., Ltd., Spring Airlines Co., Ltd., Everbright Jiabao Co., Ltd., Shanghai J.Y Group Co., Ltd., and SRCB. He was Director of Law School, and Intellectual Property Research Centre, Shanghai Jiaotong University, Vice Chairman of the 8th and 9th Shanghai Lawyers Association, Founding and Senior Partner of Oriental Lawyer and Shanghai Jintiancheng Law Firm.

**Chen Kai**, male, born in November 1970, doctoral degree, Ph.D. degree in engineering. He is currently Vice Chairman and Deputy General Manager of Eastmoney.com, Executive Director of Shanghai Eastmoney Real Estate Co., Ltd., Executive Director of Shanghai Xuhui Eastmoney Microfinance Co., Ltd., Executive Director of Nanjing Eastmoney Information Technology Co., Ltd., Executive Director of Shanghai Weizhao Information Technology Co., Ltd., Executive Director and General Manager of Eastmoney Credit Information Co., Ltd., Vice Chairman of China Securities Credit Technology (Shenzhen) Co., Ltd., Executive Director and General Manager of Shanghai Youyou Business Consulting Co., Ltd., Executive Director of Shanghai Eastmoney Network Technology Co., Ltd., Executive Director and General Manager of Shanghai Eastmoney Financial Data Service Co., Ltd., Executive Director and General Manager of Chengdu Jinghe Enterprise Management Co., Ltd., and Independent Director of SRCB. He was General Manager of second-level department, Vice President, and Deputy Chief Engineer of Shanghai Changjiang Computer (Group) Co., Ltd., President of Shanghai Changjiang Science and Technology Development Co., Ltd., Deputy Secretary of Shanghai CPC Youth League, Chairman of Shanghai Youth Federation, President of Shanghai Youth Administration Cadre Institute, Deputy Director of Shanghai Municipal Government Foreign Affairs Office, Secretary General of IBLAC.

**Mao Huigang**, male, born in August 1972, undergraduate degree, master's degree in law, lawyer, Deputy to the second Huangpu District People's Congress of Shanghai. He is now the Legal Representative of Shanghai Jinmao P.R.C. Lawyers, Legal Advisor to United Front Department, Shanghai Municipal Party Committee and to the Municipal Government of Huangpu District, Shanghai, Member of Shanghai Huangpu District NPC Law Committee and Supervision and Justice Committee, Vice Chairman of New Social Stratum Association in Huangpu District, registered Expert of Insurance Asset Management Association of China, Member of the Arbitration Commission, All China Lawyers Association, Arbitrator of China International Economic and Trade Arbitration Commission and Shanghai/Qingdao/Nanjing Arbitration Commission, Director of Shanghai Bar Association, Director of Social Responsibility Promotion Committee/Public Law Service Development Committee, and Arbitration Business Study Committee, Independent Director of Bright Dairy Co., Ltd., and Independent Director of SRCB. He was Director, and Executive Partner of Shanghai Jinmao P.R.C. Lawyers.

## ( II ) Supervisors

**Li Jianguo**, male, born in June 1963, graduate degree, master's degree in economics, economist. He is currently the Chairman of SRCB Board of Supervisors. He was the Deputy Director of the Hong Kong and Macao Affairs Office of the Foreign Investment Department of the People's Bank of China, Deputy Director of the Hong Kong and Macao Affairs Management Department, Deputy General Manager of SAFE Investment Company Limited, Chief Representative of the People's Bank of China in Tokyo, Director-level official of the International Department of the People's Bank of China, Deputy Director of the International Department of the Shanghai Headquarters of the People's Bank of China, Vice President and member of the Party Committee of Bank of Shanghai ( during his tenure, he served as Deputy Director and member of the Party leadership group of Liaoning Provincial Finance Department, and Deputy Secretary-General of Liaoning Provincial Government successively ) .

**Cai Zehua**, male, born in July 1978, master's degree in finance and economics. He is currently the Secretary of the Board of Directors of Shanghai Life Insurance Co., Ltd., Independent Director of Waterstone China Biomedical Technology (Wuhan) Co., Ltd., and Shareholder Supervisor of SRCB. He was the Assistant Manager of the Treasury Department of COSCO Shipping Finance Co., Ltd. and the Senior Manager of the Treasury Management Office and the Financial Management Office of the Finance Department, China COSCO Shipping Corporation Ltd.

**Wu Zhenlai**, male, born in September 1950, college graduate. He is currently the Chairman of Shanghai Shanxin Real Estate & Development Co., Ltd., and SRCB Shareholder Supervisor. He previously served as Secretary and monitor of Xinjiang 8488 Force, and Manager of Shanghai Wenhua Architects.

**Xu Peiqi**, male, born in September 1989, master's degree, economist. He is now Assistant General Manager of Planning and Finance Department, Orient International (Holding) Co., Ltd., member of the Loan Underwriting Committee of Shanghai Minhang Huayi Microfinance Co., Ltd., and Shareholder Supervisor of SRCB. He was the Secretary of the Board of Supervisors, Assistant Director of the Board of Directors (Supervisors) Office (Strategic Planning Office), Deputy Secretary of the Youth League Committee, and Assistant General Manager of the Financial Investment Division.

**Lian Bolin**, male, born in May 1958, master's degree, bachelor's degree in economics, and senior economist. He is currently a representative of the 15th Shanghai People's Congress, Director of Shanghai University of Finance and Economics, Independent Director of VStone Fund Management Co., Ltd., and External Supervisor of SRCB. 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, and lawyer. He is currently a representative of the 15th Shanghai People's Congress, Lawyer of Beijing Anli (Shanghai) Partners, Arbitrator of the Shanghai Court of Financial Arbitration, and External Supervisor of SRCB. 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.

**Yang Yuanjun**, male, born in October 1966, undergraduate degree, economist. He is currently the President (Director level) and Employee Supervisor of Pudong Branch, SRCB. He was the Assistant President, Vice President (presiding), and President of Songjiang Sub-branch, and President of Minhang Sub-branch of SRCB.

**Xu Jingfen**, female, born in March 1969, undergraduate degree, accredited economist. She is currently General Manager of SRCB Audit Department, and Employee Supervisor of SRCB. She was Deputy Counselor, Incorporated Bank Regulation Department, CBRC Shanghai, Head at GM level, Senior Manager and Deputy General Manager, Deputy General Manager (presiding), SRCB Audit Department.

**Lu Wenjun**, female, born in March 1969, undergraduate degree, MBA, economist. She is currently Vice Chairman of Trade Union, Director of Trade Union Office, Chairman of Trade Union of the Head Office, Employee Supervisor of SRCB, and Chairman of the Board of Supervisors, Shanghai DaAn Financial Note Delivery Co., Ltd. She was Deputy General Manager of Personal Finance Department, Director of Party-Mass Work Office, General Manager of Credit Card Department, Deputy General Manager of Institutional Development Department (General Manager level), Deputy Director of Rural Bank Management Department (General Manager level).

### ( III ) Senior management

**Gu Jianzhong** ( Refer to work experience of Members of the Board of Directors for details ) .

**Jin Jianhua**, male, born in January 1965, doctoral degree, doctor of laws and economist. He is currently member of the Party Committee and Vice President of SRCB, Chairman and Party Secretary of Yangtze United Financial Leasing Co., Ltd., Equity Director of the 3rd Board of Rural Credit Banks Fund Clearing Center, Executive Director of Shanghai Numismatic Society, 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), Financial Institution Deputy Chief, Chief (temporary) of the Shanghai Financial Services Office, and President Assistant of SRCB.

**YU Minhua**, male, born in September 1976, undergraduate degree, MBA, assistant economist. He is currently member of the Party Committee, Vice President and Secretary to the Board of Directors of SRCB, Director of the 8th Board of Shanghai Young Entrepreneurs Association, and Executive Member of the 4th Board, China Gold Association. He was Assistant General Manager and Deputy General Manager of the Credit Approval Department of SRCB, and Vice President (presiding), Party Committee Secretary and President of Yangpu Branch of SRCB.

**Zhang Hongbiao**, male, born in January 1968, master's degree, MBA, and economist. He is currently the Vice President of SRCB and President of Yangtze River Delta Financial Headquarters. 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, the Secretary of the Party Committee and the President (director level) 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 SRCB. He was the Secretary of the Party Committee and President of Chongming Sub-branch of SRCB, the Director of the Head Office, General Manager of the Corporate Finance Department, Director of Corporate Business, and the Secretary of the Party Committee and the Chairman of Yangtze United Financial Leasing Co., Ltd.

**Ying Changming**, male, born in November 1972, master's degree, master's degree in science, and member of the 6th CPPCC of Shanghai Jiading District. He is currently the Vice President of SRCB, Director of Shanghai Finance Society and 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 SRCB, Office Director, Secretary of the Party Committee and the President of Jiading Sub-branch.

## 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 Performance Assessment and Salary Distribution Plan for Leaders Other Than the Legal Representative of SRCB, SRCB Professional Managers' Assessment and Management Measures and SRCB Professional Managers' Remuneration Management Measures approved by the Board of Directors.
Total remuneration actually received by all directors, supervisors and the Senior Management at the end of the reporting period	During the reporting period, the total pre-tax remuneration paid by the Company to directors, supervisors and the Senior Management was RMB 19.5201 million, of which RMB 10.5814 million was attributable to 2020 and RMB 8.9387 million was attributable to previous years on the accrual basis. The final remuneration of directors, supervisors and the Senior Management of the Company are in the process of confirmation by the competent authorities, and the rest will be disclosed after confirmation.

## V. Changes of directors, supervisors and senior management

Date	Name	Change	Reason for change
July 15, 2020	Wang Tayu	Resignation as Non-executive Director of the Company	Change of corporate equity structure
August 31, 2020	Zhang Ke	Resignation as Non-executive Director of the Company	Personal reason
September 17, 2020	Zhang Chunhua	Elected as Non-executive Director of the 4 <sup>th</sup> Board of Directors by 2020 1 <sup>st</sup> Ad-hoc General Meeting of Shareholders, and approved by CBIRC Shanghai through qualification review.	Election by the general meeting of shareholders
November 27, 2020	Ye Peng Ruan Liya Zhang Zuoxue	Elected as Non-executive Directors of the 4 <sup>th</sup> Board of Directors by 2020 2 <sup>nd</sup> Ad-hoc General Meeting of Shareholders, and approved by CBIRC Shanghai through qualification review.	Change of the Board of Directors
May 7, 2020	Zhang Xilin, Zhu Peilan	Resignation as Shareholder Supervisor of the Company	Personal reason
May 7, 2020	Cai Zehua, Xu Peiqi	Elected as the Company's Shareholder Supervisor by the 2019 Annual General Meeting of Shareholders	Election by the general meeting of shareholders
July 21, 2020	Wu Jian	Resignation as External Supervisor of the Company	Personal reason
July 22, 2020	Ling Wei	Resignation as External Supervisor of the Company	Personal reason
September 17, 2020	Lian Bolin, Nie Ming	Elected as the Company's External Supervisors by the 2020 Ad-hoc General Meeting of Shareholders	Election by the general meeting of shareholders
March 4, 2020	Kang Jie	Resignation as Vice President	Work adjustment
November 27, 2020	Zhang Hongbiao, Gu Xianbin, Ying Changming	Appointed Zhang Hongbiao, Gu Xianbin and Ying Changming as Vice Presidents of the Company after review by the 1 <sup>st</sup> Meeting of the 4 <sup>th</sup> Board of Directors, and approved by CBIRC Shanghai through qualification review.	Appointment by the Board of Directors

## 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.

## VII. Employees of the parent company and major subsidiaries

### ( I ) Employees

	Unit: Person
<b>Total number of employees in the parent Company and major subsidiaries</b>	<b>8,645</b>
Including: Number of employees in the parent Company	7,183
Number of employees in major subsidiaries	1,462
Number of outgoing and retired employees of parent Company and major subsidiaries	2,754
<b>Professional composition of employees in the parent Company</b>	
Including: Management	1,251
Bank business personnel	5,269
Technical personnel	374
<b>Education level of employees in the parent Company</b>	
Including: College or technical secondary school degree	835
Undergraduate degree	4,892
Graduate degree and doctor's degree	1,306

### ( II ) Remuneration policy

During the reporting period, the remuneration policy of the Company remained basically 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, and 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 and allowance, variable remuneration includes all kinds of current and deferred performance-based salary, and benefit income includes social insurance premium and housing provident fund, etc. 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 1.826 billion.

During the reporting period, the Company's net profit attributable to shareholders of the parent company was RMB 8.161 billion. At the end of the reporting period, the Group had a capital adequacy ratio of 14.40%, a non-performing loan ratio of 0.99%, a provision coverage ratio of 419.17% and a leverage ratio of 7.01%. 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 SRCB Trial Measures for the Management of Deferred Payment of Performance-based Compensation, and established a mechanism for deferred payment and recovery of employees' performance-based compensation. The remuneration payment term is reasonably determined according to the performance realization and risk change of business activities involved in the post. In case of any disciplinary punishment or major risk event, the leading group or working group meeting for deferred payment of performance-based compensation will be held every year to propose the accountability and punishment plan and deduct the deferred payment. During the reporting period, the amount of deferred pay for performance of the Company's employees was RMB 320 million and RMB 742,000 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.

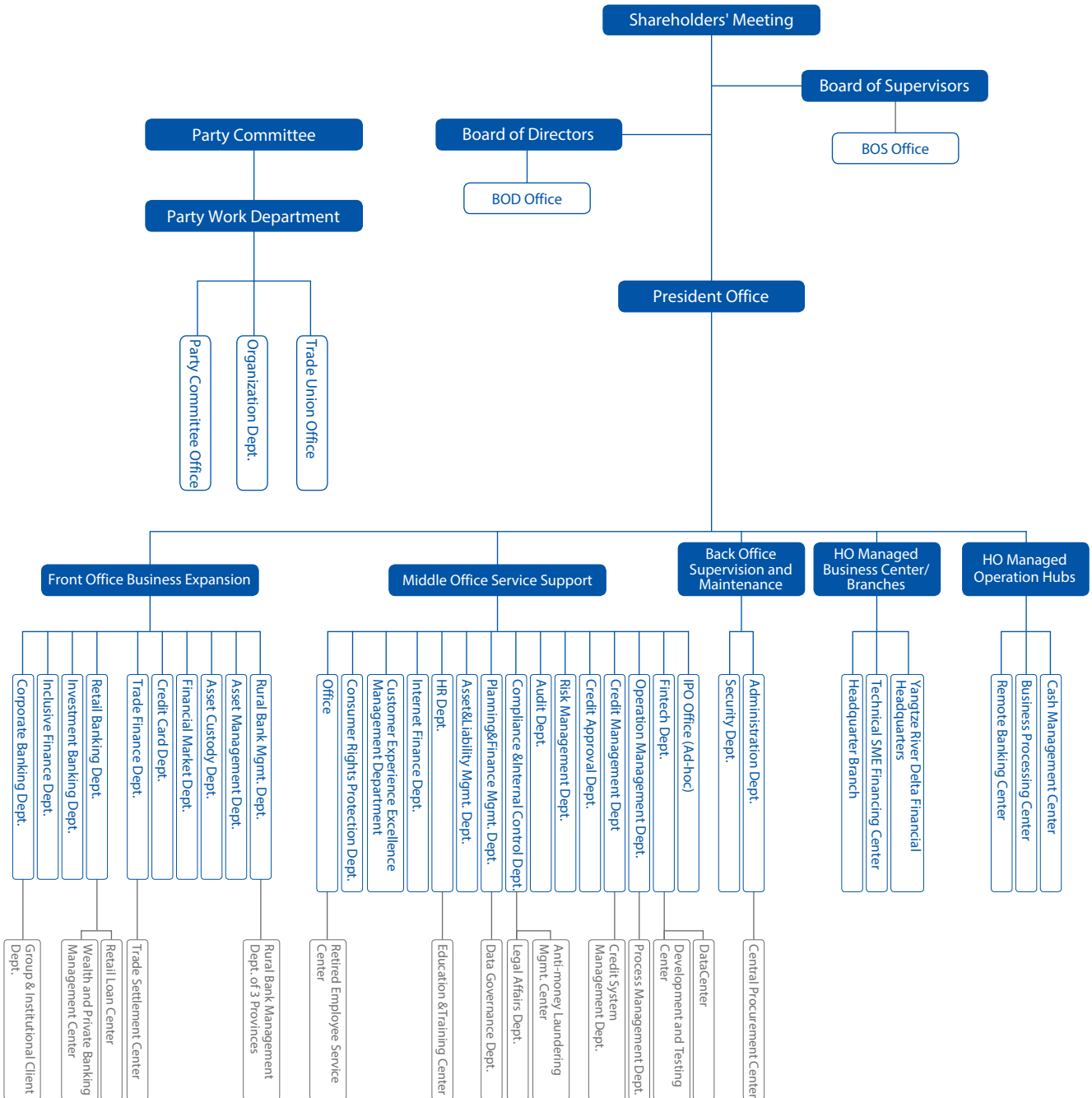
### ( III ) Training program

Reshaped the leadership of managers, promoted managers to empower, motivate, and train people, and focused on improving the coach leadership; consolidated and promoted the training of two levels of reserve teams, namely the middle-level reserve of the head office and the high-potential reserve (section-level reserve) of the "Xinhua Plan"; designed new pre-training for new employees' induction training and new professional team competency qualification training to speed up the independent performance of new employees; carried out the construction of Bank-wide internal training databases on lecturer, course, case and teaching material; developed and interfaced "Xinpeipan" new and old learning platforms, and continued to build an agile, efficient and practical online learning system; promoted the training of professional teams led by each departments to further improve targeted and effective training. During the reporting period, 898 new online courses were added, 66 online learning activities were organized, with 80,463 participants, and a 379-person internal training lecturer pool was established.

### ( 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.

## VIII. Organization chart of the Company



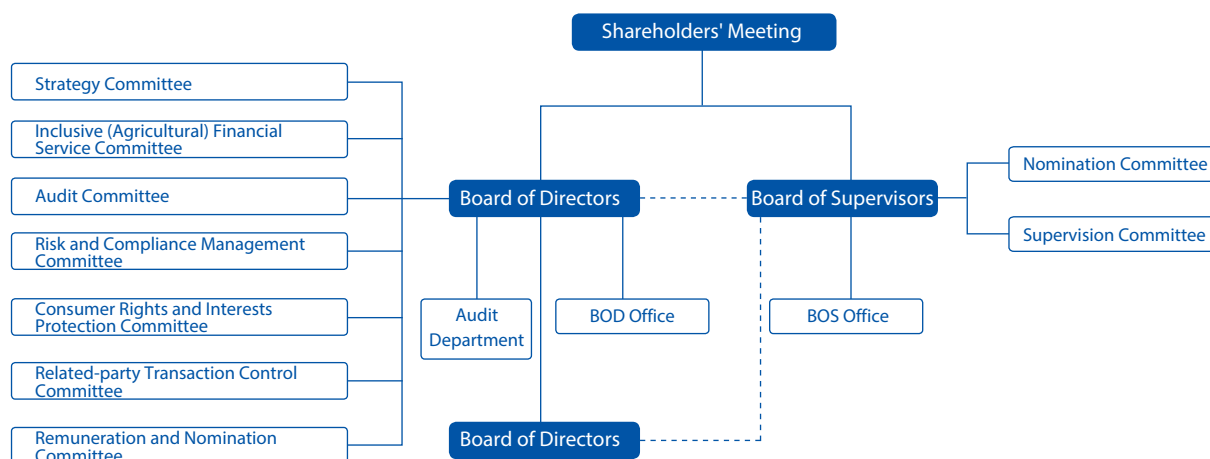
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# Corporate Governance

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## I. Overview of corporate governance

During the reporting period, the Company further improved its corporate governance, strived to build an institutional framework for the organic integration of the Party's leadership and corporate governance, effectively integrated the Party's leadership into all aspects of corporate governance, incorporated the requirements of Party building into the Company's Articles of Association, insisted on improving the leadership system of "two-way entry and cross-posting", improved the decision-making mechanism of the Party organization, and made Party organization research and discussion as a pre-procedure for the Board of Directors and senior management to make decisions on major issues.

During the reporting period, the Company held 3 shareholders' meetings, which reviewed or listened to 27 proposals. The convening and holding of the shareholders' meetings, the qualification of the personnel attending the meetings, and the voting procedures were aligned with the laws, regulations and the Articles of Association, and all resolutions adopted by the shareholders' meeting were legal and effective.

During the reporting period, the Company held 11 meetings of the Board of Directors, which reviewed or listened to 134 proposals. All directors were honest, professional, diligent and conscientious in performing their fiduciary duties effectively in strict accordance with the Company Law, the Articles of Association and corporate governance procedures, effectively protecting the legitimate rights and interests of shareholders, paying attention to and safeguarding the interests of depositors and other stakeholders.

During the reporting period, the Company held 5 meetings of the Board of Supervisors, which reviewed or listened to 31 proposals. The supervisors of the Company conscientiously performed their duties with diligence and dedication, actively participated in meetings of the Board of Supervisors and investigation activities attended or presented at the shareholders' meetings, meetings of the Board of Directors, and independently expressed their opinions.

During the reporting period, the senior management of the Company, under the authorization of the Board of Directors and supervision of the Board of Supervisors, actively implemented the national strategy of serving rural revitalization and the integration of the Yangtze River Delta, practiced the concept of inclusive financial services, steadily promoted the IPO, advanced strategic human resources management, promoted digital transformation, optimized customer experience and strengthened Fintech empowerment, and maintained a sound development momentum for business operation.

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

## II. Shareholders' Meeting

### ( I ) Overview of shareholders' meeting

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

### ( II ) Shareholders' meeting

No. of meetings	Meeting date	Content of resolutions
2019 Annual Shareholders' Meeting	May 7, 2020	The Meeting reviewed and approved 10 proposals including the Proposal on the 2019 Annual Work Report of SRCB Board of Directors, Proposal on the 2019 Annual Work Report of SRCB Board of Supervisors, Proposal on the Implementation of the SRCB 2019 Annual Operating Budget and 2020 Annual Operating Budget Plan, Proposal on SRCB 2019 Profit Distribution Proposal, Proposal on the Postponement of Renewing SRCB Board of Directors, Proposal on the Postponement of Renewing SRCB Board of Supervisors, Proposal on the Related-party Credit to China Pacific Insurance (Group) Co., Ltd. and Its Subsidiaries, Proposal on Approving the Limit of Single Material Related-party Transaction of Financial Market Business between the Company and China Pacific Insurance (Group) Co., Ltd. and its Associated Subsidiaries, Proposal on the Election of Mr. Cai Zehua as the Shareholder Supervisor of SRCB, Proposal on the Election of Mr. Xu Peiqi as the Shareholder Supervisor of SRCB.
2020 1 <sup>st</sup> Ad-hoc Shareholders' Meeting	September 17, 2020	Proposal on the Issuance of Capital Bonds by SRCB, Proposal on the Election of Ms. Zhang Chunhua as a Non-Executive Director of SRCB, Proposal on the Election of Mr. Lian Bolin as an External Supervisor of SRCB, Proposal on the Election of Mr. Nie Ming as an External Supervisor of SRCB, Proposal on Granting a Unified Credit Line to Shanghai International Group Co. Ltd. and its Affiliated Enterprises, Proposal on Granting a Unified Credit Line to China Baowu Steel Group Co., Ltd., Proposal on Granting Unincorporated Credit Line to China Taiping Insurance Group Co., Ltd.
2020 2 <sup>nd</sup> Ad-hoc Shareholders' Meeting	November 27, 2020	The Meeting reviewed and approved 4 proposals including the Proposal to Amend the Articles of Association (Draft) of SRCB, Proposal on the Renewal of the Board of Directors of SRCB, Proposal on the Renewal of the Board of Supervisors of SRCB.

## III. Directors and Board of Directors

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

### ( I ) Composition of the Board of Directors

At the end of the reporting period, there were 19 Directors on the Board of Directors of the Company, including 2 Executive Directors, namely Mr. Xu Li and Mr. Gu Jianzhong; 10 Non-executive Directors (including 1 Employee Director), namely Mr. Li Jin, Mr. Zhou Lei, Mr. Huang Jian, Mr. Wu Kunzong, Ms. Zhang Chunhua, Mr. Ye Peng, Ms. Ha Erman, Ms. Ruan Liya, Mr. Zhang Zuoxue and Ms. Shao Xiaoyun; 7 independent directors, namely Mr. Wang Kaiguo, Mr. Zhu Yuchen, Mr. Chen Jiwu, Mr. Sun Zheng, Mr. Chen Naiwei, Mr. Chen Kai and Mr. Mao Huigang.

## ( II ) Board of Directors' meetings

No. of meetings	Meeting date	Content of resolutions
30 <sup>th</sup> Meeting of the 3 <sup>rd</sup> Board of Directors	February 20, 2020	The Meeting reviewed and approved 11 proposals including the Proposal on SRCB's Business Performance in 2019 and 2020 Business Plan and Key Works, Proposal on the Formulation of SRCB's Development Strategic Plan for 2020-2022, Proposal on Work Report for 2019 and Work Plan for 2020 of SRCB Board of Directors, Proposal on SRCB's 2019 Corporate Governance Self-Assessment Report, Proposal on SRCB's 2019 Self-Assessment Report on Comprehensive Risk Management, Proposal on SRCB's 2019 Self-Assessment Report on Compliance Risk Management, Proposal on SRCB's 2019 Internal Control Evaluation Report, Proposal on SRCB's 2019 Internal Audit Report, Proposal on the Formulation of < SRCB Management Measures for Risk Control of Credit Funds, Proposal on Increasing Market Risk Limit Indicators of SRCB, Proposal on the Adjustment Plan and Construction Budget of SRCB's Network in 2020.
31 <sup>st</sup> Meeting of the 3 <sup>rd</sup> Board of Directors	April 10, 2020	The Meeting reviewed and approved 27 proposals including the Proposal on Reviewing the 2019 Financial Statements and Audit Report of SRCB, Proposal on the Implementation of the 2019 Operating Budget and the 2020 Operating Budget Plan of SRCB, Proposal on the 2019 Profit Distribution Proposal of SRCB, Proposal on the 2019 Investment and 2020 Investment Plan of SRCB, Proposal on Reviewing SRCB 's 2019 Annual Report, Proposal on SRCB 's 2019 Annual Consolidated Management Report, Proposal on the Amendment to the Implementation Measures of SRCB 's Data Governance, Proposal on SRCB 's Annual Directors' Performance Evaluation in 2019, Proposal on SRCB 's Annual Senior Management's Performance Evaluation in 2019, Proposal on Restructuring the Head Office and Branches of SRCB, Proposal on Formulating SRCB 2020-2022 Strategic Plan for Human Resource Management, Proposal on Formulating SRCB 2020-2022 Strategic Plan for Capital, Proposal on Formulating SRCB 2020-2022 Strategic Plan for Risk Management, Proposal on Formulating SRCB 2020-2022 Information Technology Strategic Plan, Proposal on Formulating SRCB 2020-2022 Rural Bank Management Strategic Plan, Proposal on Building Investment Management Rural Bank of SRCB, Proposal on the Audit Report and Other Special Reports for 2017-2019 of SRCB , Proposal on the 2019 Internal Capital Adequacy Assessment Report of SRCB, Proposal on the Work of SRCB on Consumer Rights Protection in 2019 and Work Plan for 2020, Proposal on the Targeted Purchase of Office and Business Premises by SRCB in Lingang New Area, Proposal on Formulating SRCB 2020 Risk Appetite Strategies , Proposal on Granting Related-party Credit to China Pacific Insurance (Group) Co.,Ltd. and Its Subsidiaries, Proposal on Approving the Single Transaction Limit of Financial Market-related Business between the Company and Nine Financial Institutions Including China Pacific Life Insurance Co., Ltd., Proposal to Confirming the Related-party Transactions of SRCB from 2017-2019, Proposal on the Postponement of Renewing SRCB Board of Directors, Proposal on the Convening of the SRCB 2019 Annual General Meeting.
32 <sup>nd</sup> Meeting of the 3 <sup>rd</sup> Board of Directors	April 28, 2020	The Meeting reviewed and approved 1 proposal, namely the Proposal on SRCB's Investment in National Green Development Fund.
33 <sup>rd</sup> Meeting of the 3 <sup>rd</sup> Board of Directors	June 4, 2020	The Meeting reviewed and approved 1 proposal, namely Proposal for Transferring Part of SRCB Shares Held by Shanghai International Group and Shanghai International Group Asset Management Co., Ltd. to Shanghai Jiushi (Group) Co., Ltd.
34 <sup>th</sup> Meeting of the 3 <sup>rd</sup> Board of Directors	June 28, 2020	The Meeting reviewed and approved 11 proposals including the Proposal on Granting Unified Credit Line to Shanghai International Group Co., Ltd. and its Affiliated Enterprises, Proposal on Granting Credit Line and Unincorporated Quota to Guotai Junan Securities Co., Ltd., Proposal on Granting Credit Line and Unincorporated Quota to Orient Securities Co., Ltd., Proposal on Granting Unincorporated Quota to AXA SPDB Investment Managers Co., Ltd., Proposal on Granting Credit Line and Non-principal Guaranteed Wealth Management Product Quota to Yangtze United Financial Leasing Co., Ltd., Proposal on Granting Credit Line, Non-principal Guaranteed Wealth Management Product Quota and Unincorporated Quota to Zheshang Securities Co., Ltd., Proposal on Granting Unincorporated Quota to Zheshang Fund Management Co., Ltd., Proposal on Granting Credit Line and Unincorporated Quota to Taiping & Sinopec Financial Leasing Co., Ltd. etc., Proposal on Granting Unincorporated Quota to Caitong Fund Management Co., Ltd., Proposal on Granting Credit Line and Unincorporated Quota to Industrial Securities Co., Ltd.

Company Profile

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Directors, Supervisors, the Senior Management and Employees

Corporate Governance

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Catalog of Documents Available for Reference

No. of meetings	Meeting date	Content of resolutions
35 <sup>th</sup> Meeting of the 3 <sup>rd</sup> Board of Directors	August 20, 2020	The Meeting reviewed and approved 17 proposals including the Proposal on SRCB's Business Performance in the First Half of 2020 and Key Works in the Second Half of the Year, Proposal on the Issuance of Capital Bonds by SRCB, Proposal on the Implementation of Further Reform the Remuneration System for Professional Managers by SRCB, Proposal on the Selection and Recruitment of Professional Managers by SRCB, Proposal on Upgrading of the Asset Custody Department of SRCB to a Level 1 Department of the Head Office, Proposal on the Investment of SRCB in the First Phase of the "FOCUS" Digital Transformation Project, Proposal on Formulating SRCB Main Business Directory, Proposal on the Nomination of Ms. Zhang Chunhua as a Candidate for SRCB Non-Executive Director, Proposal on the Evaluation Report of Major Shareholders of SRCB in 2019, Proposal on the Validation of SRCB 2020 Semi-annual Report, Proposal on the Audit Report and Other Special Reports of SRCB for 2017-2019 and January-June 2020, Proposal on the Confirmation of SRCB 2020 Semi-annual Related-party Transactions, Proposal on the Amendment of the Management Measures of SRCB for Asset Impairment Provision, Proposal on the Amendment of SRCB Liquidity Risk Contingency Plan, Proposal on Granting Unified Credit Line to China COSCO Shipping Corporation Ltd. and its Related Enterprises, Proposal on Granting Unified Credit Line to China Baowu Steel Group Co., Ltd. its Related Enterprises, Proposal on Convening SRCB's First Ad-hoc General Meeting of Shareholders in 2020.
36 <sup>th</sup> Meeting of the 3 <sup>rd</sup> Board of Directors	September 15, 2020	The meeting reviewed and approved the Proposal on SRCB's Rectification Plan of Existing Financial Management Business.
37 <sup>th</sup> Meeting of the 3 <sup>rd</sup> Board of Directors	October 30, 2020	The meeting reviewed and approved 5 proposals including the Proposal on Reviewing the Financial Statements and Review Report of SRCB for the Third Quarter of 2020, Proposal on Approving the Pledge of the Company's Shares Held by Lanhai Holdings (Group) Co., Ltd., Proposal on Adjustment of Market Risk Limit Indicators of SRCB, Proposal on Revision of SRCB Stress Test Management Policy, Proposal on Amending the Management Measures for Fraud Prevention of SRCB.
38 <sup>th</sup> Meeting of the 3 <sup>rd</sup> Board of Directors	November 12, 2020	The meeting reviewed and approved 5 proposals including the Proposal on Amending the Articles of Association of SRCB, Proposal on Amending the Articles of Association of SRCB (Draft) Applicable and Effective after IPO, Proposal on the Renewal of SRCB Board of Directors, and Proposal on Convening the Second SRCB Ad-hoc General Meeting of Shareholders in 2020.
1 <sup>st</sup> Meeting of the 4 <sup>th</sup> Board of Directors	November 27, 2020	The Meeting reviewed and approved 12 proposals including the Proposal on the Election of the Chairman and Vice Chairman of the 4 <sup>th</sup> Board of Directors of SRCB, Proposal on the Appointment of the President of SRCB, Proposal on the Appointment of the Vice President of SRCB, Proposal on the Appointment of the Secretary of the Board of Directors of SRCB, Proposal on the Appointment of the Chief Risk Officer of SRCB, Proposal on the Appointment of the Chief Information Officer of SRCB, Proposal on the Appointment of the Chief Financial Officer of SRCB, Proposal on the Appointment of the Head of the Audit Department of SRCB, Proposal on the Appointment of the Head of the Planning and Finance Department and Risk Management Departments of SRCB, Proposal on the Appointment of the General Counsel and the Head of the Compliance and Internal Control Department of SRCB, Proposal on the Composition of the Special Committees of the 4 <sup>th</sup> Board of Directors of SRCB, Proposal on the 2019 Annual Performance Evaluation Results of Leaders other than the Legal Representative of SRCB.
2 <sup>nd</sup> Meeting of the 4 <sup>th</sup> Board of Directors	December 25, 2020	The Meeting reviewed and approved 19 proposals including the Proposal on Formulating the 14 <sup>th</sup> Five-Year Plan of SRCB, the Proposal on Formulating the Scheme of Delegation of Authority to the Board of Directors by the General Meeting of Shareholders of SRCB, Proposal on the Establishment of Two Corporate Governance Systems Applicable after the IPO Including the Management of Internal Reporting of Material Information and Accountability for Material Errors in Annual Reports, Proposal on the Amendment of Four Corporate Governance Systems Applicable after IPO Including the Management of Information Disclosure, the Management of Shares Held by Directors and Supervisors and Changes Therein, the Management of Insider Information and Persons Involved, and the External Audit of Annual Reports by the Audit Committee of the Board of Directors, Proposal on the Opening of a Special Account for Funds Raised from the IPO of Domestic RMB Ordinary Shares (A Shares) and the Signing of the Agreement on the Supervision of Funds Raised, Proposal on the Extension of the Validity Period of the Resolution on the Domestic RMB Ordinary Shares (A Shares) IPO and Listing Application by SRCB, Proposal on SRCB's 2021 Network Adjustment Plan and Construction Budget, Proposal on SRCB's Professional Manager's 2020 Annual Assessment Indicators, Proposal on the Amendment of SRCB Trial Measures on Remuneration Management, Proposal on the Re-appointment of Deloitte & Touche CPAs as the Company's Financial Statement Auditor for 2020, Proposal on Matters Related to the Implementation of the New Leasing Standards of SRCB, Proposal on the Amendment of SRCB Management Measures on Consolidated Management, Proposal on SRCB's Investment in the Main Business Process System of the New Generation Corporate Credit Information Management System, Proposal on the Amendment of SRCB Risk Appetite Management Measures, Proposal on the Write-off of Non-Performing Assets in the Year 2020 of SRCB, Proposal on the Collection of Service Fee from Holding Rural Banks in the Year 2020, Proposal on Approving the Pledge of the Company's Shares Held by Lanhai Holdings (Group) Co., Ltd., Proposal on Holding the 2021 First Ad-hoc General Meeting of Shareholder of SRCB.
No. of Board of Directors' meetings in 2020		11
Including: On-site meetings		7
Meetings on correspondence		4
Meetings on-site+ correspondence		0

### ( III ) Implementation of resolutions of the General Meeting of Shareholders by Board of Directors

During the reporting period, the Company's Board of Directors strictly implemented the relevant resolutions approved by the shareholders' meetings, and conscientiously executed the 2019 profit distribution plan, management budget plan, and Board of Directors' renewal plan, etc.

### ( IV ) Performance of duties of directors

#### 1. Attendance of directors at the meeting of Board of Directors and general meeting of shareholders

The attendance of the Company's directors at general meetings, Board of Directors' meetings and meetings of special committees of the Board of Directors during the reporting period is as follows.

Director	General meetings of shareholders	BOD meetings	Special committees under BOD						
			Strategy Committee	Inclusive (Agricultural) Financial Service Committee	Audit Committee	Risk and Compliance Management Committee	Consumer Rights and Interests Protection Committee	Related-party Transaction Control Committee	Remuneration and Nomination Committee
Executive director									
Xu Li	3/3	11/11	5/5	2/2	-	-	-	-	-
Gu Jianzhong	3/3	10/11	-	-	-	5/5	2/2	-	-
Non-executive director									
Li Jin	1/3	10/11	-	-	-	-	-	-	5/5
Zhou Lei	0/3	10/11	0/1	-	4/4	-	-	-	-
Huang Jian	0/3	11/11	4/5	2/2	-	-	-	-	-
Wu Kunzong	0/3	11/11	-	-	-	5/5	2/2	-	-
Ha Erman	0/3	11/11	-	-	-	5/5	2/2	-	-
Shao Xiaoyun	0/3	11/11	-	-	-	4/4	2/2	-	1/1
Independent director									
Wang Kaiguo	0/3	11/11	4/5	2/2	-	-	-	-	5/5
Zhu Yuchen	0/3	10/11	4/5	1/2	-	-	-	-	4/5
Chen Jiwu	0/3	8/11	-	-	-	4/4	2/2	-	5/5
Sun Zheng	3/3	10/11	-	-	4/5	-	-	5/6	-
Chen Naiwei	2/3	9/11	-	-	5/5	-	-	5/6	-
Chen Kai	0/3	11/11	-	-	4/4	1/1	-	-	-
Mao Huigang	3/3	9/11	-	-	1/1	-	-	6/6	-
Outgoing director									
Zhao Ying	0/3	8/9	3/4	2/2	4/4	-	-	-	-
Wang Tayu	0/3	4/5	3/3	1/1	-	-	-	-	-
Wang Dehua	0/3	7/9	-	-	-	-	-	-	2/4
Zhang Ke	1/3	4/6	2/4	1/2	-	-	-	-	-

Note:

(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 and special committees in person have delegated other directors to attend and exercise their voting rights on their behalf.

During the reporting period, the Board of Directors of the Company organized directors to conduct research activities, visited branch offices and technology corporate customers, listened to reports on branch operations, key business development, risk management and internal control compliance, and understood the business development model and production and operation of corporate customers. Directors provided professional guidance on the development of branches.

During the reporting period, the directors of the Company also participated in listing-related study and training according to the needs of performing their duties.

## 2. Independent directors' objection to relevant matters of the Company

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

## 3. Performance of duties of independent directors

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, to safeguard the interests of depositors, small and medium shareholders and the Company, had fulfilled their duties and actively participated in the meetings of the Board of Directors and each special committee, and the office hours to the Bank had met the regulatory requirements of not less than 15 working days, among which the independent directors who were the heads of the Audit Committee and the Related-party Transaction Control Committee had met the regulatory requirements of not less than 25 working days.

During the reporting period, the independent directors expressed independent opinions on reviewed issues, made suggestions on the Company's strategic management, IPO preparation, transformation and development, risk and compliance management, and related-party transactions, and was able to express written opinions on the fairness of material related-party transactions and the fulfillment of internal approval procedures, providing strong support for the scientific decision-making of the Board of Directors.

## ( V ) Performance of duties of special committees under the Board of Directors

The Board of Directors of the Company had 7 special committees, including the Strategy Committee, Audit Committee, Risk and Compliance Management Committee, Consumer Rights and Interests Protection Committee, Related-party Transaction Control Committee, and Remuneration and Nomination Committee. The special committees under the Board of Directors had earnestly performed their duties, given full play to the supporting role of professional research and decision-making, put forward professional opinions and suggestions, and effectively supported the scientific decision-making of the Board of Directors. A total of 30 meetings were held, which reviewed or listened to 136 proposals.

### 1. Strategy Committee

As of the end of the reporting period, there were 7 directors in the Strategy Committee, including Mr. Xu Li (Chairman), Mr. Zhou Lei, Mr. Huang Jian, Mr. Ye Peng, Mr. Zhang Zuoxue, Mr. Wang Kaiguo, and Mr. Zhu Yuchen.

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

During the reporting period, the Strategy Committee held 5 meetings to review or approve 31 proposals. The Strategy Committee, as a special working body under the Board of Directors, studied and Reviewed the Company's management objectives, medium and long-term development strategies and major investment decisions, continuously tracked the implementation of the Company's development strategies and changes in the external business environment, and paid attention to the progress of the Company's listing, foreign investments and other important matters.

### 2. Inclusive (Agricultural) Financial Service Committee

As of the end of the reporting period, there were 7 directors in the Inclusive (Agricultural) Financial Service Committee, including Mr. Xu Li (Chairman), Mr. Zhou Lei, Mr. Huang Jian, Mr. Ye Peng, Mr. Zhang Zuoxue, Mr. Wang Kaiguo, Mr. Zhu Yuchen.

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

During the reporting period, the Inclusive (Agricultural) Financial Service Committee held 2 meetings to review or listen to 5 proposals. The Inclusive (Agricultural) Financial Service Committee paid attention to the inclusive finance and financial services for agricultural customers of the Company, kept track of the latest regulatory provisions and policy orientation, strengthened the guidance for the inclusive business of the Company, and promoted the sustainable development of the Company's inclusive financial business.

### 3. Audit Committee

As of the end of the reporting period, there were 5 directors in the Audit Committee, including Mr. Sun Zheng (Chairman), Ms. Zhang Chunhua, Mr. Ye Peng, Mr. Chen Naiwei, Mr. Mao Huigang.

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

During the reporting period, the Audit Committee held 5 meetings to review or listen to 24 proposals. The Audit Committee made solid progress in the annual external audit, strengthened the communication and exchange with external audit, paid attention to the implementation of audit management suggestions, earnestly guided the internal audit work, and promoted the continuous improvement of the internal audit level.

### 4. Risk and Compliance Management Committee

As of the end of the reporting period, the Risk and Compliance Management Committee consisted of 5 directors, including Mr. Gu Jianzhong (Chairman), Mr. Wu Kunzong, Ms. Ha Erman, Ms. Ruan Liya, and Mr. Chen Kai.

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

During the reporting period, the Risk and Compliance Management Committee held 5 meetings to review or listen to 35 proposals. The Risk and Compliance Management Committee carefully reviewed various risk and compliance policies and systems, required to continuously strengthen the Group's overall risk management, paid attention to the internal risk control management of rural banks, urged to strengthen the recovery of existing non-performing loans, and strictly abided by the bottom line of risk.

## 5. Consumer Rights and Interests Protection Committee

As of the end of the reporting period, there were 5 directors in the Consumer Rights and Interests Protection Committee, including Mr. Gu Jianzhong (Chairman), Mr. Wu Kunzong, Ms. Ha Erman, Ms. Ruan Liya, and Mr. Chen Kai.

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

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

## 6. Related-party Transaction Control Committee

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

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

During the reporting period, the Related-party Transaction Control Committee held 6 meetings to review or listen to 28 proposals. The Related-party Transaction Control Committee strengthened the approval of major related-party transactions and the filing management of general related-party transactions, regularly evaluated the related-party transactions and promoted the development of related-party transaction management system.

## 7. Remuneration and Nomination Committee

As of the end of the reporting period, the Remuneration and Nomination Committee consisted of 5 directors, including Mr. Wang Kaiguo (Chairman), Mr. Li Jin, Ms. Shao Xiaoyun, Mr. Zhu Yuchen, and Mr. Chen Jiwu.

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

During the reporting period, the Remuneration and Nomination Committee held 5 meetings to review or listen to 11 proposals. The Remuneration and Nomination Committee promoted the completion of the renewal of the Board of Directors, conscientiously performed the duties of preliminary qualification examination, guided the implementation of performance evaluation of directors and the assessment and evaluation of senior management, promoted the market-oriented reform and selection of professional managers, and implemented sound remuneration management.



## IV. Board of Supervisors

The Board of Supervisors is the supervisory body of the Company, responsible to the General Meeting of Shareholders, and aims to protect the legitimate rights and interests of the Company, shareholders, employees, creditors and other stakeholders, and to exercise effective supervision over the Company's strategic management, financial activities, internal control, risk management, lawful operation, corporate governance, and the performance of duties and responsibilities by members of the Board of Directors and senior management.

### ( I ) Composition of the Board of Supervisors

At the end of the reporting period, there were 9 supervisors on the Company's Board of Supervisors, including 3 shareholder supervisors, namely Mr. Cai Zehua, Mr. Wu Zhenlai and Mr. Xu Peiqi; 3 external supervisors, namely Mr. Li Jianguo, Mr. Lian Bolin and Mr. Nie Ming; and 3 employee supervisors, namely Mr. Yang Yuanjun, Ms. Xu Jingfen and Ms. Lu Wenjun.

### ( II ) Meetings of the Board of Supervisors

No. of meeting	Date	Content of resolutions
15 <sup>th</sup> meeting of the 3 <sup>rd</sup> Board of Supervisors	March 18, 2020	The meeting reviewed and approved 2 proposals including the proposal on Nominating Mr. Cai Zehua as a Candidate for Shareholder Supervisor of SRCB, Proposal on Nominating Mr. Xu Peiqi as a Candidate for Shareholder Supervisor of SRCB.
16 <sup>th</sup> meeting of the 3 <sup>rd</sup> Board of Supervisors	April 15, 2020	Proposal on the 2019 SRCB Board of Supervisors Work Report, Proposal on the Performance Evaluation of SRCB Directors in 2019, Proposal on the Postponement of Renewing SRCB Board of Supervisors, Proposal on Appointing the Secretary of SRCB Board of Supervisors, Proposal on Changing the Name of the Audit Committee under Board of Supervisors to Supervision Committee and Amending the Working Rules, Proposal on the 2019 Annual Report of SRCB, Proposal on the 2019 Annual Audit Report of SRCB, Proposal on the 2019 Profit Distribution Proposal of SRCB, Proposal on Formulating the 2020-2022 Development Strategic Plan of SRCB, Proposal on <Report on the Implementation of SRCB's 2019 Consolidated Management>, Proposal on Formulating <Management Measures for Risk Control of Credit Funds of SRCB>; The meeting listened to 4 proposals including the Self-assessment Report of Data Governance of SRCB for 2019, Special Audit Report on Related-party Transactions and Internal Transactions of SRCB for 2019, Audit Report on SRCB's Liquidity Risk Management, Special Audit Report on SRCB's Remuneration and Performance Management.
17 <sup>th</sup> meeting of the 3 <sup>rd</sup> Board of Supervisors	August 21, 2020	The meeting reviewed and approved 4 proposals including Proposal on the Nomination of Mr. Lian Bolin as an External Supervisor Candidate of SRCB, Proposal on the Nomination of Mr. Nie Ming as an External Supervisor Candidate of SRCB, Proposal on Reviewing the Implementation Plan for Managing the Performance of SRCB Supervisors (Trial), Proposal on Approving SRCB 2020 Semi-annual Report.
18 <sup>th</sup> meeting of the 3 <sup>rd</sup> Board of Supervisors	November 12, 2020	The meeting reviewed and approved the Proposal on the Election of the SRCB Board of Supervisors and listened to 3 proposals including the Report on the Rectification Progress of SRCB Party Committee's Inspection, Report on Remuneration Management of SRCB, and Report on Remuneration Management of Senior Management of SRCB.
1 <sup>st</sup> meeting of the 4 <sup>th</sup> Board of Supervisors	November 27, 2020	The meeting reviewed and approved 4 proposals including the Proposal on Electing the Chairman of the Fourth SRCB Board of Supervisors, Proposal on Appointing the Secretary of SRCB Board of Supervisors, Proposal on the Composition of Specialized Committees of the Fourth SRCB Board of Supervisors, Proposal on Approving the Chairman of Specialized Committees of the Fourth SRCB Board of Supervisors. The meeting listened to the Report on the Legal Representative's Accomplishment of Objectives in 2020 and the Company's Financial Performance.

### ( III ) Performance of duties of supervisors

During the reporting period, the supervisors 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.

The Supervisors attended the general meeting of shareholders 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 Board of Supervisors strictly executed relevant resolutions approved by the shareholders' meetings.

During the reporting period, external supervisors conscientiously and independently exercised their supervisory powers and expressed opinions on matters considered by the Company such as strategy formulation, financial activities, internal control management and risk management, and supervised over the performance of duties by the Board of Directors and the senior management, playing an active role in the Board of Supervisors's performance of its supervisory duties. 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.

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

The attendance of the Company's supervisors at the general meeting of shareholders, the Board of Supervisors and the meetings of special committees of the Board of Supervisors during the reporting period is as follows:

Supervisor	Number of meetings attended in person/number of meetings to be attended				
	General meeting of Shareholders	Board of Supervisors	Special committees under the Board of Supervisors		
			Nomination Committee	Supervision (Audit) Committee	
<b>External supervisor</b>					
Li Jianguo	2/3	5/5	4/4	1/1	
Lian Bolin	0/1	2/2	1/1	-	
Nie Ming	0/1	2/2	-	1/1	
<b>Shareholder supervisor</b>					
Cai Zehua	1/2	2/3	-	1/1	
Wu Zhenlai	1/3	4/5	-	1/2	
Xu Peiqi	2/2	3/3	1/1	-	
<b>Employee supervisors</b>					
Yang Yuanjun	1/3	5/5	-	2/2	
Xu Jingfen	2/3	5/5	-	2/2	
Lu Wenjun	3/3	5/5	5/5	-	
<b>Outgoing supervisor</b>					
Zhang Xilin	0/1	0/2	-	0/1	
Zhu Peilan	0/1	1/2	-	0/1	
Wu Jian	1/1	3/3	3/3	-	
Ling Wei	1/1	3/3	-	1/1	

Note:

(1) The number of meetings "attended in person" includes on-site attendance and participation in meetings by telephone or video.

(2) Supervisors who are unable to attend the meetings of the Board of Supervisors and special committees in person have delegated other supervisors to attend and exercise their voting rights on their behalf.

#### ( IV ) Performance of duties of special committees under the Board of Supervisors

At the end of the reporting period, the Board of Supervisors of the Company had a Nomination Committee and a Supervision Committee<sup>24</sup>, with the Nomination Committee consisting of 3 supervisors and the Supervision Committee consisting of 6 supervisors, all of which were chaired by external supervisors.

<sup>24</sup> The 16th Meeting of the 3rd Board of Supervisors was held on April 15, 2020 to review and approve the Proposal to Change the Name of the Audit Committee of the Board of Supervisors to Supervision Committee and to Establish the Working Rules, which changed the name of the Audit Committee of the Board of Supervisors to the Supervision Committee.

## 1. Nomination Committee

At the end of the reporting period, the members of the Nomination Committee of the 4th Board of Supervisors: Mr. Lian Bolin (Chairman), Mr. Xu Peiqi and Ms. Lu Wenjun.

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

During the reporting period, the Nomination Committee of the Board of Supervisors held a total of 5 meetings to study and review matters such as the performance evaluation of the Board of Directors and senior management for 2019, as well as the proposal for the general election of the new Board of Supervisors of the Company.

## 2. Supervision Committee/Audit Committee

At the end of the reporting period, the members of the Supervision Committee of the 4th Board of Supervisors: Mr. Li Jianguo (Chairman), Mr. Cai Zehua, Mr. Wu Zhenlai, Mr. Nie Ming, Mr. Yang Yuanjun and Ms. Xu Jingfen. The main duties of the Supervision Committee are: formulate a supervision plan for the financial activities of the Company and implement relevant inspections; supervise the Board of Directors in establishing sound business philosophy, value guidelines and formulating development strategies in line with the Company's reality; supervise and evaluate the Company's business decisions, risk management and internal control; and other matters delegated by the Board of Supervisors.

During the reporting period, the Audit Committee and the Supervision Committee of the Board of Supervisors held one meeting respectively to study and review the 2019 Supervisory Evaluation Report of the Board of Supervisors of the Company, the 2019 Audit Report and the nomination of the Chairman of the Supervision Committee of the 4th Board of Supervisors.

## V. Information disclosure and transparency

During the reporting period, the Company established a sound system in strict compliance with relevant regulatory requirements, benchmarked itself against listed banks, prepared and disclosed regular reports and various interim announcements in compliance with the law and continuously improved its information disclosure management. The Company disclosed relevant information on its official website (<http://www.srcb.com>) and completed the disclosure of regular reports for 3 times and interim announcements for 7 times.

During the reporting period, the Company improved its disclosure infrastructure, revamped the "Company Announcement" section on the official website, optimized the approval process of the OA system for information disclosure, established a sound mechanism for disclosure of regular and interim reports, unified data standards and consolidated disclosure responsibilities. The Company has comprehensively reviewed the systems related to information disclosure matters and, in accordance with the latest regulatory regulations, timely revised the systems applicable to the management of information disclosure after the IPO, the management of shares held by directors, supervisors and senior management and their changes, and the management of insider information and persons involved, and formulated the systems applicable to the management of internal reporting of material information after the IPO and the methods of accountability for material errors in information disclosure in annual reports.

## VI. Investor relationship management

During the reporting period, the Company consolidated the foundation of investor relations management, used various methods to carry out investor relations management, strengthened investor communication, opened an investor hotline and email address, optimized and renovated the "Investor Relations" section of its official website, established contact with intermediaries, and provided timely responses and feedback to market concerns. We strengthened forward-looking market value management research and strategic analysis and evaluation, and regularly conducted major shareholder assessments to ensure a stable shareholding structure before listing, safeguarded the legitimate rights and interests of shareholders, and improved shareholder services.

## VII. Independence of the Company in terms of assets, personnel, finance, organization, business, etc. relative to the controlling shareholder

The Company has no controlling shareholder.

## VIII. 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 SRCB Performance Evaluation and Remuneration Distribution Plan for Leaders Other Than the Legal Representative, SRCB Professional Managers' Assessment Management Measures, SRCB 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 shall be carried out in the next year after the expiration of the term.

## IX. Internal control

The Company has incorporated compliance management into SRCB 2020-2022 Strategic Plan for Development, and has clearly defined the goal of establishing the Company as a "model bank for compliance management" in Shanghai within the planning period. During the reporting period, the Company continued to optimize and improve its internal control system in accordance with the principles of comprehensiveness, materiality, checks and balances, adaptability and cost-effectiveness, and took the following major measures:

Continuously deepened the construction of internal control environment. Continuously improved internal control processes and establish a sound internal control institution system, centered on the "model bank for compliance management", further guided employees to actively embrace compliance and deepened the construction of internal control environment.

Continuously improved risk identification and assessment capabilities. The Company attached importance to compliance risk assessment, and clearly defined that the system came first, requiring the establishment of sound rules and regulations before launching new products and businesses. The Company conducted compliance reviews of internal rules and regulations and relevant legal documents involved in the products. For major, difficult and complex innovation projects, the Company consulted external professional institutions to obtain professional guidance in a timely manner.

Continuously strengthened internal control measures. During the reporting period, the Company continued to promote the transformation of its business strategy in conjunction with the listing arrangement and business development. Focusing on the four elements of "complete system, scientific process, risk disclosure and implementation of measures", the Company strengthened the capability of refined management, for example, the Group engaged external consultants to carry out comprehensive internal control consulting for the head office and consolidated institutions. With the help of big data platform, we improved online off-site module monitoring, and realized the whole process management and linkage of internal control. Meanwhile, we strengthened the continuous dynamic monitoring and early warning of violations and abnormal employee behavior to further enhance the intelligence of internal control management.

Continuously optimized the information exchange and feedback mechanism. Relying on the special supervisory network as dynamic feedback channels, we clarified the requirements and optimized the process mechanism for supervisory reporting according to the supervisory requirements and actual needs to ensure the timeliness and accuracy of supervisory information reporting. Regularly summarized the regulatory tips and risk tips, supervised the implementation of regulatory requirements, clarified regulatory priorities, analyzed business impacts, and further promoted the implementation of regulatory requirements by strengthening training and operational guidance to branches. Strengthened the post-assessment management of the rectification of regulatory opinions, carried out post-assessment of the rectification of regulatory opinions on a quarterly basis, supervised the timely implementation of the rectification of various regulatory opinions, regularly submitted the assessment reports on the rectification of regulatory opinions, and applied for timely adjustment of relevant rectification plans according to the actual situation.

Continuously strengthened supervision and accountability management. During the reporting period, the Company revised the accountability regulations on violations, and made efforts to create a closed loop of "Inspection-Correction-Accountability-Improvement" through special audits, internal control consultation and self-correction of various issues found.

## X. Self-assessment report on internal control

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

## XI. Internal audit

The 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 Audit Committee is established under the Board of Directors, which is responsible for reviewing the internal audit charter and other important systems and reports, reviewing the annual audit work plan, and providing guidance and evaluation on the implementation of the audit work. The Supervision Committee supervises the internal audit work. The Head Office has set up an Audit Department to specifically undertake internal audit duties, carry out independent and objective supervision and evaluation of bank-wide business operations, risk management, internal control compliance and corporate governance.

During the reporting period, the Company continued to expand the depth and breadth of its audits by monitoring the implementation of national macro policies and the new three-year development strategy, implemented regulatory requirements, deepened supervisory synergy and focused on key businesses and major risks, with audit areas covering corporate governance, capital management, credit business, wealth management business, anti-money laundering, information technology and the performance of duties by senior management during their tenure. The Company gave full play to the application of digital audit technology, effectively strengthened audit quality control, continuously deepened the audit rectification supervision and evaluation mechanism, and continuously improved the construction of the audit team, which played a positive role in promoting the Company's steady operation and value improvement.

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# Financial Reports

Financial Statements

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## Financial Statements

The Company's 2020 financial statements have been audited by Deloitte & Touche CPAs (LLP), and signed by certified public accountants HU Xiaojun and SU Yichen. The auditor has issued a standard unqualified opinion. Refer to the attachment for the complete financial statements.

Company Profile

Accounting Data and Financial Indicators Highlights

Business Discussion and Analysis

Major Events

Changes in Shares and Particulars of Shareholders

Directors, Supervisors, the Senior Management and Employees

Corporate Governance

Financial Statements

Catalog of Documents Available for Reference

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## Catalog of Documents Available for Reference

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Directors' and the senior management' written confirmation opinions on the Company's 2020 Annual Report	094
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Signature of Senior Management	095

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## Catalog of Documents Available for Reference

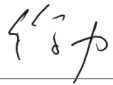
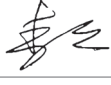



- I. Financial statements signed by the legal representative, person responsible for the accounting work, and person responsible for the accounting firm.
- II. Original audit reports signed and sealed by the accounting firm and the certified public accountants concerned.
- III. Original annual report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

## Directors' and the senior management' written confirmation opinions on the Company's 2020 Annual Report

According to relevant regulations and requirements, we as SRCB directors and the Senior Management issue the following comments after fully knowing and reviewing the SRCB 2020 Annual Report:

1. SRCB runs in strict accordance with the Accounting Standards for Business Enterprises and related system specifications. The Company's 2020 Annual Report fairly reflects the Company's financial conditions and operation outcomes within this reporting period.
2. All data involved in the annual report has been verified and confirmed, reflecting the principles of steadiness, prudence, objectiveness, authenticity, accuracy and comprehensiveness. We hold the view that the SRCB 2020 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 2020 annual financial statements have been audited by the Deloitte & Touche CPAs (LLP) who has issued a standard unqualified opinion.

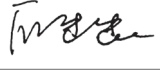



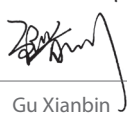
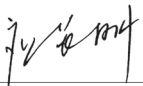
## Signature of Directors

 Xu Li	 Gu Jianzhong	 Li Jin	 Zhou Lei	 Huang Jian
 Wu Kunzong	 Zhang Chunhua	 Ye Peng	 Haerman	 Ruan Liya
 Zhang Zuoxue	 Shao Xiaoyun	 Wang Kaiguo	 Zhu Yuchen	 Chen Jiwu
 Sun Zheng	 Chen Naiwei	 Chen Kai	 Mao Huigang	

## Signature of Supervisors

 Li Jianguo	 Cai Zehua	 Wu Zhenlai	 Xu Peiqi	 Lian Bailin
 Nie Ming	 Yang Yuanjun	 Xu Jingfen	 Lu Wenjun	

## Signature of Senior Management

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

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# Financial Statements and Auditor's Report For the year ended 31 December 2020

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# Auditor's Report

De Shi Bao (Shen) Zi (21) No.P00253

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

### I. Opinion

We have audited the accompanying financial statements of Shanghai Rural Commercial Bank Co., Ltd. (the "Bank"), which comprise the Bank's and consolidated balance sheets as at 31 December 2020, and the Bank's and consolidated income statements, the Bank's and consolidated statements of changes in shareholders' equity and the Bank's and consolidated cash flow statements for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Bank's and consolidated financial position as of 31 December 2020, and the Bank's and consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

### II. Basis for Opinion

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

### III. Other Information

The management of the Bank is responsible for other information. The other information comprises the information included in the annual report for the year of 2020, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

## V. Auditor's Responsibility for the Audit of the Financial Statements

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

As part of an audit in accordance with China Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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



Deloitte Touche Tohmatsu CPA LLP  
Shanghai Branch  
26 March 2021

Chinese Certified  
Public Accountant  
(Engagement Partner)

Hu Xiao Jun



Chinese Certified  
Public Accountant

Su Yi Chen



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

## THE BANK'S AND CONSOLIDATED BALANCE SHEET 31 DECEMBER 2020

Item	Note VIII	The Group		The Bank	
		As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
<b>ASSETS:</b>					
Cash and balances with central bank	1	66,035,061	76,153,174	62,119,394	71,796,619
Due from banks and other financial institutions	2	21,366,465	10,277,453	16,801,875	5,380,665
Placements with banks and other financial institutions	3	60,675,583	46,866,055	62,702,126	47,900,606
Precious metals		20,670	25,553	20,670	25,553
Derivative financial assets	4	943,657	415,722	943,657	415,722
Financial assets purchased under resale agreements	5	36,429,276	34,249,806	35,534,690	34,249,806
Loans and advances to customers	6	510,017,410	449,782,234	495,101,975	437,382,376
<b>Financial investments:</b>					
Held-for-trading financial assets	7	69,332,583	51,472,458	69,332,583	51,472,458
Debt investments	8	156,317,618	148,218,827	155,355,746	148,067,827
Other debt investments	9	90,947,908	78,003,223	90,947,908	78,003,223
Other equity instrument investments	10	11,500	11,500	11,500	11,500
Finance lease receivables	11	28,344,778	22,488,053	-	-
Long-term equity investments	12	380,717	-	2,858,066	2,477,349
Fixed assets	13	4,755,040	4,993,593	4,637,932	4,905,360
Construction in progress	14	1,608,120	1,245,806	1,534,218	1,219,484
Deferred tax assets	15	5,588,227	4,488,506	5,185,887	4,081,404
Held-for-sale assets		-	16	-	16
Other assets	16	4,202,071	1,246,122	4,028,395	1,067,932
<b>TOTAL ASSETS</b>		<b>1,056,976,684</b>	<b>929,938,101</b>	<b>1,007,116,622</b>	<b>888,457,900</b>

The accompanying notes form part of the financial statements.

The financial statements on pages 105 to 217 were signed by the following:

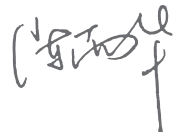
XU Li  
 Legal Representative:



Gu Jianzhong  
 Chief Accountant:



Chen Nanhua  
 Head of the Accounting  
 Department:



## THE BANK'S AND CONSOLIDATED BALANCE SHEET 31 DECEMBER 2020

Item	Note VIII	The Group		The Bank	
		As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
<b>LIABILITIES:</b>					
Borrowings from central bank	18	28,861,309	14,006,071	28,028,783	13,599,796
Due to banks and other financial institutions	19	7,325,906	3,950,606	13,168,883	11,103,143
Placements from banks and other financial institutions	20	42,369,245	31,959,252	19,774,054	14,934,087
Financial liabilities at fair value through profit or loss		20,680	103,946	20,680	103,946
Derivative financial liabilities	4	912,780	554,217	912,780	554,217
Financial assets sold under repurchase agreements	21	36,680,502	54,436,595	36,680,502	54,436,595
Customer deposits	22	763,616,513	692,348,716	737,823,475	667,074,659
Employee benefits payables	23	2,743,854	2,757,078	2,539,984	2,594,242
Tax payables	24	1,221,191	1,592,016	1,215,756	1,480,335
Debt securities issued	25	87,683,730	47,946,796	87,683,730	47,946,796
Provisions	26	565,323	403,718	565,323	403,718
Other liabilities	27	4,503,755	5,672,975	2,480,228	3,829,117
<b>TOTAL LIABILITIES</b>		<b>976,504,788</b>	<b>855,731,986</b>	<b>930,894,178</b>	<b>818,060,651</b>
<b>SHAREHOLDERS' EQUITY:</b>					
Share capital	28	8,680,000	8,680,000	8,680,000	8,680,000
Capital reserve	29	8,947,939	8,947,939	9,219,974	9,219,974
Other comprehensive income	30	776,169	1,226,676	776,169	1,226,676
Surplus reserve	31	20,935,430	17,715,475	20,612,301	17,460,427
General risk reserve	32	10,207,445	9,641,076	9,772,127	9,215,955
Retained earnings	33	27,663,861	24,938,714	27,161,873	24,594,217
Equity attributable to shareholders of the Bank		77,210,844	71,149,880	-	-
Non-controlling interests		3,261,052	3,056,235	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>80,471,896</b>	<b>74,206,115</b>	<b>76,222,444</b>	<b>70,397,249</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,056,976,684</b>	<b>929,938,101</b>	<b>1,007,116,622</b>	<b>888,457,900</b>

The accompanying notes form part of the financial statements.

## THE BANK'S AND CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

Item	Note VIII	The Group		The Bank	
		Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2019
<b>I. Operating income</b>		22,039,556	21,271,299	20,250,061	20,531,501
Net interest income	34	17,870,875	15,353,650	15,990,386	14,532,066
Interest income	34	37,092,698	31,927,478	34,171,875	30,897,864
Interest expense	34	(19,221,823)	(16,573,828)	(18,181,489)	(16,365,798)
Net fee and commission income	35	2,332,148	2,467,676	2,376,479	2,530,148
Fee and commission income	35	2,626,265	2,696,610	2,664,146	2,751,780
Fee and commission expense	35	(294,117)	(228,934)	(287,667)	(221,632)
Investment income	36	1,386,169	2,820,801	1,439,473	2,846,301
of which: Share of profit of associates		-	57,175	-	57,175
Income from derecognition of financial assets at amortised cost		1	(144)	1	(144)
Other income	37	39,273	24,853	33,871	19,036
Gain/(loss) from changes in fair value	38	314,707	(423,314)	314,707	(423,314)
Exchange gain	39	50,970	177,805	50,970	177,805
Other operating income		37,793	37,905	36,690	37,635
Gains from disposal of assets	40	7,621	811,923	7,485	811,824
<b>II. Operating expenses</b>		(12,208,801)	(10,602,965)	(11,054,470)	(10,549,645)
Taxes and levies	41	(241,509)	(211,492)	(228,654)	(207,409)
General and administrative expenses	42	(6,343,560)	(6,437,415)	(5,766,145)	(5,997,807)
Losses of credit impairment	43	(5,607,776)	(3,932,210)	(5,044,485)	(3,905,966)
Impairment loss of assets		-	-	-	(417,856)
Other operating expense		(15,956)	(21,848)	(15,186)	(20,607)
<b>III. Operating income</b>		9,830,755	10,668,334	9,195,591	9,981,856
Add: Non-operating income	44	118,517	77,710	98,262	76,586
Less: Non-operating expenses	45	(48,810)	(53,527)	(44,149)	(47,957)
<b>IV. Profit before tax</b>		9,900,462	10,692,517	9,249,704	10,010,485
Less: Income tax expenses	46	(1,481,889)	(1,754,170)	(1,324,802)	(1,698,594)
<b>V. Net profit</b>		8,418,573	8,938,347	7,924,902	8,311,891
(I) Categorized by the continuity of operation					
1. Net profit in continued operations		8,418,573	8,938,347	7,924,902	8,311,891
2. Net profit in discontinued operations		-	-	-	-
(II) Categorized by ownership of equity					
1. Net profit attributable to shareholders of the Bank		8,160,671	8,845,647		
2. Profit or loss attributable to non-controlling interests		257,902	92,700		
<b>VI. Other comprehensive income/(loss), net of tax</b>	30	(450,507)	502,294	(450,507)	502,294
Other comprehensive income/(loss) attributable to shareholders of the Bank, net of tax		(450,507)	502,294		
(I) Other comprehensive income that won't be subsequently reclassified to profit or loss					
1.Changes arising from remeasurement of net liabilities or net assets of defined benefit plan		-	-	-	-
(II) Other comprehensive income/(loss) that will be subsequently reclassified to profit or loss, net of tax					
1. Changes in fair value of financial assets classified as at fair value through other comprehensive income		(503,310)	272,261	(503,310)	272,261
2. Accumulated provision for credit loss of financial assets classified as at fair value through other comprehensive income		52,803	230,033	52,803	230,033
Other comprehensive income attributable to non-controlling interests, net of tax		-	-		
<b>VII. Total comprehensive income</b>		7,968,066	9,440,641	7,474,395	8,814,185
Total comprehensive income attributable to shareholders of the Bank		7,710,164	9,347,941		
Total comprehensive income attributable to non-controlling interests		257,902	92,700		

The accompanying notes form part of the financial statements.



## THE BANK'S AND CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

Item	Note VIII	The Group		The Bank	
		Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2019
<b>I. Cash flows from operating activities:</b>					
Net increase in customer deposits and due to banks and other financial institutions		73,309,201	33,448,907	71,515,180	33,817,707
Net decrease in balances with central bank and due from banks and other financial institutions		7,461,132	9,302,085	6,023,922	10,575,876
Net decrease in financial assets purchased under resale agreements		-	6,349,834	-	6,349,834
Net increase in financial assets sold under repurchase agreements		-	7,957,296	-	7,957,296
Net increase in borrowings from central bank		14,816,351	1,927,367	14,377,657	1,825,000
Net increase in disposal of held-for-trading financial assets		-	8,530,488	-	8,530,488
Net increase in placements from banks and other financial institutions		10,120,094	-	4,847,105	-
Interest received		30,484,421	26,565,796	27,146,309	25,559,092
Fee and commission received		2,779,133	2,824,887	2,795,628	2,881,628
Cash received relating to other operating activities		225,904	4,436,291	199,141	4,054,839
Sub-total of cash inflows from operating activities		139,196,236	101,342,951	126,904,942	101,551,760
Net increase in loans and advances to customers		(64,940,251)	(57,784,760)	(62,422,470)	(55,388,508)
Net payment for lease assets		(6,549,921)	(435,238)	-	-
Net increase in financial assets purchased under resale agreements		(2,162,795)	-	(1,268,595)	-
Net decrease in financial assets sold under repurchase agreement		(17,753,654)	-	(17,753,654)	-
Net increase in held-for-trading financial assets		(17,798,067)	-	(17,798,067)	-
Net decrease in placements from banks and other financial institutions		-	(6,436,271)	-	(6,356,058)
Net increase in placements with banks and other financial institutions		(13,780,800)	(6,755,027)	(14,780,800)	(6,753,867)
Interest paid		(15,513,160)	(13,067,443)	(14,791,942)	(12,934,239)
Fee and commission paid		(294,117)	(228,934)	(287,667)	(221,631)
Cash payments to and on behalf of employees		(3,949,975)	(3,747,012)	(3,617,774)	(3,507,222)
Payments of various types of taxes		(4,887,643)	(4,103,448)	(4,329,270)	(3,998,755)
Cash paid relating to other operating activities		(5,406,349)	(1,646,949)	(5,399,693)	(1,756,126)
Sub-total of cash outflows from operating activities		(153,036,732)	(94,205,082)	(142,449,932)	(90,916,406)
Net cash flows from operating activities	48(1)	(13,840,496)	7,137,869	(15,544,990)	10,635,354
<b>II. Cash flows from investing activities:</b>					
Cash received from disposal of investments		97,655,305	28,784,964	94,055,865	28,512,929
Cash received from returns on investments		9,373,749	10,296,952	9,411,029	10,275,499
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		10,928	1,211,949	11,658	1,211,718
Sub-total of cash inflows from investing activities		107,039,982	40,293,865	103,478,552	40,000,146
Cash paid to acquire investments		(119,002,726)	(70,109,013)	(114,602,726)	(70,199,669)
Net cash paid to acquire subsidiaries		(355,167)	(158,735)	(355,167)	(611,100)
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(765,279)	(1,258,107)	(664,085)	(1,217,654)
Sub-total of cash outflows from investing activities		(120,123,172)	(71,525,855)	(115,621,978)	(72,028,423)
Net cash flows used in investing activities		(13,083,190)	(31,231,990)	(12,143,426)	(32,028,277)
<b>III. Cash flows from financing activities:</b>					
Cash receipts from issue of bonds		10,000,000	-	10,000,000	-
Net increase in interbank negotiable certificates of deposit issued		137,421,604	37,674,848	137,421,604	37,674,848
Cash receipts from capital contributions		-	-	-	-
Sub-total of cash inflows from financing activities		147,421,604	37,674,848	147,421,604	37,674,848
Cash repayments of borrowings		(107,684,670)	(13,103,850)	(107,684,670)	(13,103,850)
Cash payments for distribution of dividends or profits or settlement of interest expenses		(3,750,704)	(2,687,406)	(3,697,619)	(2,632,697)
Sub-total of cash outflows from financing activities		(111,435,374)	(15,791,256)	(111,382,289)	(15,736,547)
Net cash from financing activities		35,986,230	21,883,592	36,039,315	21,938,301
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>					
		(566,066)	13,198	(566,066)	13,198
<b>V. Net increase/(decrease) in cash and cash equivalents</b>					
		8,496,478	(2,197,331)	7,784,833	558,576
Add: cash and cash equivalents at the beginning of the year		17,325,823	19,523,154	16,003,247	15,444,671
<b>VI. Cash and cash equivalents at the end of the year</b>					
	48(2)	25,822,301	17,325,823	23,788,080	16,003,247

The accompanying notes form part of the financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

Item	Year ended 31 December 2020							
	Capital and reserves attributable to shareholders of the Bank						Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings		
I. Balance at 31 December 2019	8,680,000	8,947,939	1,226,676	17,715,475	9,641,076	24,938,714	3,056,235	74,206,115
II. Changes for the year								
(I). Total comprehensive income	-	-	(450,507)	-	-	8,160,671	257,902	7,968,066
(II). Shareholders' invested capital	-	-	-	-	-	-	-	-
1. Shareholders' invested capital	-	-	-	-	-	-	-	-
(III). Profit distribution	-	-	-	3,219,955	566,369	(5,435,524)	(53,085)	(1,702,285)
1. Transfer to surplus reserve	-	-	-	3,219,955	-	(3,219,955)	-	-
2. Transfer to general reserve	-	-	-	-	566,369	(566,369)	-	-
3. Distributions to shareholders	-	-	-	-	-	(1,649,200)	(53,085)	(1,702,285)
(IV). Others	-	-	-	-	-	-	-	-
III. Balance at 31 December 2020	8,680,000	8,947,939	776,169	20,935,430	10,207,445	27,663,861	3,261,052	80,471,896

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

The accompanying notes form part of the financial statements.

## BANK'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

Item	Year ended 31 December 2020						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total shareholders' equity
I. Balance at 31 December 2019	8,680,000	9,219,974	1,226,676	17,460,427	9,215,955	24,594,217	70,397,249
II. Changes for the year							
(I). Total comprehensive income	-	-	(450,507)	-	-	7,924,902	7,474,395
(II) Shareholders' invested capital	-	-	-	-	-	-	-
1. Shareholders' invested capital	-	-	-	-	-	-	-
(III). Profit distributions	-	-	-	3,151,874	556,172	(5,357,246)	(1,649,200)
1. Transfer to surplus reserve	-	-	-	3,151,874	-	(3,151,874)	-
2. Transfer to general risk reserve	-	-	-	-	556,172	(556,172)	-
3. Distributions to shareholders	-	-	-	-	-	(1,649,200)	(1,649,200)
(IV). Others	-	-	-	-	-	-	-
III. Balance at 31 December 2020	8,680,000	9,219,974	776,169	20,612,301	9,772,127	27,161,873	76,222,444

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

The accompanying notes form part of the financial statements.

## I. BASIC INFORMATION

### 1. General information of the Bank

Shanghai Rural Commercial Bank Co., Ltd. (the "Bank") is a joint-stock commercial bank reconstructed from the former Shanghai Rural Credit Cooperatives, including 1 municipal cooperative agency, 14 county-level cooperative agencies and 219 credit cooperatives sub-agencies. It was incorporated in Shanghai, the People's Republic of China ("China") on 23 August 2005.

The Bank obtained its finance approval license No. B0228H231000001 from China Banking Regulatory Commission ("CBRC") and obtained its business license No. 310000000088142 from Shanghai Municipal Administration of Industry and Commerce. The registered address of the Bank is No. 70 of East Zhongshan Number Two Road, Huangpu District, Shanghai. The Bank replaced its business license on 18 May 2019, and the unified social credit code is No. 913100007793473149.

The Bank and its subsidiary (the "Group") are all in financial industry, of which the scope of business is commercial banking business approved by the People's Bank of China and CBRC, including: domestic deposits, short-term, mid-term and long-term loans, domestic and foreign settlements, bill acceptance and discount, government bonds distributing, redeeming and underwriting as an agency of government, government bonds and banking notes trading, inter-bank borrowing and lending, bank card services, foreign currency deposits, loans and remittance, international settlements, inter-bank foreign currency borrowing and lending, credit investigation, consultation and assurance businesses, funds collection and commissioning, custodian service, finance lease, purchase and sales of foreign currency (versus RMB) and other business activities approved by the CBRC.

### 2. Scope of the consolidated financial statements

The Bank's and consolidated financial statements are approved by the board of directors on 26 March 2021.

The scope of the consolidated financial statements for the current year includes the village banks and Yangtze United Financial Leasing Co., Ltd. For details, please refer to Note VII "Scope of the consolidated financial statements". Change in the consolidated financial statements for the year 2019 is arising from the acquisition of Yangtze Leasing, of which the details are set out in Note IX "Changes in scope of consolidation".

## II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### Basis of preparation

The Group has adopted Accounting Standards for Business Enterprises (the "ASBE") issued by the Ministry of Finance (the "MOF") and become effective. As at 1 January 2020, the

Group initially adopted the Accounting Standard for Business Enterprises No. 14-Revenue (the "New Revenue Standard"); as at 1 January 2019, the Group initially adopted Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No.23 - Transfer of Financial Assets, Accounting Standards for Business Enterprises No.22 - Hedging, and Accounting Standards for Business Enterprises No.37. - Presentation of Financial Instruments (the "New Standards of Financial Instruments"). Impact of changes in such accounting policies are set out in Note V "Changes in accounting policies".

### Going concern

The Group has evaluated its ability to continue as a going concern for 12 months since 31 December 2020, and no audit evidence had been obtained that a material uncertainty exists related to events or conditions that may cause significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements are prepared based on the going concern basis.

### Basis of accounting and principle of measurement

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

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

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### 1. Statement of compliance with the ASBE

The financial statements of the Bank have been prepared in accordance with ASBE, and present truly and completely, the Bank's and consolidated financial position as of 31 December 2020, and the Bank's and consolidated results of operations and cash flows for the year then ended.

#### 2. Accounting period

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

#### 3. Functional currency

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

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

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

##### 4.1 Business combinations involving enterprises under common control

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

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

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

##### 4.2 Business combinations not involving enterprises under common control and goodwill

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

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

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

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

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

#### 5. Preparation of the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

## 6. Cash and cash equivalents

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

## 7. Transactions denominated in foreign currencies

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

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

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

## 8. Financial instruments

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

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

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

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

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the net carrying amount of the financial asset or financial liability. When determining the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (i.e. repayment in advance, term extension, call options or other similar options etc.), but does not consider expected credit loss.

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

## 8.1 Classification and measurement of financial assets

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

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

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

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

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

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

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

- Financial assets that are not qualified to be classified as financial assets at amortized cost or financial assets at FVTOCI are classified as financial assets at FVTPL;
- Upon initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group will irrevocably designate financial assets at FVTPL.

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

### 8.1.1 Financial assets at amortized cost

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

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

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

### 8.1.2 Financial assets at FVTOCI

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

### 8.1.3 Financial assets at FVTPL

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

## 8.2 Impairment of financial instruments

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

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

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

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

### 8.2.1 Significant increase in credit risk

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

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

- (1) Significant changes in the internal price indicators arising from changes in credit risk;
- (2) Significant changes in the interest rate or other terms of the financial instrument, if the existing financial instrument is originated or issued as a new financial instrument at the balance sheet date (such as stricter contract terms, increase in collateral or guaranty or higher rate of return, etc.);

(3) Significant changes in the external market indicators of credit risk of the same financial instrument or similar financial instruments with the same expected duration. These indicators include: credit spreads, credit default swap prices for borrowers, length of time and extent to which the fair value of financial assets is less than their amortized cost, and other market information related to the borrower (such as the borrower's debt instruments or changes in the price of equity instruments);

(4) Significant changes in the external or expected external credit rating of financial instruments;

(5) Whether the actual or expected internal credit rating of the debtor is lowered.;

(6) Unfavourable changes in business, financial or economic conditions that are expected to result in a significant change in the ability of the debtor to meet its debt service obligations;

(7) Significant changes in the actual or expected result of the debtor's operating results;

(8) Significant increase in the credit risk of other financial instruments issued by the same debtor.

(9) Significant adverse changes in the regulatory, economic or technological environment in which the debtor operates;

(10) Significant changes in the value of the collateral or the guarantee provided by a third party or the quality of credit enhancement. These changes are expected to reduce the economic incentives of the debtor to repay the loan under the contractual deadline or affect the probability of default;

(11) Significant changes in the economic incentives for borrowers to repay their loans under the contractual deadline;

(12) Expected changes to loan contract, including the exemption or revision of contractual obligations, the granting of interest-free periods, the jump in interest rates, the requirement for additional collateral or guarantees, or other changes in the contractual framework for financial instruments that may result from the breach of contract;

(13) Significant changes in the debtor's expected performance and repayment behaviour;

(14) Significant changes in the Group's approach to credit management of financial instruments.

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

### 8.2.2 Credit-impaired financial assets

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

- (1) Significant financial difficulty of the issuer or the borrower;



(2) A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;

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

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

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

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

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

### 8.2.3 Recognition of expected credit losses

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

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

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

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

### 8.2.4 Written-off of financial assets

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

### 8.3 Transfer of financial assets

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

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

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

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

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

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

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

#### 8.4 Asset-backed securities business

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

### 8.5 Classification, recognition and measurement of financial liabilities

#### 8.5.1 Financial liabilities at FVTPL

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

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

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

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

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

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

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

#### 8.5.2 Other financial liabilities

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

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

##### 8.5.2.1 Financial guarantee contracts and loan commitments

A financial guarantee contract is a contract by which the issuer is required to compensate specific amount to the contract holder suffering losses in case the specific debtor fails to settle the debt in accordance with the initial or revised terms of debt instrument when the debt falls due. Financial guarantee contracts that are not designated as financial liabilities at FVTPL or financial

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

## 8.6 Derecognition of financial liabilities

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

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

## 8.7 Equity instruments

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

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

## 8.8 Derivatives and embedded derivatives

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

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

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

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

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

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

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

## 8.9 Offsetting a financial asset and a financial liability

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

## 9. Precious metals

Precious metals that are not related to the Group's trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals that are related to the Group's trading activities are initially and subsequently recognised at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise.

## 10. Held-for-sale assets

When the Group recovers its carrying amount mainly by selling (including the exchange of non-monetary assets of a commercial nature) rather than continuing to use a non-current asset or disposal group, it is classified as held-for-sale.

The non-current assets or disposal group classified as held-for-sale shall meet the following conditions: (1) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group; (2) the sale is very likely to occur, that is, the Group has made a resolution on a sale plan and obtained a firm commitment to purchase, and it is expected that the sale will be completed within one year.

The net amount after the sale expenses shall be recognized as the impairment loss of assets and included in profit or loss for the period, and the impairment provision for held-for-sale assets shall be made at the same time. When there is increase in the net amount of fair value of non-current assets held for sale less costs

to sell at the balance sheet date, the original deduction should be reversed in impairment loss of assets recognized after the classification of held-for-sale category, and the reverse amount is included in profit or loss for the period.

Non-current assets held for sale or non-current assets in the disposal group are not depreciated or amortized and interest and other expenses on liabilities in the disposal group held for sale continue to be recognised.

## 11. Long-term equity investments

### 11.1 Basis for determining joint control and significant influence

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. When determining whether an investor can exercise significant influence over an investee, the effect of potential voting rights (i.e. warrants and convertible bonds) held by the investors or other parties that are currently exercisable or convertible shall be considered.

### 11.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition at the date of acquisition. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving entities under common control, the acquirer shall determine if these transactions are considered to be a "package deal". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of long-term equity investments that was changed to be accounted for using cost method. If the equity previously held was accounted for using the equity method, the corresponding other comprehensive income is not subject to accounting treatment temporarily.

The expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

A long-term equity investment acquired otherwise than through a business combination shall be initially measured at cost. When an investor becomes capable of exercising joint control or significant influence (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with "Accounting Standard for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments" and the additional investment cost.

### 11.3 Subsequent measurement and the recognition of profit or loss

#### 11.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Bank's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

#### 11.3.2 Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is a joint agreement in which the Group has rights only to the net assets of such arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the long-term equity investment shall recognise its share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income and other comprehensive income, and adjust the carrying amounts of the investment accordingly. Meanwhile, carrying amount of long-term equity investment is adjusted: the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; Other changes in shareholders' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The investor shall recognise its share of the investee's net profits or losses after making appropriate adjustments based on the fair values of the investee's identifiable net assets at acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those used by the investor, the investor shall, using its own accounting policies and accounting period, adjust the relevant items of the financial statements of the investee, and recognise investment income or losses, other comprehensive income, and other related items, based on the adjusted financial statements of the investee. Unrealized gains or losses resulting from the Group's transactions with its associates and joint ventures, which do not constitute a business, are eliminated based on the proportion attributable to the Group and then investment gains or losses is recognised. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognising its share of net losses of the investee after the carrying amounts of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

## 11.4 Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amounts is recognised in profit or loss for the period. For a long-term equity investment accounted for using the equity method, if remaining shares after the disposal are still accounted for using the equity method, other comprehensive income previously recognized under equity method shall be accounted for on the same basis as the investee had directly disposed of the related assets or liabilities, and profit or loss is carried forward proportionately; Other shareholders' equity recognised from changes of shareholders' equity except for net profit or loss, other comprehensive income and profit distribution is recognized in profit or loss of current period and carried forward proportionately. For a long-term equity investment accounted for using the cost method, if remaining shares after the disposal are still accounted for using the cost method, other comprehensive income recognised before controlling the investee according to equity method or recognition and measurement of financial instruments, is accounted for on the basis as the investee had directly disposed of the related assets or liabilities, and recognized in profit or loss for the period and carried forward proportionately; other changes in shareholders' equity of the investee's net assets (other than net profit or loss, other comprehensive income and profit distribution) recognized under equity method are recognized in profit or loss for the period and carried forward proportionately.

## 12. Fixed assets

### 12.1 Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amounts of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

### 12.2 Depreciation method

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Useful life (years)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Building	20	5.00	4.75
Transportation equipment	5	5.00	19.00
Electronic equipment	5-10	5.00	9.50-19.00
Machinery	5-10	5.00	9.50-19.00
Office equipment	5-10	5.00	9.50-19.00

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

### 12.3 Other explanations

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amounts and related taxes is recognised in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in accounting estimate.

## 13. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

## 14. Intangible assets

### 14.1 Recognition criteria for intangible assets

Intangible assets include land use right and software, etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortised over its estimated useful life using the straight-line method.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the year, and makes adjustments when necessary.

## 14.2 Research and development expenditure

Expenditure during the research phase is recognised as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognised as intangible asset. Expenditure during development phase that does not meet the following conditions is recognised in profit or loss for the period.

- (1) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) The Group has the intention to complete the intangible asset and use or sell it;
- (3) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of them in profit or loss for the period. Cost of intangible assets arising from internal development activities comprises total expenses incurred for the period from the time point when capitalisation conditions are met till the intangible assets are available for their intended use. During the development process of the same intangible asset, any amount that has been expensed and recorded in profit or loss before the capitalization conditions are met will not be adjusted.

## 15. Impairment of long-term assets

The Group reviews the long-term equity investments, fixed assets, construction in progress, intangible assets with a finite useful life and long-term prepaid expenses at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

The estimated recoverable amount of an asset is based on a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset.

If the recoverable amount of an asset is less than its carrying amount, the difference between the recoverable amount and the carrying amount shall be used as the provision for impairment of the asset and recorded in the profit and loss for the current period.

Once the impairment losses of the aforesaid assets are recognized, they shall not be reversed in subsequent accounting periods.

## 16. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

## 17. Employee benefits

### 17.1 Accounting treatment of short-term benefits

The Group shall recognise, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset. The Group shall, based on the actually incurred amount, charge the occurred employee benefits to the profit or loss for the current period or include in the cost of relevant asset. Employee benefits which are non-monetary benefits shall be measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as trade union fund and employee education fund provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

### 17.2 Accounting treatment of post-service benefits

Post-service benefits are classified into defined contribution plan and defined benefit plan.

The Group shall recognise, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as liability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

For the defined benefit plan, the Group will assign the welfare obligations generated by the defined benefit plan to the period during which the employee provides services according to the formula determined by the expected cumulative welfare unit law, and record them into the current profit and loss or related asset costs. The employee compensation costs arising from the defined benefit plan are divided into the following components:

- Service costs (including current service costs, past service costs and settlement gains and losses);

- The net interest on the net liabilities or net assets of the benefit plan (including the interest income on the assets of the plan, the interest expense on the defined benefit plan and the interest affected by the asset ceiling); As well as
- Remeasure changes in net liabilities or net assets of defined benefit plans.

Service costs and net interest on net liabilities or net assets of the defined benefit plan are included in the current profits and losses. Remeasurements of the net defined benefit liability (asset) (including actuarial gains and losses, the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)) are recognized in other comprehensive income.

The deficit or surplus resulting from the present value minus the fair value of the assets of a defined benefit plan is recognized as a net liability or net asset of a defined benefit plan. If there is a surplus in the defined benefit plan, the net assets of the defined benefit plan shall be measured at the lower of the surplus and the asset ceiling of the defined benefit plan.

### 17.3 Accounting treatment of termination benefits

A liability for a termination benefit is recognized in profit or loss for the period at the earlier of : when the Group cannot unilaterally withdraw the termination welfare provided due to the termination of labour relationship plan or reduction proposal; When the Group recognises the costs or expenses related to the restructuring related to the payment of severance benefits.

## 18. Assets transferred under repurchase agreements

### 18.1 Financial assets purchased under resale agreements

Financial assets that have been purchased under agreements with a commitment to resell at a specific future date are not recognised in the balance sheet. The cost of purchasing such assets is presented under "financial assets purchased under resale agreements" in the balance sheet. The difference between the purchasing price and reselling price is recognised as interest income during the term of the agreement using the effective interest method.

### 18.2 Financial assets sold under repurchase agreements

Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognised in the balance sheet. The proceeds from selling such assets are presented under "financial assets sold under repurchase agreements" in the balance sheet. The difference between the selling price and repurchasing price is recognised as interest expense during the term of the agreement using the effective interest method.

## 19. Provisions

Provisions are recognised when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

## 20. Interest income

Interest income from financial instruments measured at amortised cost and financial assets measured at fair value through other comprehensive income is measured using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash inflows or outflows through the expected life of a financial asset or financial liability to the carrying amount of the financial asset or the amortised cost of the financial liability. The calculation of the effective interest rate takes into account the contractual terms of the financial instrument (e.g., early repayment rights) and includes all fees and all transaction costs attributable to the effective interest rate component, but excludes expected credit losses.

The Group recognizes the interest income through the carrying amount of financial assets multiplying effective interest rate under the line item "interest income", except for the following circumstances:

- (1) For purchased or originated credit-impaired financial assets, the Group recognizes the interest income based on amortized cost and credit-adjusted effective interest rate of such financial assets since initial recognition;
- (2) For purchased or originated financial assets without credit impairment but subsequently becoming credit-impaired, the Group subsequently recognizes the interest income based on amortized costs (i.e. the carrying amount net of expected credit losses) and effective interest rate of such financial assets. . If the credit risk of the financial asset is reduced during subsequent periods and credit impairment does not exist, and the improvement can be related to an event occurring after application of aforesaid provisions, the Group shall calculate and recognize interest income through carrying amount of financial assets multiplying effective interest.

## 21. Fee and commission income (effective from 1 January 2020)

The Group receives fees and commission from the rendering of various services to its customers. Fee and commission income recognised by the Group reflects the consideration it expects to be entitled to receive for the services it provides to its customers

and is recognized when the performance obligations under the contracts have been fulfilled.

(1) Revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer is able to control over the service as the Group performs;
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

(2) Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

## 22. Fee and commission income (effective before 1 January 2020)

Fee and commission income are recognised when the services are rendered on accrual basis.

## 23. Categories of and accounting treatment for government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period. Government grants shall be related to an asset or to income due to the nature of the beneficiary in the government's document.

### 23.1 Determination basis and accounting treatment of government grants related to income

The Group classifies government grants that are difficult to be distinguished as government grants related to income aggregately.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period.

A government grant related to the daily activities of the Bank shall be included in other income or write-down related costs in

accordance with the economic business essence. A government grant unrelated to the daily activities of the Bank shall be included in non-operating income or expense.

For repayment of a government grant already recognised, the book value of the related assets reduced in the initial confirmation shall be adjusted. If there is related deferred income, the repayment is offset against the carrying amounts of the deferred income, and any excess is recognised in profit or loss for the period. If there is no related deferred income, the repayment is recognised immediately in profit or loss for the period.

## 24. Income tax

The income tax expenses include current income tax and deferred income tax.

### 24.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

### 24.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amounts of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected



to apply in the period in which the asset is realised or the liability is settled.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amounts of goodwill.

At the balance sheet date, the carrying amounts of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

### 24.3 Offset of income tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

## 25. Entrusted and agency services

The Group commonly acts as a trustee, or in other fiduciary capacities, that result in its holding or managing assets on behalf of its customers. Storage and repayment duty are not recognised in the Group's financial statements.

The Group administers entrusted loans on behalf of third-party lenders. In this regard, the Group grants loans to borrowers, as agent, at the direction of the third-party lenders, who fund these loans. The Group has been contracted by these third-party lenders to manage the administration and collection of these loans on their behalf. The third-party lenders determine both the underwriting criteria for and all terms of the entrusted loans including their purposes, amounts, interest rates and repayment schedule. The Group charges a commission related to its activities in connection with the entrusted loans which is recognised ratably over the period the service is provided, but the risk of loss is borne by the third-party lenders.

## 26. Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### 26.1 Accounting treatment of operating leases

#### 26.1.1 The Group as lessee under operating leases

Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and are charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

#### 26.1.2 The Group as lessor under operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

## 27. Capital for debt payment

For the debt restructuring in which assets are used as payment for debts, assets accepted, excluding financial assets, are measured at cost upon initial recognition. Costs of the capital for debt payment are composed of the fair value of the waived creditors' rights and any other costs directly attributable to such assets that may incur as to bring the assets for their intended use, such as the taxes, transportation fees, loading and unloading expenses, installation expenses, and service fees of professional personnel etc. The difference between the fair value and carrying amount of the waived creditors' rights is recognized in profit or loss for the period.

At the balance sheet date, capital for debt payment is measured at the lower of its carrying amount and net realizable value. Provision for decline in value of capital for debt payment shall be made when its net realizable value is lower than the carrying amount.

When capital for debt payment is disposed, the difference between proceeds from the disposal and the carrying amount is recognized in gains on disposal of assets.

When the capital for debt payment is transferred to self-use asset, it shall be recognised at the account balance at the date when it is transferred. Any impairment provision made for decline in value of capital for debt payment shall be carried forward accordingly.

## IV. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of the Group's accounting policies, which are described in Note III, the Group are required to make judgments, estimate and assumption about the carrying amounts of items in the financial statements that cannot be measured accurately due to the inherent uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or if it is recognised in the period of the change and future periods, if the change affects both.

The following are the significant judgments, key assumptions and accounting estimates that the Group have made and that have significant effect on the amounts recognised in the financial statements at the balance sheet date:

### Fair value of financial instruments

The fair value of financial instruments that is not quoted in active markets is determined by using valuation techniques. The Group apply valuation techniques including discounted cash flow model, Black Scholes model, etc. To the extent practical, discounted cash flow models use only observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

### Classification of financial instruments

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test.

When assessing whether the contractual cash flows of financial assets are consistent with the loan arrangements, the Group make the following judgments: whether the time arrangement and amount of the principal may be changed during the term of the financial assets due to factors such as early repayment; whether the interest only includes the time value of money, credit risk, other basic loan risks, and considerations for cost and profit. For example, whether the amount of early repayment reflects only the outstanding principal and interest on the principal amount outstanding, and the reasonable compensation paid for early termination of the contract.

The Group determine the business model at a level that reflects how groups of financial assets are managed together to achieve a

particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

### Impairment under expected credit loss ("ECL") model

The measurement of ECL adopts complex models and a number of assumptions that are related to the future macroeconomic conditions and customer's credit behaviour. The measurement of ECL in accordance with the accounting standards involves a number of significant judgements, including:

**Significant increase in credit risk:** The Group make use of reasonable and supportable forward-looking information that is available to determine whether credit risk has increased significantly since initial recognition through comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group take into account qualitative and quantitative reasonable and supportable forward looking information.

**Credit impaired:** In determining whether impairment occurs under accounting standards of financial instruments, the Group adopt the judgement criteria consistent with the internal credit risk management objective of relevant financial instruments, and considers the quantitative and qualitative indicators at the same time. The indicators that the Group considers in determining whether a credit impairment occurs for the debtors include: major internal rating, overdue days and their solvency. Credit impairment of the financial assets may incurred by multiple events, not always incurred by the event that can be individually identified.

**Establishing groups of assets with similar credit risk characteristics:** When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitor the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets move from 12-month to lifetime ECL when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECL but the amount of ECL changes because the credit risk of the portfolios differ.

**Models and assumptions used:** The Group use various models and assumptions in estimating ECL of the financial assets. Judgement is applied in identifying the most appropriate model for each type of financial asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Forward-looking information: When measuring ECL the Group use reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of Default ("PD"): PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss Given Default ("LGD"): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Refer to Note XIII.2.2 for details of forward-looking information, ECL, Probability of Default and Loss Given Default of the Group.

#### Judgement on consolidation of structured entities

Where the Group act as a manager or investor of structured entities, the Group makes assessment on whether it is the principal or an agent to judge whether the Group controls the structured entities and should consolidate them. When performing this assessment, the Group considers several factors including, among other things, the scope of its decision-making authority over the structured entities, the rights held by other parties, the remuneration to which it is entitled in accordance with the related agreements for the management services, the Group's exposure to variability of returns from interests that it holds in the structured entities..

#### Income taxes

Significant estimates are required in determining the provision for income tax. There are certain transactions for which the calculation and ultimate tax determination are uncertain; in particular, the deductibility of certain items is subject to tax authority approval. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences may affect the current income tax, deferred income tax, income tax liabilities payable, deferred tax assets and deferred tax liabilities in the period in which the final determination is made.

## V. CHANGES IN ACCOUNTING POLICIES

### 1. New Standards for Revenue

The Group have adopted the New Standards for Revenue revised by the Ministry of Finance in 2017 since 1 January 2020.

Under this standard, revenue is recognised on the basis of a uniform model that applies to contracts with customers. The model features a "transfer of control" instead of a "transfer of risks and rewards" under the previous standard as a criterion for determining the time-point of revenue recognition. Based on the contract, the standard introduced the five-step approach to

determine whether, how much and when(at a point in time or over a period of time) revenue can be recognized for a transaction. According to the previous standard, revenue is recognised by the nature of transactions, including sales of goods, rendering of services, or construction contracts.

The standard introduces extensive qualitative and quantitative disclosure requirements to enable users of financial statements to understand the nature, amount, temporal distribution and uncertainty of revenues and cash flows arising from contracts with customers.

The application of the standard has no significant impact on the financial position and results of operations of the Group.

### 2. New Standards of Financial Instruments

The Group have adopted the New Standards of Financial Instruments revised by the Ministry of Finance since 1 January 2019.

In terms of the classification and measurement of financial assets, in accordance with the New Standards of Financial Instruments, an entity shall classify financial assets as subsequently measured at amortized cost, at FVTOCI and at FVTPL on the basis of the contractual cash flow characteristics of the financial assets and the entity's business model for managing the financial assets. The original classifications of financial assets, such as loans and receivables, held-to-maturity investments and available-for-sale financial assets in the Original Standards of Financial Instruments are no longer adopted.

For investments in equity instruments, the entity shall generally classify them as measured at fair value through profit or loss, and for investments in non-tradable equity instruments, the entity is allowed to designate them as measured at fair value through other comprehensive income provided that such designation is irrevocable and the accumulated changes in fair value initially recorded in other comprehensive income cannot be carried forward to profit or loss at disposal.

In terms of the impairment of financial assets, requirements relative to impairments in the New Standards of Financial Instruments are applicable to financial assets measured at amortized cost, financial assets at FVTOCI, specific unutilized loan commitment and financial guarantee contracts. The New Standards of Financial Instruments require to replace the previous incurred credit loss model with the expected credit loss model. As required by the new impairment model, a three-phase model shall be adopted, so that provisions for credit losses will be recognized as the expected credit losses within 12 months or the full lifetime based on whether credit risks of relevant items have been increased significantly from the initial recognition.

For the requirements of the recognition and measurement of financial instruments before 1 January 2019 inconsistent with those of the New Standards of Financial Instruments, the Group make retrospective adjustments in accordance with the New Standards of Financial Instruments. The Group make no adjustments for the previous comparative data inconsistent with the requirements of the New Standards of Financial Instruments. The difference between the original carrying amount of the financial instruments and the new carrying amount at the date

implementing the New Standards of Financial Instruments is recognized in the retained earnings or other comprehensive income as at 1 January 2019. For the detailed impact of the application of New Standards of Financial Instruments as at 1 January 2019, refer to the below table.

### Impact of classification and measurement

Item	Carrying amount presented in accordance with the Original Standards	Impact of applying New Standards of Financial Instruments								Carrying amount presented in accordance with the New Standards
		Reclassification						Remeasurement		
		As at 31 December 2018	Transferred from placements with banks and other financial institutions (Note 1)	Transferred from loans and advances to customers (Note 2)	Transferred from receivables investment (Note 3)	Transferred from available-for-sale financial assets (Note 4)	Transferred from held-to-maturity investments (Note 5)	Transferred from financial assets at FVTPL (Note 6)	Expected credit loss (Note 7)	
Due from banks and other financial institutions	11,235,385	-	-	-	-	-	-	(6,798)	-	11,228,587
Placements with banks and other financial institutions measured at amortised cost	40,525,892	(4,690,000)	-	-	-	-	-	(55,330)	-	35,780,562
Placements with banks and other financial institutions at FVTOCI	-	4,690,000	-	-	-	-	-	-	7,068	4,697,068
Precious metals	161,067	-	-	-	-	-	-	-	-	161,067
Financial assets at FVTPL	7,264,796	-	-	-	-	-	(7,264,796)	-	-	-
Financial assets purchased under resale agreements	40,636,088	-	-	-	-	-	-	(26,618)	-	40,609,470
Loans and advances to customers measured at amortised cost	394,034,412	-	(57,308,425)	-	-	-	-	(9,184)	-	336,716,803
Loans and advances to customers at FVTOCI	-	-	46,355,264	-	-	-	-	-	118,348	46,473,612
Loans and advances to customers at FVTPL	-	-	10,995,501	-	-	-	-	-	1,110	10,996,611
Available-for-sale financial assets	104,886,280	-	-	-	(104,886,280)	-	-	-	-	-
Held-to-maturity investments	120,547,430	-	-	-	-	(120,547,430)	-	-	-	-
Receivables investment	10,543,200	-	-	(10,543,200)	-	-	-	-	-	-
Held-for-trading financial assets	-	-	-	200,000	49,572,103	3,257,117	7,264,796	-	(12,825)	60,281,191
Debt investments	-	-	-	10,343,200	191,118	107,195,231	-	(17,262)	-	117,712,287
Other debt investments	-	-	-	-	55,181,559	10,095,082	-	-	(128,276)	65,148,365
Other equity instrument investments	-	-	-	-	11,500	-	-	-	-	11,500
Deferred tax assets	3,406,866	-	(10,585)	-	(17,500)	-	-	66,862	3,644	3,449,287
Other assets	6,641,990	-	-	-	-	-	-	(26,315)	-	6,615,675
Provisions	(16,021)	-	-	-	-	-	-	(129,839)	-	(145,860)
Other comprehensive income	(1,220,431)	-	(31,755)	-	545,045	-	-	(19,386)	2,145	(724,382)
Retained earnings	(20,531,235)	-	-	-	(597,545)	-	-	220,656	8,786	(20,899,338)
Non-controlling interests	(1,165,967)	-	-	-	-	-	-	3,214	-	(1,162,753)

**Note 1: Transferred from placements with banks and other financial institutions**

As at 1 January 2019, RMB 4,690,000,000 of placements with banks and other financial institutions measured at amortised cost were reclassified to placements with banks and other financial institutions at FVTOCI as such placements with banks and other financial institutions were held within a business model whose objective was achieved by both collecting contractual cash flows and selling the financial assets and their cash flows were solely payments of principal and interest on the principal amount outstanding. Related gains on fair value of RMB 7,068,000 were adjusted to other comprehensive income and the carrying amount of placements with banks and other financial institutions at FVTOCI as at 1 January 2019.

**Note 2: Transferred from loans and advances to customers**

As at 1 January 2019, RMB 46,355,264,000 of loans and advances to customers measured at amortised cost were reclassified to loans and advances to customers at FVTOCI as such loans and advances to customers were held within a business model whose objective was achieved by both collecting contractual cash flows and selling the financial assets and their cash flows were solely payments of principal and interest on the principal amount outstanding. Related gains on fair value of RMB 118,348,000 were adjusted to other comprehensive income and the carrying amount of loans and advances to customers at FVTOCI as at 1 January 2019.

As at 1 January 2019, RMB 10,995,501,000 of loans and advances to customers measured at amortised cost were reclassified to loans and advances to customers at FVTPL as such loans and advances to customers were held for trading. Related gains on fair value of RMB 1,110,000 were adjusted to retained earnings and the carrying amount of loans and advances to customers at FVTPL as at 1 January 2019.

**Note 3: Transferred from receivables investment**

As at 1 January 2019, RMB 200,000,000 of receivables investment were reclassified to financial assets at FVTPL and included in account of "Held-for-trading financial assets" as cash flows of such investment didn't meet the conditions in the revised standards of being solely payments of principal and interest on the principal amount outstanding. Related gains on fair value of RMB 1,453,000 were adjusted to retained earnings and the carrying amount of loans and advances to customers at FVTPL as at 1 January 2019.

As at 1 January 2019, RMB 10,343,200,000 of receivables investment were reclassified to debt instrument investment at amortised cost and included in account of "Debt investments" as such investments were held within a business model whose objective was achieved by collecting contractual cash flows and their contractual terms gave rise on specified dates to cash flows that were solely payments of principal and interest on the principal amount outstanding.

**Note 4: Transferred from available-for-sale financial assets**

As at 1 January 2019, RMB 49,572,103,000 of available-for-sale financial assets were reclassified to financial assets at FVTPL and included in account of "Held-for-trading financial assets" as cash flows of such investment didn't meet the conditions in the revised standards of being solely payments of principal and interest on the principal amount outstanding. Related gains on fair value of RMB 796,727,000 were adjusted to other comprehensive income and retained earnings as at 1 January 2019.

As at 1 January 2019, RMB 191,118,000 of available-for-sale financial assets were reclassified to debt instrument investment at amortised cost and included in account of "Debt investments" as such investments are held within a business model whose objective was achieved by collecting contractual cash flows and their contractual terms gave rise on specified dates to cash flows that were solely payments of principal and interest on the principal amount outstanding.

As at 1 January 2019, RMB 55,181,559,000 of available-for-sale financial assets were reclassified to debt instrument investment at FVTOCI and included in account of "Other debt investments" as such investments were held within a business model whose objective was achieved by both collecting contractual cash flows and selling the financial assets and their cash flows were solely payments of principal and interest on the principal amount outstanding.

As at 1 January 2019, RMB 11,500,000 of available-for-sale financial assets were designated as equity instrument investment at FVTOCI and included in account of "Other equity instrument investments".

**Note 5: Transferred from held-to-maturity investments**

As at 1 January 2019, RMB 3,257,117,000 of held-to-maturity investments were reclassified to financial assets at FVTPL and included in account of "Held-for-trading financial assets" as cash flows of such investment didn't meet the conditions in the revised standards of being solely payments of principal and interest on the principal amount outstanding. Related losses on fair value of RMB 14,278,000 were adjusted to retained earnings and the carrying amount of held-for-trading financial assets as at 1 January 2019.

As at 1 January 2019, RMB 107,195,231,000 of held-to-maturity investments were reclassified to debt instrument investment at amortised cost and included in account of "Debt investments" as such investments were held within a business model whose objective was achieved by collecting contractual cash flows and their contractual terms gave rise on specified dates to cash flows that were solely payments of principal and interest on the principal amount outstanding.

As at 1 January 2019, RMB 10,095,082,000 of held-to-maturity investments were reclassified to debt instrument investment at FVTOCI and included in account of "Other debt investments" as such investments were held within a business model whose objective was achieved by both collecting contractual cash flows and selling the financial assets and their cash flows were solely payments of principal and interest on the principal amount outstanding. Related losses on fair value of RMB 128,276,000 were adjusted to other comprehensive income and the carrying amount of other debt investments as at 1 January 2019.

Note 6: Transferred from financial assets at FVTPL

As at 1 January 2019, RMB 7,264,796,000 of financial assets at FVTPL were included in held-for-trading financial assets as such investments were held for acquiring bid-ask spread.

Note 7: As at 1 January 2019, the Group reconciled the loss allowance of items such as financial assets classified as at amortized cost, financial assets classified as at FVTOCI, loan commitments and financial guarantee contracts recognized in accordance with the Original Standards of Financial Instruments and provisions recognized in accordance with Accounting Standards for Business Enterprises No.13 - Contingencies to loss allowance for credit recognized in accordance with New Standards of Financial Instruments. Refer to below table for details:

Item	Impairment provision recognized in accordance with the Original Standards	Reclassification	Remeasurement of expected loss allowance	Loss allowance recognized in accordance with the New Standards of Financial Instruments
<b>Impairment provision for financial assets:</b>				
Due from banks and other financial institutions	2,254	-	6,798	9,052
Placements with banks and other financial institutions measured at amortised cost	-	-	55,330	55,330
Placements with banks and other financial institutions at FVTOCI	-	-	2,589	2,589
Financial assets purchased under resale agreements	-	-	26,618	26,618
Loans and advances to customers measured at amortised cost	15,872,769	(42,340)	9,184	15,839,613
Loans and advances to customers at FVTOCI	-	42,340	2,463	44,803
Available-for-sale financial assets	319,106	(319,106)	-	-
Held-to-maturity investments	20,628	(20,628)	-	-
Receivables investment	142,965	(142,965)	-	-
Other receivables	37,622	-	-	37,622
Debt investments	-	163,593	17,262	180,855
Other debt investments	-	70,000	20,343	90,343
Other assets	-	-	26,315	26,315
<b>Total impairment provision for financial assets</b>	<b>16,395,344</b>	<b>(249,106)</b>	<b>166,902</b>	<b>16,313,140</b>
<b>Loan commitments and financial guarantee contracts</b>				
Loss allowance for loan commitments	-	-	129,839	129,839
<b>Total</b>	<b>16,395,344</b>	<b>(249,106)</b>	<b>296,741</b>	<b>16,442,979</b>

As at 1 January 2019, the impact of the Group's initial application of the above New Standards of Financial Instruments on the Group's assets, liabilities and shareholders' equity is summarized as follows:

Item	As at 31 December 2018	Impact of application of New Standards of Financial Instruments	As at 1 January 2019
<b>ASSETS:</b>			
Cash and balances with central bank	86,490,347	-	86,490,347
Due from banks and other financial institutions	11,235,385	(6,798)	11,228,587
Placements with banks and other financial institutions at amortised cost	40,525,892	(4,745,330)	35,780,562
Placements with banks and other financial institutions at FVTOCI	-	4,697,068	4,697,068
Precious metals	161,067	-	161,067
Financial assets at FVTPL	7,264,796	(7,264,796)	-
Derivative financial assets	272,139	-	272,139
Financial assets purchased under resale agreements	40,636,088	(26,618)	40,609,470
Loans and advances to customers at amortised cost	394,034,412	(57,317,609)	336,716,803
Loans and advances to customers at FVTOCI	-	46,473,612	46,473,612
Loans and advances to customers at FVTPL	-	10,996,611	10,996,611
Available-for-sale financial assets	104,886,280	(104,886,280)	-
Held-to-maturity investments	120,547,430	(120,547,430)	-
Receivables investment	10,543,200	(10,543,200)	-
<b>Financial investments:</b>			
Held-for-trading financial assets	-	60,281,191	60,281,191
Debt investments	-	117,712,287	117,712,287
Other debt investments	-	65,148,365	65,148,365
Other equity instrument investments	-	11,500	11,500
Long-term equity investments	1,056,548	-	1,056,548
Fixed assets	5,720,253	-	5,720,253
Construction in progress	290,012	-	290,012
Deferred tax assets	3,406,866	42,421	3,449,287
Held-for-sale assets	47	-	47
Other assets	6,641,990	(26,315)	6,615,675
<b>Total assets</b>	<b>833,712,752</b>	<b>(1,321)</b>	<b>833,711,431</b>

As at 1 January 2019, the impact of the Group's initial application of the above New Standards of Financial Instruments on the Group's assets, liabilities and shareholders' equity is summarized as follows:

Item	As at 31 December 2018	Impact of application of New Standards of Financial Instruments	As at 1 January 2019
<b>LIABILITIES:</b>			
Borrowings from central bank	11,971,000	-	11,971,000
Due to banks and other financial institutions	4,934,243	-	4,934,243
Placements from banks and other financial institutions	21,267,300	-	21,267,300
Financial liabilities at fair value through profit or loss	53,154	-	53,154
Derivative financial liabilities	352,520	-	352,520
Financial assets sold under repurchase agreements	46,466,154	-	46,466,154
Customer deposits	644,907,662	-	644,907,662
Employee benefits payables	2,398,587	-	2,398,587
Taxes payable	1,328,803	-	1,328,803
Debt securities issued	23,375,798	-	23,375,798
Provisions	16,021	129,839	145,860
Other liabilities	11,839,905	-	11,839,905
<b>TOTAL LIABILITIES</b>	<b>768,911,147</b>	<b>129,839</b>	<b>769,040,986</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital	8,680,000	-	8,680,000
Capital reserve	9,173,692	-	9,173,692
Other comprehensive income	1,220,431	(496,049)	724,382
Surplus reserve	14,950,965	-	14,950,965
General risk reserve	9,079,315	-	9,079,315
Retained earnings	20,531,235	368,103	20,899,338
<b>Total shareholders' equity attributable to shareholders of the Bank</b>	<b>63,635,638</b>	<b>(127,946)</b>	<b>63,507,692</b>
Non-controlling interests	1,165,967	(3,214)	1,162,753
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>64,801,605</b>	<b>(131,160)</b>	<b>64,670,445</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>833,712,752</b>	<b>(1,321)</b>	<b>833,711,431</b>

### 3. Presenting of the financial statements

The financial statements have been prepared by the Group in accordance with the Notice of Strictly Implementing the Accounting Standards for Enterprises and Effectively Improving the Work relating to 2020 Annual Reports of Enterprises( No.2 [2021] of the Ministry of Finance, hereinafter referred to as the "Document No.2") issued by the Ministry of Finance on 27 January 2021. The Document No.2 clarifies that the contractual cash flows of financial assets are solely payments of principal and interest on the principal amount outstanding. Interest consists of consideration for the time value of money, 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. Considering the business model of managing financial assets, for financial assets measured at amortised cost or at fair value through other comprehensive income by financial enterprises, interest income is recognised by using the effective interest rate method as interest income and presented as "interest income" in the income statement. The figures for each year in the financial statements have been presented in accordance with the Document No. 2.

Except for the above changes, the application of other revised ASBE has no significant impact on the amounts and/or disclosures presented in the Group's consolidated financial statements.



## VI. TAXATION

### 1. Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
Value-added tax (Note 1)	Taxable income	3%、6%、13%
Enterprise income tax (Note 2)	Taxable profit	15%、25%
Urban maintenance and construction tax(Note 3)	Turnover tax	1%、5%、7%
Education surcharge(Note 4)	Turnover tax	3%
Local education surcharge(Note 5)	Turnover tax	1%、2%
Levy of channel works building and maintenance fee	Turnover tax	1%

Note 1: The Bank is a general value-added tax taxpayer, except that Kunshan sub-branch applied a value-added tax rate of 3%, the tax rate applicable to the main value-added tax taxable income of the Bank is 6%.

The village bank controlled by the bank using simplified method for calculating the value-added tax (VAT) payable, with applied tax rate of 3%.

According to the "Announcement of Relevant Policies for Deepening the Value-Added Tax Reform" jointly issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on 20 March 2019 (Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs 2019 No.39), Yangtze Leasing, a company controlled by the Bank, calculates the output value-added tax at 6% and 13% of its taxable income since 1 April 2019 (inclusive).

Note 2: The enterprise income tax rate applicable to the Bank is 25%.

In accordance with the "Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues Concerning Further Implementing the Western China Development Strategy" (Cai Shui [2011] No.58),

the enterprise income tax rate applicable to some village banks controlled by the Bank is 15%, which is valid until 31 December 2020. According to relevant provisions in 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 No. 23 [2020] of the Ministry of Finance), 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%.

Note 3: The urban maintenance and construction tax rate applicable to Jiashan sub-branch of the Bank is 5%; the urban maintenance and construction tax rate applicable to sub-branches in Xiangtan county is 5% except for Xiangtan Jiuhua branch which is applicable to the tax rate of 7%. The applicable urban maintenance and construction tax rate for other banks of the Bank is 7%.

Chongming Village Bank, controlled by the Bank, applied an urban maintenance and construction tax rate of 1%. 17 village banks of Shenzhen, Lianyuan, Liling, Huaiyin, Changqing, Taian, Linqing, Rizhao, Liaocheng, Gejiu, Baoshan, Mengzi, Mile, Ruili, Lincang, Kaiyuan and Guandu (formerly "Ala"), which are controlled by the Bank, applied an urban maintenance and construction tax rate of 7%. According to Notice of Ningxiang Local Taxation Bureau on Adjusting the Urban Maintenance and Construction Tax Rate after the Conversion of Ningxiang from County to City (Ning Xiang Di Shui Fa (2018) No.2), the Urban Maintenance and Construction Tax Rate in Ningxiang was adjusted from 5% to 7% since 1 January 2018. Chiping County was changed to Chiping District on 6 September 2019, and the urban maintenance and construction tax rate was adjusted from 5% to 7% starting from 1 October 2019. The other 15 village banks controlled by the Bank applied the urban maintenance and construction tax rate of 5%.

Yangtze Leasing, controlled by the Bank, applied an urban maintenance and construction tax rate of 7%.

Note 4: Education surcharge applicable to the Group are 3%.

Note 5: Local education surcharge applicable to the Bank is 2%; According to the notice from the Shanghai taxation bureau of the State Taxation Administration, the tax rate for the local education surcharge applicable to the Jiashan sub-branch, Xiangtan sub-branch and Kunshan sub-branch controlled by the Bank is 2%, and that for the rest is 1% from 1 July 2018 to 30 June 2019.

Chongming Village Bank, which is controlled by the Bank, applied a local education surcharge rate of 2%. According to the notice from the Shanghai Taxation Bureau of the State Taxation Administration, tax rate for local education surcharge is 1% for the period from 1 July 2018 to 30 June 2019. The other 34 village banks controlled by the Bank applied a tax rate of 2%.

Yangtze Leasing, controlled by the Bank, applied a local education surcharge rate of 2%.

## VII. SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Subsidiaries through establishment

Full name of the subsidiary	Registration location	Nature of business	As at 31 December 2020		
			Registered capital	Shareholding percentage of the Bank (%)	Total voting right percentage of the Bank (%)
Shanghai Chongming Yangtze River Town Bank Co., Ltd. (Note1)	Shanghai	Financial Industry	105,260	48.45	50.10
Shandong Jinan Huaiyin County Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Jinan Changqing County Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Ningyang County Village Bank Co., Ltd.(Note3)(Note 4)	Shandong	Financial Industry	76,764	68.08	68.08
Shandong Dongping County Village Bank Co., Ltd.(Note 4)	Shandong	Financial Industry	107,970	77.31	77.31
Shandong Linqing County Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Liao City Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Liao City Chiping District Village Bank Co., Ltd. (Note 4)	Shandong	Financial Industry	124,860	80.38	80.38
Shandong Liao City Yanggu District Village Bank Co., Ltd. (Note 4)	Shandong	Financial Industry	69,776	64.89	64.89
Shandong Rizhao Economic Development District Village Bank Co., Ltd. (Note3) (Note 4)	Shandong	Financial Industry	95,315	74.30	74.30
Shandong Taian County Village Bank Co., Ltd. (Note3) (Note 4)	Shandong	Financial Industry	132,166	81.46	81.46
Hunan Ningxiang County Village Bank Co., Ltd.	Hunan	Financial Industry	110,000	51.00	51.00
Hunan Shuangfeng County Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Lianyuan County Village Bank Co., Ltd. (Note 4)	Hunan	Financial Industry	57,284	57.23	57.23
Hunan Liling County Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Shimen Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Cili Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Li County Shanghai Billage Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Linli Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Yongxing Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Guiyang Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Hengyang Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Changsha Xingsha Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	100,000	51.00	51.00
Yunnan Ruili City Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Kaiyuan County Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Baoshan City Longyang District Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Mengzi County Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Gejiu County Village Bank Co., Ltd. (Note 4)	Yunnan	Financial Industry	174,769	85.98	85.98
Yunnan Jianshui County Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Lincang City Linxiang District Village Bank Co., Ltd. (Note 4)	Yunnan	Financial Industry	188,002	86.97	86.97
Yunnan Mile County Village Bank Co., Ltd. (Note 4)	Yunnan	Financial Industry	80,386	69.52	69.52
Yunnan Songming Shanghai Village Bank Co., Ltd.	Yunnan	Financial Industry	55,000	51.00	51.00
Yunnan Kunming Guandu Shanghai Village Bank Co., Ltd. (Note 5)	Yunnan	Financial Industry	100,000	51.00	51.00
Shenzhen Guangming Shanghai Village Bank Co., Ltd. (Note2)	Shenzhen	Financial Industry	200,000	41.65	51.65
Beijing Fangshan Shanghai Village Bank Co., Ltd.	Beijing	Financial Industry	100,000	51.00	51.00

Full name of the subsidiary	Registration location	Nature of business	As at 31 December 2019		
			Registered capital	Shareholding percentage of the Bank (%)	Total voting right percentage of the Bank (%)
Shanghai Chongming Yangtze River Town Bank Co., Ltd. (Note1)	Shanghai	Financial Industry	105,260	48.45	50.10
Shandong Jinan Huaiyin County Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Jinan Changqing County Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Ningyang County Village Bank Co., Ltd.(Note3)(Note 4)	Shandong	Financial Industry	76,764	68.08	68.08
Shandong Dongping County Village Bank Co., Ltd.(Note 4)	Shandong	Financial Industry	107,970	77.31	77.31
Shandong Lingjing County Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Liao City Village Bank Co., Ltd.	Shandong	Financial Industry	50,000	51.00	51.00
Shandong Liao City Chiping District Village Bank Co., Ltd. (Note 4)	Shandong	Financial Industry	124,860	80.38	80.38
Shandong Liao City Yanggu District Village Bank Co., Ltd. (Note 4)	Shandong	Financial Industry	69,776	64.89	64.89
Shandong Rizhao Economic Development District Village Bank Co., Ltd. (Note3) (Note 4)	Shandong	Financial Industry	95,315	74.30	74.30
Shandong Taian County Village Bank Co., Ltd. (Note3) (Note 4)	Shandong	Financial Industry	132,166	81.46	81.46
Hunan Ningxiang County Village Bank Co., Ltd.	Hunan	Financial Industry	110,000	51.00	51.00
Hunan Shuangfeng County Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Lianyuan County Village Bank Co., Ltd. (Note 4)	Hunan	Financial Industry	57,284	57.23	57.23
Hunan Liling County Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Shimeng Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Cili Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Li County Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Linli Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Yongxing Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Guiyang Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Hengyang Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	50,000	51.00	51.00
Hunan Changsha Xingsha Shanghai Village Bank Co., Ltd.	Hunan	Financial Industry	100,000	51.00	51.00
Yunnan Ruili City Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Kaiyuan County Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Baoshan City Longyang District Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Mengzi County Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Gejiu County Village Bank Co., Ltd. (Note 4)	Yunnan	Financial Industry	174,769	85.98	85.98
Yunnan Jianshui County Village Bank Co., Ltd.	Yunnan	Financial Industry	50,000	51.00	51.00
Yunnan Lincang City Linxiang District Village Bank Co., Ltd. (Note 4)	Yunnan	Financial Industry	188,002	86.97	86.97
Yunnan Mile County Village Bank Co., Ltd. (Note 4)	Yunnan	Financial Industry	80,386	69.52	69.52
Yunnan Songming Shanghai Village Bank Co., Ltd.	Yunnan	Financial Industry	55,000	51.00	51.00
Yunnan Kunming Guandu Shanghai Village Bank Co., Ltd. (Note 5)	Yunnan	Financial Industry	100,000	51.00	51.00
Shenzhen Guangming Shanghai Village Bank Co., Ltd. (Note2)	Shenzhen	Financial Industry	200,000	41.65	51.65
Beijing Fangshan Shanghai Village Bank Co., Ltd.	Beijing	Financial Industry	100,000	51.00	51.00

Note 1: As at 18 February 2009, the Bank established Shanghai Chongming Yangtze River Village Bank Co., Ltd., owning 51% of its equity and voting rights. In December 2012, this subsidiary changed its name into Shanghai Chongming Village Bank Co., Ltd. As at 31 December 2012, the Bank's shareholding percentage of this subsidiary has dropped to 48.45%. As at 3 May 2012, 14 shareholders of the subsidiary signed an entrustment agreement with the Bank, through which they authorised the Bank to exercise their voting rights, totalling 1.65% of this subsidiary's voting rights. Such agreement will be automatically renewed upon the expiration of entrust term if both parties of the agreement have no objection. As the Bank still has actual control over this subsidiary, the Bank includes it in the scope of the consolidated financial statements.

Note 2: In December 2012, the Bank established Shenzhen Guangming Shanghai Village Bank Co., Ltd. owning 41.56% of its equity and voting rights. It obtained a business license on 27 December 2012 and began formal operations in early 2013. BaYanNaoEr HeTao Rural Commercial Bank Co., Ltd. signed an entrustment agreement with the Bank on 4 December 2012, and authorised the Bank to exercise the 10% voting rights held by BaYanNaoEr HeTao Rural Commercial Bank Co., Ltd. The entrustment agreement will be automatically renewed upon the expiration of entrust term if both parties of the agreement have no objection. On 7 December 2012, China Gold Coin Shenzhen Distribution Center signed an agreement of concerted action with the Bank to commit that it will take concerted action with the Bank during the shareholders' meeting when it exercises its 10.00% voting right. The agreement of concerted action will be valid for the duration of the village bank. The Bank still has actual control over this subsidiary, thus including it in the scope of the consolidated financial statements.

Note 3: According to "China Banking Regulatory Commission Shanghai Banking Regulatory Bureau's Approval of the Capital Increase from Shanghai Rural Commercial Bank to Three Shanghai Rural Commercial Village Banks in Shandong Province", as at 30 March 2018, the Ningyang, Rizhao and Taian County Village Bank Co., Ltd. have received the additional capital (paid-in capital) contributed by the Bank in monetary terms, amounting to RMB 15,490,000, RMB 27,270,000 and RMB 50,840,000 respectively. After the change in registered capital (paid-in capital), the Bank's shareholding percentages of the three village banks are 62.59%, 68.29% and 75.70% respectively.

Note 4: According to "the Shanghai Office of the China Banking and Insurance Regulatory Commission's Approval of the Capital Increase from Shanghai Rural Commercial Bank to Ten Village Banks in Shandong, Hunan and Yunnan", as of 17 June 2019, the additional contributions (paid-in capital) paid by the Bank in monetary terms have been received by Shandong Ningyang County Village Bank Co., Ltd., Shandong Dongping County Village Bank Co., Ltd., Shandong Liao City Chiping District Village Bank Co., Ltd., Shandong Liao City Yanggu District Village Bank Co., Ltd., Shandong Rizhao Economic Development District Village Bank Co., Ltd., Shandong Taian County Village Bank Co., Ltd, Hunan Lianyuan County Village Bank Co., Ltd., Yunnan Gejiu County Village Bank Co., Ltd., Yunnan Lincang City Linxiang District Village Bank Co., Ltd. and Yunnan Mile County Village Bank Co., Ltd., amounting to RMB11,274,000, RMB57,970,000, RMB74,860,000, RMB19,776,000, RMB18,045,000, RMB31,326,000, RMB7,284,000, RMB124,769,000, RMB138,002,000 and RMB30,386,000. After that, the Bank owning 68.08%, 77.31%, 80.38%, 64.89%, 74.30%, 81.46%, 57.23%, 85.98%, 86.97% and 69.52% of equity in respect to above subsidiaries.

Note 5: On 2 July 2020, the Kunming Ala Village Bank Co., Ltd. initiated and established by the Bank was renamed Kunming Guandu Village Bank Co., Ltd. with business license replaced accordingly.

## 2. Subsidiaries acquired through business combinations not involving enterprises under common control

Full name of the subsidiary	Registration location	Nature of business	As at 31 December 2020		
			Registered capital	Shareholding percentage of the Bank (%)	Total voting right percentage of the Bank (%)
Yangtze United Financial Leasing Co., Ltd	Shanghai	Financial Industry	2,450,000	51.02	51.02

Full name of the subsidiary	Registration location	Nature of business	As at 31 December 2019		
			Registered capital	Shareholding percentage of the Bank (%)	Total voting right percentage of the Bank (%)
Yangtze United Financial Leasing Co., Ltd	Shanghai	Financial Industry	2,450,000	51.02	51.02

During the year 2019, Yangtze Leasing was newly acquired through business combinations not involving enterprises under common control, of which the details are set out in Note IX "Changes in Scope of Consolidation" to the financial statements.

## VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS

### 1. Cash and balances with central bank

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Cash on hand	1,876,129	1,718,405	1,779,004	1,630,839
Statutory deposit reserves with central bank	56,851,348	63,664,732	54,112,428	60,036,348
Excess reserves with central bank	7,182,487	10,112,256	6,113,682	9,483,523
Other deposits with central bank	94,995	630,331	84,942	619,448
Accrued interest	30,102	27,450	29,338	26,461
<b>Total</b>	<b>66,035,061</b>	<b>76,153,174</b>	<b>62,119,394</b>	<b>71,796,619</b>

Statutory deposit reserve funds are deposited with the People's Bank of China ("PBOC") as required and are not available for the Group's daily operations. At 31 December 2020, the statutory deposit reserve fund of the Bank for eligible RMB deposits is calculated at 7.5% (31 December 2019: 9.5%), and for foreign currency deposits, the statutory deposit reserve fund is calculated as 5% (31 December 2019: 5%). At 31 December 2020, the statutory deposit reserve funds of subsidiaries are calculated at 5% or 6% for eligible RMB deposits (31 December 2019: 6%, 6.5% or 7.5%). The statutory deposit reserve fund for foreign currency is not interest bearable.

Excess reserves with central bank are mainly for settlement and reallocation purpose.

Other deposits with central bank primarily represent fiscal deposits placed with the PBOC which are made by the Bank in accordance with relevant regulations, including central budget revenue deposits and local treasury deposits. Fiscal deposits placed with the PBOC are non-interest bearing.

### 2. Due from banks and other financial institutions

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Deposits with domestic financial institutions	13,037,982	9,507,373	8,538,688	4,658,229
Deposits with overseas financial institutions	8,271,765	711,208	8,271,765	711,208
Accrued interest	71,468	76,810	2,855	20,832
Sub-total	21,381,215	10,295,391	16,813,308	5,390,269
Less: Loss allowances for deposits with other financial institutions	(14,750)	(17,938)	(11,433)	(9,604)
<b>Total</b>	<b>21,366,465</b>	<b>10,277,453</b>	<b>16,801,875</b>	<b>5,380,665</b>

In 2020 and 2019, credit risk of amounts due from banks and other financial institutions of the Group and the Bank has not increased significantly since initial recognition.

### 3. Placements with banks and other financial institutions

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Placements with banks and other financial institutions at amortised cost	56,052,273	44,072,578	58,052,273	45,072,578
Accrued interest of placements with banks and other financial institutions at amor-tised cost	598,949	565,430	630,795	601,416
Less: Loss allowance for placements with banks and other financial institutions at amortised cost	(80,289)	(64,230)	(85,592)	(65,665)
Sub-total	56,570,933	44,573,778	58,597,476	45,608,329
Placements with banks and other financial institutions at FVTOCI	4,000,476	2,214,248	4,000,476	2,214,248
Accrued interest of placements with banks and other financial institutions at FVTOCI	104,174	78,029	104,174	78,029
Sub-total	4,104,650	2,292,277	4,104,650	2,292,277
<b>Total</b>	<b>60,675,583</b>	<b>46,866,055</b>	<b>62,702,126</b>	<b>47,900,606</b>

#### 3.1 Analysis by the nature of counterparty

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Placements with domestic banks	6,004,886	7,532,603	6,004,886	8,532,603
Placements with overseas banks	12,547,387	299,976	12,547,387	299,976
Placements with other domestic financial institutions	41,500,476	38,454,247	43,500,476	38,454,247
Accrued interest	703,123	643,459	734,969	679,445
Sub-total	60,755,872	46,930,285	62,787,718	47,966,271
Less: Loss allowance for placements with banks and other financial institutions	(80,289)	(64,230)	(85,592)	(65,665)
<b>Total</b>	<b>60,675,583</b>	<b>46,866,055</b>	<b>62,702,126</b>	<b>47,900,606</b>

#### 3.2 Credit risk and expected credit loss of placements with banks and other financial institutions

Item	The Group			
	As at 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Placements with banks and other financial institutions at amortised cost	56,651,222	-	-	56,651,222
Less: Allowance for impairment losses	(80,289)	-	-	(80,289)
Carrying amount of placements with banks and other financial institutions at amortised cost	56,570,933	-	-	56,570,933
Placements with banks and other financial institutions at FVTOCI	4,104,650	-	-	4,104,650
Accumulated loss allowance for placements with banks and other financial institutions at FVTOCI	(6,827)	-	-	(6,827)

Item	The Group			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Placements with banks and other financial institutions at amortised cost	44,638,008	-	-	44,638,008
Less: Allowance for impairment losses	(64,230)	-	-	(64,230)
Carrying amount of placements with banks and other financial institutions at amortised cost	44,573,778	-	-	44,573,778
Placements with banks and other financial institutions at FVTOCI	2,292,277	-	-	2,292,277
Accumulated loss allowance for placements with banks and other financial institutions at FVTOCI	(3,775)	-	-	(3,775)

Item	The Bank			
	As at 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Placements with banks and other financial institutions at amortised cost	58,683,068	-	-	58,683,068
Less: Allowance for impairment losses	(85,592)	-	-	(85,592)
Carrying amount of placements with banks and other financial institutions at amortised cost	58,597,476	-	-	58,597,476
Placements with banks and other financial institutions at FVTOCI	4,104,650	-	-	4,104,650
Accumulated loss allowance for placements with banks and other financial institutions at FVTOCI	(6,827)	-	-	(6,827)

Item	The Bank			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Placements with banks and other financial institutions at amortised cost	45,673,994	-	-	45,673,994
Less: Allowance for impairment losses	(65,665)	-	-	(65,665)
Carrying amount of placements with banks and other financial institutions at amortised cost	45,608,329	-	-	45,608,329
Placements with banks and other financial institutions at FVTOCI	2,292,277	-	-	2,292,277
Accumulated loss allowance for placements with banks and other financial institutions at FVTOCI	(3,775)	-	-	(3,775)

In 2020 and 2019, the credit risk of the Group and the Bank's placements with banks and other financial institutions has not increased significantly since initial recognition.

#### 4. Derivative financial instruments

The Group enters into foreign currency exchange rate and interest rate related derivative financial instruments for purposes of trading, asset and liability management and customer driven business. The notional amounts of derivative instruments represents the value of the underlying asset or the reference rate, which provide an indication of the volume of business transacted by the Bank, but don't stand for the relevant future cash flow or current fair value, thus, do not indicate the Bank's exposure to credit or market risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, foreign exchange rates or precious metal prices relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The notional amount and fair value of the Bank's derivative financial instruments are as follows:

Item	The Group and the Bank		
	As at 31 December 2020		
	Notional amount	Fair value	
Assets		Liabilities	
Exchange rate derivatives	28,744,541	201,930	(205,792)
Interest rate derivatives	183,746,097	609,860	(629,640)
Precious metal derivatives	20,382,020	130,821	(77,348)
Credit risk mitigation	50,000	1,046	-
<b>Total</b>	<b>232,922,658</b>	<b>943,657</b>	<b>(912,780)</b>

Item	The Group and the Bank		
	As at 31 December 2019		
	Notional amount	Fair value	
Assets		Liabilities	
Exchange rate derivatives	29,344,060	142,536	(271,741)
Interest rate derivatives	103,269,976	172,689	(169,861)
Precious metal derivatives	7,605,852	100,497	(112,425)
Credit risk mitigation	60,000	-	(190)
<b>Total</b>	<b>140,279,888</b>	<b>415,722</b>	<b>(554,217)</b>

## 5. Financial assets purchased under resale agreements

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Bonds	36,449,048	34,286,253	35,554,848	34,286,253
Accrued interest	33,857	17,090	33,471	17,090
Sub-total	36,482,905	34,303,343	35,588,319	34,303,343
Less: Loss allowance	(53,629)	(53,537)	(53,629)	(53,537)
<b>Total</b>	<b>36,429,276</b>	<b>34,249,806</b>	<b>35,534,690</b>	<b>34,249,806</b>

In 2020 and 2019, the credit risk of the Group and the Bank's financial assets purchased under resale agreements has not increased significantly since initial recognition.

## 6. Loans and advances to customers

### 6.1 Category of loans and advances to customers

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Total loans and advances to customers at amortised cost	467,935,880	393,333,532	452,130,465	379,880,931
Accrued interest of loans and advances to customers at amortised cost	908,943	747,417	877,378	721,716
Sub-total	468,844,823	394,080,949	453,007,843	380,602,647
Less: Loss allowance for loans	(21,564,168)	(17,833,288)	(20,642,623)	(16,754,844)
Carrying amount of loans and advances to customers at amortised cost	447,280,655	376,247,661	432,365,220	363,847,803
Loans and advances to customers at FVTOCI	62,736,755	72,898,519	62,736,755	72,898,519
Loans and advances to customers at FVTPL	-	636,054	-	636,054
<b>Total</b>	<b>510,017,410</b>	<b>449,782,234</b>	<b>495,101,975</b>	<b>437,382,376</b>



**6.1.1 Loans and advances to customers at amortised cost**

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Individual loans and advances to customers				
- Individual mortgage loans	109,633,763	98,508,612	103,006,872	92,899,272
- Individual business loans	13,513,937	6,269,576	9,332,513	3,585,018
- Individual consumption loans	26,597,946	16,859,448	25,427,263	15,913,611
- Credit cards	11,721,875	9,336,404	11,721,875	9,336,404
- Others	278,043	186,170	2,048	2,060
Sub-total	161,745,564	131,160,210	149,490,571	121,736,365
Corporate loans and advances to customers				
- Loans	306,190,316	256,606,859	302,639,894	252,578,103
- Discounted bills	-	5,566,463	-	5,566,463
Sub-total	306,190,316	262,173,322	302,639,894	258,144,566
Accrued interest of loans and advances to customers at amortised cost	908,943	747,417	877,378	721,716
Total loans and advances to customers at amortised cost	468,844,823	394,080,949	453,007,843	380,602,647
Less: Allowance for impairment losses				
Stage 1 (12-month expected credit loss)	(14,230,678)	(12,071,258)	(13,649,796)	(11,700,470)
Stage 2 (Lifetime expected credit loss)	(2,921,063)	(2,286,351)	(2,810,504)	(1,936,854)
Stage 3 (Lifetime expected credit loss - credit impaired)	(4,412,427)	(3,475,679)	(4,182,323)	(3,117,520)
Sub-total	(21,564,168)	(17,833,288)	(20,642,623)	(16,754,844)
Carrying amount of loans and advances to customers at amortised cost	447,280,655	376,247,661	432,365,220	363,847,803

**6.1.2 Loans and advances to customers at FVTOCI**

Item	The Group and the Bank	
	As at 31 December 2020	As at 31 December 2019
Corporate loans and advances to customers		
Trade financing	7,772,673	6,523,190
Discounted bills		
- Bank acceptance	42,829,506	42,612,396
- Trade acceptance	12,134,576	23,762,933
Sub-total	54,964,082	66,375,329
Carrying amount of loans and advances to customers at FVTOCI	62,736,755	72,898,519
Loss allowance for loans and advances to customers at FVTOCI		
Stage 1 (12-month expected credit loss)	(421,424)	(360,639)
Stage 2 (Lifetime expected credit loss)	-	-
Stage 3 (Lifetime expected credit loss - credit impaired)	-	-
Sub-total	(421,424)	(360,639)

**6.1.3 Loans and advances to customers at FVTPL**

Item	The Group and the Bank	
	As at 31 December 2020	As at 31 December 2019
Corporate loans and advances to customers		
Discounted bills	-	636,054
Carrying amount of loans and advances to customers at FVTPL	-	636,054

## 6.2 Credit risk and expected credit loss of loans and advances to customers

Item	The Group			
	As at 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Loans and advances to customers at amortised cost	445,358,520	17,835,522	5,650,781	468,844,823
Less: Allowance for impairment losses	(14,230,678)	(2,921,063)	(4,412,427)	(21,564,168)
Account balance of loans and advances to customers at amor-tised cost	431,127,842	14,914,459	1,238,354	447,280,655
Loans and advances to customers at FVTOCI	62,736,755	-	-	62,736,755
Loss allowance for loans and ad-vances to customers at FVTO-CI	(421,424)	-	-	(421,424)

Item	The Group			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Loans and advances to customers at amortised cost	373,490,580	16,258,185	4,332,184	394,080,949
Less: Allowance for impairment losses	(12,071,258)	(2,286,351)	(3,475,679)	(17,833,288)
Account balance of loans and ad-vances to customers at amor-tised cost	361,419,322	13,971,834	856,505	376,247,661
Loans and advances to customers at FVTOCI	72,898,519	-	-	72,898,519
Loss allowance for loans and ad-vances to customers at FVTOCI	(360,639)	-	-	(360,639)

Item	The Bank			
	As at 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Loans and advances to customers at amortised cost	430,274,411	17,388,527	5,344,905	453,007,843
Less: Allowance for impairment losses	(13,649,796)	(2,810,504)	(4,182,323)	(20,642,623)
Account balance of loans and advances to customers at amor-tised cost	416,624,615	14,578,023	1,162,582	432,365,220
Loans and advances to customers at FVTOCI	62,736,755	-	-	62,736,755
Loss allowance for loans and ad-vances to customers at FVTO-CI	(421,424)	-	-	(421,424)

Item	The Bank			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Loans and advances to customers at amortised cost	361,710,028	15,006,492	3,886,127	380,602,647
Less: Allowance for impairment losses	(11,700,470)	(1,936,854)	(3,117,520)	(16,754,844)
Account balance of loans and ad-vances to customers at amortised cost	350,009,558	13,069,638	768,607	363,847,803
Loans and advances to customers at FVTOCI	72,898,519	-	-	72,898,519
Loss allowance for loans and advances to customers at FVTOCI	(360,639)	-	-	(360,639)

## 6.3 Analysis by industry distribution (excluding accrued interest)

Industry	The Group			
	As at 31 December 2020	Percentage (%)	As at 31 December 2019	Percentage (%)
Real estate	105,096,582	19.80	97,118,327	20.80
Lease and business service	68,630,201	12.93	58,969,306	12.63
Manufacturing industry	55,183,334	10.40	44,234,329	9.47
Wholesale and retail	23,897,892	4.50	15,106,667	3.24
Transportation, warehousing and postal services	12,607,332	2.38	9,717,706	2.08
Construction industry	10,276,792	1.94	9,970,019	2.14
Hotel and catering industry	3,494,061	0.66	3,048,446	0.65
Agriculture, forestry, animal husbandry and fishery	2,687,374	0.51	2,020,458	0.43
Water, environment and public facilities management	1,438,975	0.27	1,013,500	0.22
Residential services and other services	731,456	0.14	814,018	0.17
Others	29,918,990	5.63	21,117,272	4.52
Discounted bills	54,964,082	10.36	72,577,847	15.55
Sub-total of corporate loans and advances to customers	368,927,071	69.52	335,707,895	71.90
Sub-total of individual loans and advances to customers	161,745,564	30.48	131,160,210	28.10
<b>Total loans and advances to customers</b>	<b>530,672,635</b>	<b>100.00</b>	<b>466,868,105</b>	<b>100.00</b>

Industry	The Bank			
	As at 31 December 2020	Percentage (%)	As at 31 December 2019	Percentage (%)
Real estate	105,085,639	20.40	97,102,340	21.42
Lease and business service	68,283,696	13.26	58,693,466	12.94
Manufacturing industry	54,037,725	10.50	42,916,984	9.47
Wholesale and retail	23,286,951	4.52	14,309,341	3.16
Transportation, warehousing and postal services	12,513,413	2.43	9,619,493	2.12
Construction industry	9,860,530	1.92	9,528,135	2.10
Hotel and catering industry	3,381,982	0.66	2,930,003	0.65
Agriculture, forestry, animal husbandry and fishery	2,218,520	0.43	1,448,111	0.32
Water, environment and public facilities management	1,339,413	0.26	900,860	0.20
Residential services and other services	712,657	0.14	788,551	0.17
Others	29,692,041	5.77	20,864,008	4.60
Discounted bills	54,964,082	10.68	72,577,847	16.01
Sub-total of corporate loans and advances to customers	365,376,649	70.97	331,679,139	73.16
Sub-total of individual loans and advances to customers	149,490,571	29.03	121,736,365	26.84
<b>Total loans and advances to customers</b>	<b>514,867,220</b>	<b>100.00</b>	<b>453,415,504</b>	<b>100.00</b>

Note: Analysis of industry distribution risk concentration of loans to customers is determined based on the borrower's industry.

## 6.4 Analysis by collateral types (excluding accrued interest)

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Unsecured	74,174,000	52,985,037	73,408,808	52,865,498
Guaranteed	67,739,856	48,487,634	63,423,395	45,027,095
Collateral				
Including: Mortgage	314,890,380	277,361,670	304,245,487	267,580,049
Pledge	73,868,399	88,033,764	73,789,530	87,942,862
<b>Total</b>	<b>530,672,635</b>	<b>466,868,105</b>	<b>514,867,220</b>	<b>453,415,504</b>

## 6.5 Overdue loans (excluding accrued interest)

Item	The Group				
	As at 31 December 2020				
	Overdue 1- 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue more than 3 years	Total
Unsecured	375,971	407,009	195,073	6,815	984,868
Guaranteed	94,486	159,027	170,398	401,456	825,367
Collateral					-
Including: Mortgage	2,408,318	945,899	1,492,131	448,396	5,294,744
Pledge	-	-	-	6,998	6,998
<b>Total</b>	<b>2,878,775</b>	<b>1,511,935</b>	<b>1,857,602</b>	<b>863,665</b>	<b>7,111,977</b>

Item	The Group				
	As at 31 December 2019				
	Overdue 1- 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue more than 3 years	Total
Unsecured	337,472	246,036	31,154	29,575	644,237
Guaranteed	127,985	125,050	476,134	187,762	916,931
Collateral					-
Including: Mortgage	1,176,263	473,897	1,469,769	661,346	3,781,275
Pledge	-	-	-	6,998	6,998
<b>Total</b>	<b>1,641,720</b>	<b>844,983</b>	<b>1,977,057</b>	<b>885,681</b>	<b>5,349,441</b>

Item	The Bank				
	As at 31 December 2020				
	Overdue 1- 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue more than 3 years	Total
Unsecured	375,361	405,900	194,453	5,547	981,261
Guaranteed	49,213	90,029	128,725	389,258	657,225
Collateral					-
Including: Mortgage	2,337,169	906,976	1,434,299	434,929	5,113,373
Pledge	-	-	-	6,998	6,998
<b>Total</b>	<b>2,761,743</b>	<b>1,402,905</b>	<b>1,757,477</b>	<b>836,732</b>	<b>6,758,857</b>

Item	The Bank				
	As at 31 December 2019				
	Overdue 1-90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue more than 3 years	Total
Unsecured	336,362	245,852	28,227	28,033	638,474
Guaranteed	32,045	30,285	403,931	180,303	646,564
Collateral					
Including: Mortgage	1,119,916	352,168	1,394,892	638,644	3,505,620
Pledge	-	-	-	6,998	6,998
<b>Total</b>	<b>1,488,323</b>	<b>628,305</b>	<b>1,827,050</b>	<b>853,978</b>	<b>4,797,656</b>

## 6.6 Movements in account balance, expected credit loss of loans and advances to customers

### 6.6.1 Movements in account balance, expected credit loss of loans and advances to customers at amortised cost

#### 6.6.1.1 Movements in account balance of loans and advances to customers at amortised cost

Item	The Group			
	Year ended 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2020	373,490,580	16,258,185	4,332,184	394,080,949
Transferred to:				
- Stage 1	4,729,164	(4,702,346)	(26,818)	-
- Stage 2	(8,409,545)	8,415,747	(6,202)	-
- Stage 3	(1,345,688)	(745,814)	2,091,502	-
Net amount incurred for the year	76,894,007	(1,390,250)	885,427	76,389,184
Write-off for the year	-	-	(1,625,310)	(1,625,310)
As at 31 December 2020	445,358,518	17,835,522	5,650,783	468,844,823

Item	The Group			
	Year ended 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2019	327,280,179	20,468,091	4,808,146	352,556,416
Transferred to:				
- Stage 1	7,308,093	(7,177,527)	(130,566)	-
- Stage 2	(7,377,779)	7,413,581	(35,802)	-
- Stage 3	(897,291)	(530,244)	1,427,535	-
Net amount incurred for the year	47,177,378	(3,915,716)	(581,700)	42,679,962
Write-off for the year	-	-	(1,155,429)	(1,155,429)
As at 31 December 2019	373,490,580	16,258,185	4,332,184	394,080,949

Item	The Bank			
	Year ended 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2020	361,710,028	15,006,492	3,886,127	380,602,647
Transferred to:				
- Stage 1	4,225,807	(4,202,474)	(23,333)	-
- Stage 2	(8,298,705)	8,300,144	(1,439)	-
- Stage 3	(1,293,155)	(611,853)	1,905,008	-
Net amount incurred for the year	73,930,436	(1,103,782)	921,477	73,748,131
Write-off for the year	-	-	(1,342,935)	(1,342,935)
As at 31 December 2020	430,274,411	17,388,527	5,344,905	453,007,843

Item	The Bank			
	Year ended 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2019	317,943,486	18,530,129	4,040,817	340,514,432
Transferred to:				
- Stage 1	7,215,051	(7,091,551)	(123,500)	-
- Stage 2	(7,101,224)	7,119,840	(18,616)	-
- Stage 3	(855,726)	(285,000)	1,140,726	-
Net amount incurred for the year	44,508,441	(3,266,926)	(537,785)	40,703,730
Write-off for the year	-	-	(615,515)	(615,515)
As at 31 December 2019	361,710,028	15,006,492	3,886,127	380,602,647

#### 6.6.1.2 Movements in expected credit loss of loans and advances to customers at amortised cost

Item	The Group			
	Year ended 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2020	12,071,260	2,286,350	3,475,678	17,833,288
Transferred to:				
- Stage 1	667,462	(645,785)	(21,677)	-
- Stage 2	(494,436)	499,510	(5,074)	-
- Stage 3	(32,308)	(123,809)	156,117	-
Provisions/(reversals) for the year	2,018,700	904,797	1,951,754	4,875,251
Recovery of loans previously written off (Note)	-	-	480,939	480,939
Write-offs	-	-	(1,625,310)	(1,625,310)
As at 31 December 2020	14,230,678	2,921,063	4,412,427	21,564,168

Item	The Group			
	Year ended 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2019	9,563,245	3,131,980	3,162,655	15,857,880
Transferred to:				
- Stage 1	1,079,547	(1,008,872)	(70,675)	-
- Stage 2	(227,393)	252,587	(25,194)	-
- Stage 3	(47,850)	(143,136)	190,986	-
Provisions/(reversals) for the year	1,703,711	53,791	1,096,531	2,854,033
Recovery of loans previously written off (Note)	-	-	276,804	276,804
Write-offs	-	-	(1,155,429)	(1,155,429)
As at 31 December 2019	12,071,260	2,286,350	3,475,678	17,833,288

Item	The Bank			
	Year ended 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2020	11,700,470	1,936,854	3,117,520	16,754,844
Transferred to:				
- Stage 1	554,230	(534,970)	(19,260)	-
- Stage 2	(486,698)	487,886	(1,188)	-
- Stage 3	(28,229)	(77,820)	106,049	-
Provisions/(reversals) for the year	1,910,023	998,554	1,949,966	4,858,543
Recovery of loans previously written off (Note)	-	-	372,171	372,171
Write-offs	-	-	(1,342,935)	(1,342,935)
As at 31 December 2020	13,649,796	2,810,504	4,182,323	20,642,623

Item	The Bank			
	Year ended 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2019	9,257,701	2,520,510	2,554,653	14,332,864
Transferred to:				
- Stage 1	1,059,546	(994,116)	(65,430)	-
- Stage 2	(209,529)	222,494	(12,965)	-
- Stage 3	(44,743)	(61,278)	106,021	-
Provisions/(reversals) for the year	1,637,495	249,244	963,783	2,850,522
Recovery of loans previously written off (Note)	-	-	186,973	186,973
Write-offs	-	-	(615,515)	(615,515)
As at 31 December 2019	11,700,470	1,936,854	3,117,520	16,754,844

Note: In 2005, the PBOC issued special bills to the Bank in exchange for certain non-performing assets of the Bank. The Group derecognised these nonperforming assets with total contractual value of RMB 2,120,914 thousand. The original book value of the derecognised non-performing assets was approximately same as the fair market value of the special Central Bank bills. The special bills issued by the PBOC were negotiated in 1 April 2008. The repayment proceeds received by the Bank was reclassified as allowance for loan impairment. For the year ended 31 December 2020, RMB 1,019 thousand (2019: RMB 730 thousand) of allowance for loan impairment was recognized by the Bank.

**6.6.2 Movements in expected credit loss of loans and advances to customers at FVTOCI**

Item	The Group and the Bank	
	2020	2019
As at 1 January 2020	360,639	44,803
Provisions for the year	60,785	315,836
As at 31 December 2020	421,424	360,639

There was no stage change in the credit risk of the Group and the Bank's loans and advances to customers at FVTOCI in 2020 and 2019.

**7. Held-for-trading financial assets**

Item	The Group and the Bank	
	As at 31 December 2020	As at 31 December 2019
Financial assets held for trading:		
Government bonds	20,490	41,496
Financial bonds	563,514	699,505
Corporate bond	7,401,384	4,059,028
Interbank negotiable certificates of deposit	16,232,658	5,400,795
Equity investments	-	359,910
Sub-total	24,218,046	10,560,734
Other investments classified as at FVTPL		
Financial bonds	630,638	4,163,871
Corporate bond	945,671	2,827,713
Fund investments	19,331,874	17,954,060
Assets management plan	13,321,188	12,646,372
Wealth management products issued by other banks	10,834,527	3,218,927
Asset-backed securities	50,639	100,781
Sub-total	45,114,537	40,911,724
Total	69,332,583	51,472,458

**8. Debt investments**

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Debt investment	153,955,626	146,161,315	153,005,328	146,011,577
Accrued interest	2,784,440	2,573,796	2,772,866	2,572,534
Sub-total	156,740,066	148,735,111	155,778,194	148,584,111
Less: Loss allowance	(422,448)	(516,284)	(422,448)	(516,284)
Total	156,317,618	148,218,827	155,355,746	148,067,827



## 8.1 Analysis by product type

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Government bonds	78,176,136	69,910,017	77,264,436	69,809,189
Financial bonds	70,219,999	66,395,788	70,169,827	66,345,616
Corporate bond	4,999,025	5,426,796	4,999,025	5,426,796
Asset-backed securities	872,181	1,204,956	872,181	1,204,956
Trust and asset management plans	2,472,725	5,797,554	2,472,725	5,797,554
Sub-total	156,740,066	148,735,111	155,778,194	148,584,111
Less: Loss allowance				
Stage 1 (12-month expected credit loss)	(33,535)	(243,739)	(33,535)	(243,739)
Stage 2 (Lifetime expected credit loss)	(152,492)	(45,847)	(152,492)	(45,847)
Stage 3 (Lifetime expected credit loss - credit impaired)	(236,421)	(226,698)	(236,421)	(226,698)
Sub-total	(422,448)	(516,284)	(422,448)	(516,284)
<b>Total</b>	<b>156,317,618</b>	<b>148,218,827</b>	<b>155,355,746</b>	<b>148,067,827</b>

## 8.2 Credit risk and expected credit loss of debt investment

Item	The Group			
	As at 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Debt investment	155,852,685	650,960	236,421	156,740,066
Less: Loss allowance	(33,535)	(152,492)	(236,421)	(422,448)
Carrying amount of debt investment	155,819,150	498,468	-	156,317,618

Item	The Group			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Debt investment	147,847,730	650,960	236,421	148,735,111
Less: Loss allowance	(243,739)	(45,847)	(226,698)	(516,284)
Carrying amount of debt investment	147,603,991	605,113	9,723	148,218,827

Item	The Bank			
	As at 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Debt investment	154,890,813	650,960	236,421	155,778,194
Less: Loss allowance	(33,535)	(152,492)	(236,421)	(422,448)
Carrying amount of debt investment	154,857,278	498,468	-	155,355,746

Item	The Bank			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Debt investment	147,696,730	650,960	236,421	148,584,111
Less: Loss allowance	(243,739)	(45,847)	(226,698)	(516,284)
Carrying amount of debt investment	147,452,991	605,113	9,723	148,067,827

### 8.3 Movements in expected credit loss and account balance of debt investments

#### 8.3.1 Movements in account balance of debt investments

Item	The Group			
	Year ended 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2020	147,847,730	650,960	236,421	148,735,111
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Net amount incurred for the year	8,004,955	-	-	8,004,955
Write-offs	-	-	-	-
As at 31 December 2020	155,852,685	650,960	236,421	156,740,066

Item	The Group			
	Year ended 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2019	114,668,512	3,204,274	20,000	117,892,786
Transferred to:				
- Stage 1	1,682,674	(1,682,674)	-	-
- Stage 2	(650,000)	650,000	-	-
- Stage 3	(216,421)	-	216,421	-
Net amount incurred for the year	32,362,965	(1,520,640)	-	30,842,325
Write-offs	-	-	-	-
As at 31 December 2019	147,847,730	650,960	236,421	148,735,111

Item	The Bank			
	Year ended 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2020	147,696,730	650,960	236,421	148,584,111
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Net amount incurred for the year	7,194,083	-	-	7,194,083
Write-offs	-	-	-	-
As at 31 December 2020	154,890,813	650,960	236,421	155,778,194

Item	The Bank			
	Year ended 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2019	114,668,512	3,204,274	20,000	117,892,786
Transferred to:				
- Stage 1	1,682,674	(1,682,674)	-	-
- Stage 2	(650,000)	650,000	-	-
- Stage 3	(216,421)	-	216,421	-
Net amount incurred for the year	32,211,965	(1,520,640)	-	30,691,325
Write-offs	-	-	-	-
As at 31 December 2019	147,696,730	650,960	236,421	148,584,111

### 8.3.2 Movements in expected credit loss of debt investments

Item	The Group and the Bank			
	As at 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2020	243,739	45,847	226,698	516,284
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provisions/(reversals) for the year	(210,204)	106,645	9,723	(93,836)
As at 31 December 2020	33,535	152,492	236,421	422,448

Item	The Group and the Bank			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2019	63,467	97,738	20,000	181,205
Transferred to:				
- Stage 1	49,189	(49,189)	-	-
- Stage 2	(7,552)	7,552	-	-
- Stage 3	(5,071)	-	5,071	-
Provisions/(reversals) for the year	143,706	(10,254)	201,627	335,079
As at 31 December 2019	243,739	45,847	226,698	516,284

## 9. Other debt investments

Item	The Group and the Bank	
	As at 31 December 2020	As at 31 December 2019
Other debt investments	89,582,456	76,588,887
Accrued interest	1,365,452	1,414,336
<b>Total</b>	<b>90,947,908</b>	<b>78,003,223</b>

## 9.1 Analysis of other debt investments by product type

Item	The Group and the Bank	
	As at 31 December 2020	As at 31 December 2019
Government bonds	21,491,818	17,744,530
Financial bonds	43,684,992	40,064,365
Corporate bond	14,368,509	13,153,886
Interbank negotiable certificates of deposit	11,360,161	6,972,192
Asset-backed securities	42,428	68,250
<b>Total</b>	<b>90,947,908</b>	<b>78,003,223</b>

## 9.2 Credit risk and expected credit loss of other debt investments

Item	The Group and the Bank			
	As at 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Account balance of other debt investments	90,947,908	-	-	90,947,908
Accumulated loss allowance for other debt investments	(17,052)	-	(70,000)	(87,052)

Item	The Group and the Bank			
	As at 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Account balance of other debt investments	78,003,223	-	-	78,003,223
Accumulated loss allowance for other debt investments	(10,486)	-	(70,000)	(80,486)

There was no stage change in the credit risk of the Group and the Bank's other debt investments in 2019 and 2020.

## 10. Other equity instrument investments

Item	The Group and the Bank	
	As at 31 December 2020	As at 31 December 2019
Equity investments	11,500	11,500

## 11. Finance lease receivables

Item	The Group	
	As at 31 December 2020	As at 31 December 2019
Finance lease receivables	33,429,406	26,278,146
Accrued interest of finance lease receivables	349,199	212,568
Less: Unearned finance income	(4,102,229)	(2,847,203)
Balance of finance lease receivables	29,676,376	23,643,511
Less: Allowance for impairment	(1,331,598)	(1,155,458)
<b>Net amount of finance lease receivables</b>	<b>28,344,778</b>	<b>22,488,053</b>

## 11.1 Minimum lease receivables to be received after the balance sheet date

Item	The Group	
	As at 31 December 2020	As at 31 December 2019
1 <sup>st</sup> year after the balance sheet date	11,795,629	10,748,747
2 <sup>nd</sup> year after the balance sheet date	8,592,833	7,775,371
3 <sup>rd</sup> year after the balance sheet date	6,108,176	4,486,561
Subsequent years	7,281,967	3,480,035
Total minimum lease receivables	33,778,605	26,490,714
Unearned finance income	(4,102,229)	(2,847,203)
Total	29,676,376	23,643,511
Less: Allowance for impairment	(1,331,598)	(1,155,458)
Net finance lease receivables	28,344,778	22,488,053
Including: Finance lease receivables due within one year	9,506,604	8,902,571
Finance lease receivables due over one year	18,838,174	13,585,482

## 11.2 Industry distribution of finance lease receivables

Industry	The Group			
	As at 31 December 2020	Percentage (%)	As at 31 December 2019	Percentage (%)
Water, environment and public facilities management	15,376,016	45.52	9,605,727	36.26
Construction industry	8,584,832	25.41	4,737,224	17.88
Production and supply of electricity, heat, gas and water	2,953,590	8.74	3,768,221	14.22
Health and social work	2,406,836	7.13	1,966,223	7.42
Transportation, warehousing and postal services	1,513,927	4.48	2,535,218	9.57
Manufacturing industry	1,019,915	3.02	672,562	2.54
Financial industry	658,924	1.95	1,036,320	3.91
Lease and business service	514,340	1.52	258,600	0.98
Education industry	255,748	0.76	468,352	1.77
Information transmission, software and information technology service	234,307	0.69	290,627	1.10
Agriculture, forestry, animal husbandry and fishery	135,557	0.40	802,679	3.03
Culture, sports and entertainment industry	124,613	0.38	348,961	1.32
Total	33,778,605	100.00	26,490,714	100.00

## 11.3 Credit risk and expected credit loss of finance lease receivables

Item	The Group			
	Year ended 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Balance of finance lease receivables	28,687,483	520,075	468,818	29,676,376
Less: Allowance for impairment	(854,216)	(118,622)	(358,760)	(1,331,598)
Net finance lease receivables	27,833,267	401,453	110,058	28,344,778

Item	The Group			
	Year ended 31 December 2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Balance of finance lease receivables	22,547,197	337,980	758,334	23,643,511
Less: Allowance for impairment	(411,378)	(76,220)	(667,860)	(1,155,458)
Net finance lease receivables	22,135,819	261,760	90,474	22,488,053

## 11.4 Movements in account balance and expected credit loss of finance lease receivables

### 11.4.1 Movements in account balance of finance lease receivables

Item	The Group			
	As at 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2020	22,547,197	337,980	758,334	23,643,511
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	(519,798)	519,798	-	-
- Stage 3	(93,156)	(135,516)	228,672	-
Net amount incurred for the year	6,753,240	(202,187)	(137,415)	6,413,638
Write-offs	-	-	(380,773)	(380,773)
As at 31 December 2020	28,687,483	520,075	468,818	29,676,376

### 11.4.2 Movements in expected credit loss of finance lease receivables

Item	The Group			
	As at 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2020	411,378	76,220	667,860	1,155,458
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	(5,492)	5,492	-	-
- Stage 3	(979)	(21,058)	22,037	-
Provisions/(reversals) for the year	449,309	57,968	49,289	556,566
Recovery of loans previously written off (Note)	-	-	347	347
Write-offs	-	-	(380,773)	(380,773)
As at 31 December 2020	854,216	118,622	358,760	1,331,598

There was no stage change in the credit risk of the Group's finance lease receivables from 25 December 2019 (acquisition date) to 31 December 2019.

## 12. Long-term equity investments

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Subsidiaries (Note VII)			3,369,913	3,369,913
Associates	385,890	5,173	385,890	5,173
Total			3,755,803	3,375,086
Less: Allowance for impairment (Note)	(5,173)	(5,173)	(897,737)	(897,737)
Carrying amount	380,717	-	2,858,066	2,477,349

Note: As at 31 December 2020, the impairment provision of long-term equity investment assets includes the total amount of RMB 892,564 thousand for the impairment provision of the Bank's investment in some subsidiaries (31 December 2019: RMB 892,564 thousand).

### 12.1 Associates

Investments in associates are listed as follows:

Name	The Group and the Bank							
	Accounting method	Initial investment cost	As at 1 January 2020	Increase/ (Decrease) during the year	As at 31 December 2020	Percentage of shareholding (%)	Percentage of voting rights (%)	Allowance for impairment
Jiangsu Haimen Rural Commercial Bank Co., Ltd. (1)	Equity method	355,167	-	380,717	380,717	8.96	8.96	-
Shanghai Jingyi Industry Development Co., Ltd.	Equity method	367,000	5,173	-	5,173	18.874	18.874	(5,173)
<b>Total</b>		<b>722,167</b>	<b>5,173</b>	<b>380,717</b>	<b>385,890</b>			<b>(5,173)</b>

Name	The Group and the Bank							
	Accounting method	Initial investment cost	As at 1 January 2019	Increase/ (Decrease) during the year	As at 31 December 2019	Percentage of shareholding (%)	Percentage of voting rights (%)	Allowance for impairment
Shanghai Jingyi Industry Development Co., Ltd.	Equity method	367,000	5,173	-	5,173	18.874	18.874	(5,173)
Yangtze United Financial Leasing Co., Ltd.(2)	Transferred from equity method to cost method	300,000	1,056,548	(1,056,548)	-	51.02	51.02	-
<b>Total</b>		<b>667,000</b>	<b>1,061,721</b>	<b>(1,056,548)</b>	<b>5,173</b>			<b>(5,173)</b>

Note 1: On 25 December 2020, the Bank contributed RMB355,167 thousand to Jiangsu Haimen Rural Commercial Bank Co., Ltd. (hereinafter referred to as "Haimen Rural Commercial Bank"). 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. The fair value of the identifiable net assets of Rural Commercial Bank to which the Bank was entitled was RMB380,717 thousand at the acquisition date.

Note 2: As at 25 December 2019, Yangtze Leasing is a newly acquired subsidiary by the Bank, for which the long-term equity investment is accounted for under cost method. Refer to Note IX "Changes in scope of consolidation" for details.

## 13. Fixed assets

Item	The Group					
	Building	Transportation equipment	Electronic equipment	Machinery	Office equipment	Total
<b>Cost</b>						
As at 1 January 2020	7,664,275	93,317	1,739,485	473,141	86,968	10,057,186
Additions	8,840	9,527	23,978	27,153	2,487	71,985
Transfer in from CIP	44,545	-	110,594	18,444	15,888	189,471
Disposals	(2,704)	(9,887)	(46,057)	(34,990)	(3,848)	(97,486)
As at 31 December 2019	7,714,956	92,957	1,828,000	483,748	101,495	10,221,156
<b>Accumulated depreciation</b>						
As at 1 January 2020	(2,699,820)	(75,122)	(1,411,809)	(330,736)	(60,305)	(4,577,792)
Charge for the year	(353,646)	(5,467)	(87,926)	(39,210)	(8,996)	(495,245)
Disposals	2,602	9,392	43,740	33,328	3,660	92,722
As at 31 December 2020	(3,050,864)	(71,197)	(1,455,995)	(336,618)	(65,641)	(4,980,315)
<b>Provision for impairment</b>						
As at 1 January 2020	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
As at 31 December 2020	(485,801)	-	-	-	-	(485,801)
<b>Net book value</b>						
As at 1 January 2020	4,478,654	18,195	327,676	142,405	26,663	4,993,593
As at 31 December 2020	4,178,291	21,760	372,005	147,130	35,854	4,755,040

Item	The Group					
	Building	Transportation equipment	Electronic equipment	Machinery	Office equipment	Total
<b>Cost</b>						
As at 1 January 2019	8,307,703	94,515	1,771,435	447,553	81,953	10,703,159
Additions arising from changes in scope of consolidation (Note IX)	-	482	1,632	6	113	2,233
Additions	1,755	3,948	23,939	36,798	11,941	78,381
Transfer in from CIP	39,253	-	50,342	11,905	627	102,127
Disposals	(684,436)	(5,628)	(107,863)	(23,121)	(7,666)	(828,714)
As at 31 December 2019	7,664,275	93,317	1,739,485	473,141	86,968	10,057,186
<b>Accumulated depreciation</b>						
As at 1 January 2019	(2,643,098)	(75,145)	(1,405,363)	(314,376)	(59,123)	(4,497,105)
Charge for the year	(370,785)	(5,334)	(109,109)	(38,204)	(8,481)	(531,913)
Disposals	314,063	5,357	102,663	21,844	7,299	451,226
As at 31 December 2019	(2,699,820)	(75,122)	(1,411,809)	(330,736)	(60,305)	(4,577,792)
<b>Provision for impairment</b>						
As at 1 January 2019	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
As at 31 December 2019	(485,801)	-	-	-	-	(485,801)
<b>Net book value</b>						
As at 1 January 2019	5,178,804	19,370	366,072	133,177	22,830	5,720,253
As at 31 December 2019	4,478,654	18,195	327,676	142,405	26,663	4,993,593

Note: As at 31 December 2020, cost of buildings of the Group that are in use but of which the certificates of title have not been obtained amounted to RMB 1,915,754 thousand (31 December 2019: RMB 1,895,883 thousand).



Item	The Bank					Total
	Building	Transportation equipment	Electronic equipment	Machinery	Office equipment	
<b>Cost</b>						
As at 1 January 2020	7,553,905	71,048	1,691,526	436,570	70,281	9,823,330
Additions	8,840	5,799	20,855	25,299	1,600	62,393
Transfer in from CIP	13,508	-	110,594	17,732	15,888	157,722
Disposals	(2,704)	(7,488)	(44,903)	(33,810)	(3,345)	(92,250)
As at 31 December 2019	7,573,549	69,359	1,778,072	445,791	84,424	9,951,195
<b>Accumulated depreciation</b>						
As at 1 January 2020	(2,654,688)	(55,313)	(1,375,433)	(300,088)	(46,647)	(4,432,169)
Charge for the year	(348,772)	(4,874)	(84,487)	(36,866)	(8,130)	(483,129)
Disposals	2,602	7,114	42,644	32,284	3,192	87,836
As at 31 December 2020	(3,000,858)	(53,073)	(1,417,276)	(304,670)	(51,585)	(4,827,462)
<b>Provision for impairment</b>						
As at 1 January 2020	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
As at 31 December 2020	(485,801)	-	-	-	-	(485,801)
<b>Net book value</b>						
As at 1 January 2020	4,413,416	15,735	316,093	136,482	23,634	4,905,360
As at 31 December 2020	4,086,890	16,286	360,796	141,121	32,839	4,637,932

Item	The Bank					Total
	Building	Transportation equipment	Electronic equipment	Machinery	Office equipment	
<b>Cost</b>						
As at 1 January 2019	8,205,528	72,628	1,728,413	413,367	65,867	10,485,803
Additions	1,755	3,084	20,056	34,074	11,057	70,026
Transfer in from CIP	31,058	-	50,342	11,713	627	93,740
Disposals	(684,436)	(4,664)	(107,285)	(22,584)	(7,270)	(826,239)
As at 31 December 2019	7,553,905	71,048	1,691,526	436,570	70,281	9,823,330
<b>Accumulated depreciation</b>						
As at 1 January 2019	(2,602,207)	(54,648)	(1,370,776)	(285,893)	(46,234)	(4,359,758)
Charge for the year	(366,544)	(5,107)	(106,776)	(35,532)	(7,340)	(521,299)
Disposals	314,063	4,442	102,119	21,337	6,927	448,888
As at 31 December 2019	(2,654,688)	(55,313)	(1,375,433)	(300,088)	(46,647)	(4,432,169)
<b>Provision for impairment</b>						
As at 1 January 2019	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
As at 31 December 2019	(485,801)	-	-	-	-	(485,801)
<b>Net book value</b>						
As at 1 January 2019	5,117,520	17,980	357,637	127,474	19,633	5,640,244
As at 31 December 2019	4,413,416	15,735	316,093	136,482	23,634	4,905,360

Note: As at 31 December 2020, cost of buildings of the Bank that are in use but of which the certificates of title have not been obtained amounted to RMB 1,885,144 thousand (31 December 2019: RMB 1,887,688 thousand).

## 14. Construction in progress

### 14.1 Details of construction in progress

Item	The Group		
	As at 31 December 2020		
	Account balance	Allowance for impairment	Carrying amount
Business premises of Minhang Sub-branch	404,859	-	404,859
Business premises of Pudong Branch	397,957	-	397,957
Business premises of Jiading Sub-branch	203,195	-	203,195
Business premises of Fengxian Sub-branch	185,815	-	185,815
Zhangjiang business processing Center	123,857	-	123,857
Business premises of Lingang Sub-branch	120,851	-	120,851
Business premises of Yingzhong Sub-branch	38,633	-	38,633
Business premises of Hunan Shuangfeng Village Bank	18,564	-	18,564
Business premises of Guiyang Village Bank	16,534	-	16,534
Others	97,855	-	97,855
<b>Total</b>	<b>1,608,120</b>	<b>-</b>	<b>1,608,120</b>

Item	The Group		
	As at 31 December 2019		
	Account balance	Allowance for impairment	Carrying amount
Business premises of Pudong Branch	392,667	-	392,667
Business premises of Minhang Sub-branch	381,388	-	381,388
Business premises of Fengxian Sub-branch	172,633	-	172,633
Business premises of Jiading Sub-branch	72,673	-	72,673
Zhangjiang business processing Center	62,085	-	62,085
Business premises of Yingzhong Sub-branch	37,075	-	37,075
Business premises of Zhuanghang Sub-branch	11,162	-	11,162
Business premises of Hunan Shuangfeng Village Bank	14,600	-	14,600
Business premises of Cili Shanghai Village Bank	10,948	-	10,948
Others	90,575	-	90,575
<b>Total</b>	<b>1,245,806</b>	<b>-</b>	<b>1,245,806</b>

Item	The Bank		
	As at 31 December 2020		
	Account balance	Allowance for impairment	Carrying amount
Business premises of Minhang Sub-branch	404,859	-	404,859
Business premises of Pudong Branch	397,957	-	397,957
Business premises of Jiading Sub-branch	203,195	-	203,195
Business premises of Fengxian Sub-branch	185,815	-	185,815
Zhangjiang business processing Center	123,857	-	123,857
Business premises of Lingang Sub-branch	120,851	-	120,851
Business premises of Yingzhong Sub-branch	38,633	-	38,633
Others	59,051	-	59,051
<b>Total</b>	<b>1,534,218</b>	<b>-</b>	<b>1,534,218</b>

Item	The Bank		
	As at 31 December 2019		
	Account balance	Allowance for impairment	Carrying amount
Business premises of Pudong Branch	392,667	-	392,667
Business premises of Minhang Sub-branch	381,388	-	381,388
Business premises of Fengxian Sub-branch	172,633	-	172,633
Business premises of Jiading Sub-branch	72,673	-	72,673
Zhangjiang business processing Center	62,085	-	62,085
Business premises of Yingzhong Sub-branch	37,075	-	37,075
Business premises of Zhuanghang Sub-branch	11,162	-	11,162
Others	89,801	-	89,801
<b>Total</b>	<b>1,219,484</b>	<b>-</b>	<b>1,219,484</b>

## 14.2 Movements in construction in progress

Item	The Group			
	Building	Electronic and machinery equipment	Others	Total
As at 1 January 2020	1,147,920	22,404	75,482	1,245,806
Additions	201,019	111,466	355,367	667,852
Transfer to fixed assets	(44,545)	(129,038)	(15,888)	(189,471)
Transfer to other assets	(6,569)	(1,762)	(107,736)	(116,067)
As at 31 December 2020	1,297,825	3,070	307,225	1,608,120
Less: Allowance for impairment	-	-	-	-
Net book value	1,297,825	3,070	307,225	1,608,120

Item	The Group			
	Building	Electronic and machinery equipment	Others	Total
As at 1 January 2019	204,318	9,078	76,616	290,012
Additions arising from changes in scope of consolidation (Note IX)	-	221	-	221
Additions	985,081	75,352	62,613	1,123,046
Transfer to fixed assets	(39,253)	(62,247)	(627)	(102,127)
Transfer to other assets	(2,226)	-	(63,120)	(65,346)
As at 31 December 2019	1,147,920	22,404	75,482	1,245,806
Less: Allowance for impairment	-	-	-	-
Net book value	1,147,920	22,404	75,482	1,245,806

Item	The Bank			
	Building	Electronic and machinery equipment	Others	Total
As at 1 January 2020	1,121,905	22,097	75,482	1,219,484
Additions	117,845	106,980	355,367	580,192
Transfer to fixed assets	(13,508)	(128,326)	(15,888)	(157,722)
Transfer to other assets	-	-	(107,736)	(107,736)
As at 31 December 2020	1,226,242	751	307,225	1,534,218
Less: Allowance for impairment	-	-	-	-
Net book value	1,226,242	751	307,225	1,534,218

Item	The Bank			
	Building	Electronic and machinery equipment	Others	Total
As at 1 January 2019	185,490	8,992	76,616	271,098
Additions	967,473	75,160	62,614	1,105,247
Transfer to fixed assets	(31,058)	(62,055)	(627)	(93,740)
Transfer to other assets	-	-	(63,121)	(63,121)
As at 31 December 2019	1,121,905	22,097	75,482	1,219,484
Less: Allowance for impairment	-	-	-	-
Net book value	1,121,905	22,097	75,482	1,219,484

## 15. Deferred tax assets and deferred tax liabilities

### 15.1 Deferred tax assets and deferred tax liabilities before offsetting

Item	The Group			
	Deductible temporary differences		Deferred tax assets	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Provision for losses/ impairment of assets	22,228,591	17,722,116	5,555,093	4,428,641
Commission in advance	143,375	349,205	35,844	87,301
Other temporary differences	1,802,940	1,989,825	450,489	497,255
<b>Total</b>	<b>24,174,906</b>	<b>20,061,146</b>	<b>6,041,426</b>	<b>5,013,197</b>

Item	The Group			
	Deductible temporary differences		Deferred tax assets	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Changes in fair value of financial assets at FVTPL and derivative financial instruments	(765,273)	(450,565)	(191,318)	(112,641)
Changes in fair value of financial assets at FVTOCI and derivative financial instruments	(1,047,523)	(1,648,200)	(261,881)	(412,050)
<b>Total</b>	<b>(1,812,796)</b>	<b>(2,098,765)</b>	<b>(453,199)</b>	<b>(524,691)</b>

Item	The Bank			
	Deductible temporary differences		Deferred tax assets	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Provision for losses/ impairment of assets	20,853,191	16,485,949	5,213,298	4,121,486
Other temporary differences	1,703,152	1,938,434	425,788	484,609
<b>Total</b>	<b>22,556,343</b>	<b>18,424,383</b>	<b>5,639,086</b>	<b>4,606,095</b>

Item	The Bank			
	Deductible temporary differences		Deferred tax assets	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Changes in fair value of financial assets at FVTPL and derivative financial instruments	(765,273)	(450,565)	(191,318)	(112,641)
Changes in fair value of financial assets at FVTOCI and derivative financial instruments	(1,047,523)	(1,648,200)	(261,881)	(412,050)
<b>Total</b>	<b>(1,812,796)</b>	<b>(2,098,765)</b>	<b>(453,199)</b>	<b>(524,691)</b>

## 15.2 Deferred tax assets and deferred tax liabilities that are presented at the net amount after offsetting

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Deferred tax assets	5,588,227	4,488,506	5,185,887	4,081,404
Deferred tax liabilities	-	-	-	-
<b>Total</b>	<b>5,588,227</b>	<b>4,488,506</b>	<b>5,185,887</b>	<b>4,081,404</b>

Note: As certain village banks controlled by the Bank suffered from continuous losses and it is expected that no sufficient future taxable income will be available to charge against the deductible losses and tax credit, the deferred tax assets were not recognized for the deductible temporary differences and deductible losses.

## 16. Other assets

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Other receivables and prepayments	2,762,448	1,712	2,762,448	-
Intangible assets	371,723	162,256	296,409	97,615
Long-term prepaid expenses	882,950	865,111	876,924	858,290
Capital for debt payment	133,689	146,266	84,366	93,197
Interest receivable	36,885	46,725	-	-
Amounts pending for settlement	14,376	24,052	8,248	18,830
<b>Total</b>	<b>4,202,071</b>	<b>1,246,122</b>	<b>4,028,395</b>	<b>1,067,932</b>

### 16.1 Other receivables and prepayments

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Intra-city bills under collection	71,944	12,950	71,944	12,950
Prepaid legal expenses	34,154	43,322	30,671	32,417
Rental deposits	21,443	18,313	20,236	16,888
Other receivables	244,182	87,671	173,558	35,360
<b>Total</b>	<b>371,723</b>	<b>162,256</b>	<b>296,409</b>	<b>97,615</b>

Aging analysis of other receivables:

Aging	The Group			
	As at 31 December 2020	Percentage (%)	As at 31 December 2019	Percentage (%)
Within 1 year	256,728	93.22	101,482	81.27
1 to 2 years	3,382	1.23	3,546	2.84
2 to 3 years	1,129	0.41	8,920	7.14
Above 3 years	14,173	5.14	10,920	8.75
<b>Total</b>	<b>275,412</b>	<b>100.00</b>	<b>124,868</b>	<b>100.00</b>
Less: Loss allowance	(31,230)		(37,197)	
<b>Net book value</b>	<b>244,182</b>		<b>87,671</b>	

Aging	The Bank			
	As at 31 December 2020	Percentage (%)	As at 31 December 2019	Percentage (%)
Within 1 year	188,219	93.13	50,560	79.22
1 to 2 years	965	0.48	820	1.28
2 to 3 years	479	0.24	3,190	5.00
Above 3 years	12,430	6.15	9,254	14.50
Total	202,093	100.00	63,824	100.00
Less: Loss allowance	(28,535)		(28,464)	
Net book value	173,558		35,360	

## 16.2 Capital for debt payment

Item	The Group	
	As at 31 December 2020	As at 31 December 2019
Buildings	43,206	53,357
Less: Allowance for impairment	(6,321)	(6,632)
Net book value	36,885	46,725

## 16.3 Long-term prepaid expenses

Item	The Group			
	As at 31 December 2020			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Leasehold improvement	96,040	25,754	35,429	86,365
Prepaid rental expenses	32,362	3,208	4,566	31,004
Network construction expenses	1,406	160	490	1,076
Others	16,458	555	1,769	15,244
Total	146,266	29,677	42,254	133,689

Item	The Group				
	As at 31 December 2019				
	Opening balance	Additions arising from changes in scope of consolidation (Note IX)	Increase during the year	Decrease during the year	Closing balance
Leasehold improvement	126,831	-	12,119	42,910	96,040
Prepaid rental expenses	5,852	-	34,603	8,093	32,362
Network construction expenses	1,967	-	-	561	1,406
Others	16,906	1,303	427	2,178	16,458
Total	151,556	1,303	47,149	53,742	146,266

Item	The Bank			
	As at 31 December 2020			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Leasehold improvement	46,867	16,295	21,146	42,016
Prepaid rental expenses	31,007	-	3,466	27,541
Network construction expenses	1,367	-	470	897
Others	13,956	1,403	1,447	13,912
Total	93,197	17,698	26,529	84,366

Item	The Bank			
	As at 31 December 2019			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Leasehold improvement	68,071	7,691	28,895	46,867
Prepaid rental expenses	3,137	34,053	6,183	31,007
Network construction expenses	1,891	-	524	1,367
Others	15,748	-	1,792	13,956
<b>Total</b>	<b>88,847</b>	<b>41,744</b>	<b>37,394</b>	<b>93,197</b>

## 16.4 Intangible assets

Item	The Group			The Bank		
	Land use rights	Software	Total	Land use rights	Software	Total
<b>Cost</b>						
As at 1 January 2020	570,144	853,738	1,423,882	570,144	846,298	1,416,442
Additions	-	111,819	111,819	-	111,537	111,537
Disposals	(1,103)	(2,190)	(3,293)	(1,103)	(2,190)	(3,293)
As at 31 December 2020	569,041	963,367	1,532,408	569,041	955,645	1,524,686
<b>Accumulated amortisation</b>						
As at 1 January 2020	(94,645)	(464,126)	(558,771)	(94,645)	(463,507)	(558,152)
Charge of the year	(12,963)	(79,526)	(92,489)	(12,963)	(78,449)	(91,412)
Disposals	228	1,574	1,802	228	1,574	1,802
As at 31 December 2020	(107,380)	(542,078)	(649,458)	(107,380)	(540,382)	(647,762)
<b>Net book value</b>						
As at 1 January 2020	475,499	389,612	865,111	475,499	382,791	858,290
As at 31 December 2020	461,661	421,289	882,950	461,661	415,263	876,924

Item	The Group			The Bank		
	Land use rights	Software	Total	Land use rights	Software	Total
<b>Cost</b>						
As at 1 January 2019	573,340	784,934	1,358,274	573,340	783,502	1,356,842
Additions arising from changes in scope of consolidation (Note IX)	-	5,924	5,924	-	-	-
Additions	962	62,880	63,842	962	62,796	63,758
Disposals	(4,158)	-	(4,158)	(4,158)	-	(4,158)
As at 31 December 2019	570,144	853,738	1,423,882	570,144	846,298	1,416,442
<b>Accumulated amortisation</b>						
As at 1 January 2019	(82,939)	(394,778)	(477,717)	(82,939)	(394,321)	(477,260)
Charge of the year	(13,001)	(69,348)	(82,349)	(13,001)	(69,186)	(82,187)
Disposals	1,295	-	1,295	1,295	-	1,295
As at 31 December 2019	(94,645)	(464,126)	(558,771)	(94,645)	(463,507)	(558,152)
<b>Net book value</b>						
As at 1 January 2019	490,401	390,156	880,557	490,401	389,181	879,582
As at 31 December 2019	475,499	389,612	865,111	475,499	382,791	858,290

## 17. Provision for loss / impairment of assets

Item	The Group						
	2020						
	Opening balance	Charge of the year/ (reversal)	Transfer in	Transfer out	Write-off	Recovery of loans previously written off	Closing balance
Due from banks and other financial institutions	17,938	(3,188)	-	-	-	-	14,750
Placements with banks and other financial institutions measured at amortized cost	64,230	16,059	-	-	-	-	80,289
Financial assets purchased under resale agreements	53,537	92	-	-	-	-	53,629
Loans and advances measured at amortized cost	17,833,288	4,875,251	-	-	(1,625,310)	480,939	21,564,168
Loss allowance for debt investments	516,284	(93,836)	-	-	-	-	422,448
Finance lease receivables	1,155,458	556,566	-	-	(380,773)	347	1,331,598
Long-term equity investments	5,173	-	-	-	-	-	5,173
Fixed assets	485,801	-	-	-	-	-	485,801
Other receivables	37,197	1,385	-	-	(9,789)	2,437	31,230
Other assets	29,905	23,419	-	(1,511)	-	-	51,813
<b>Total</b>	<b>20,198,811</b>	<b>5,375,748</b>	<b>-</b>	<b>(1,511)</b>	<b>(2,015,872)</b>	<b>483,723</b>	<b>24,040,899</b>

Item	The Group								
	2019								
	Opening balance	Adjustment of changes in accounting policies	Increase due to changes in the scope of consolidation (Note IX)	Charge of the year/ (reversal)	Transfer in	Transfer out	Write-off	Recovery of loans previously written off	Closing balance
Due from banks and other financial institutions	2,254	6,845	46	8,793	-	-	-	-	17,938
Placements with banks and other financial institutions measured at amortized cost	N/A	56,358	-	7,872	-	-	-	-	64,230
Financial assets purchased under resale agreements	N/A	26,675	-	26,862	-	-	-	-	53,537
Loans and advances measured at amortized cost	15,872,769	(14,889)	-	2,961,043	-	(107,010)	(1,155,429)	276,804	17,833,288
Loss allowance for debt investments	N/A	181,205	-	335,079	-	-	-	-	516,284
Available-for-sale financial assets	319,106	(319,106)	-	N/A	N/A	N/A	N/A	N/A	N/A
Held-to-maturity investment	20,628	(20,628)	-	N/A	N/A	N/A	N/A	N/A	N/A
Receivables investment	142,965	(142,965)	-	N/A	N/A	N/A	N/A	N/A	N/A
Finance lease receivables	N/A	N/A	1,158,418	(2,960)	-	-	-	-	1,155,458
Long-term equity investments	5,173	-	-	-	-	-	-	-	5,173
Fixed assets	485,801	-	-	-	-	-	-	-	485,801
Other receivables	37,622	-	-	3,957	-	-	(5,640)	1,258	37,197
Other assets	N/A	6,565	12,367	10,973	-	-	-	-	29,905
<b>Total</b>	<b>16,886,318</b>	<b>(219,940)</b>	<b>1,170,831</b>	<b>3,351,619</b>	<b>-</b>	<b>(107,010)</b>	<b>(1,161,069)</b>	<b>278,062</b>	<b>20,198,811</b>



Item	The Bank						
	2020						
	Opening balance	Charge of the year/ (reversal)	Transfer in	Transfer out	Write-off	Recovery of loans previously written off	Closing balance
Due from banks and other financial institutions	9,604	1,829	-	-	-	-	11,433
Placements with banks and other financial institutions measured at amortized cost	65,665	19,927	-	-	-	-	85,592
Financial assets purchased under resale agreements	53,537	92	-	-	-	-	53,629
Loans and advances measured at amortized cost	16,754,844	4,858,543	-	-	(1,342,935)	372,171	20,642,623
Loss allowance for debt investments	516,284	(93,836)	-	-	-	-	422,448
Long-term equity investments	897,737	-	-	-	-	-	897,737
Fixed assets	485,801	-	-	-	-	-	485,801
Other receivables	28,464	71	-	-	-	-	28,535
Other assets	17,099	25,852	-	-	-	-	42,951
<b>Total</b>	<b>18,829,035</b>	<b>4,812,478</b>	<b>-</b>	<b>-</b>	<b>(1,342,935)</b>	<b>372,171</b>	<b>22,670,749</b>

Item	The Bank							
	2019							
	Opening balance	Adjustment of changes in accounting policies	Charge of the year/ (reversal)	Transfer in	Transfer out	Write-off	Recovery of loans previously written off	Closing balance
Due from banks and other financial institutions	2,254	3,112	4,238	-	-	-	-	9,604
Placements with banks and other financial institutions measured at amortized cost	N/A	56,358	9,307	-	-	-	-	65,665
Financial assets purchased under resale agreements	N/A	26,675	26,862	-	-	-	-	53,537
Loans and advances measured at amortized cost	14,351,550	(18,686)	2,939,694	-	(89,172)	(615,515)	186,973	16,754,844
Loss allowance for debt investments	N/A	181,205	335,079	-	-	-	-	516,284
Available-for-sale financial assets	319,106	(319,106)	N/A	N/A	N/A	N/A	N/A	N/A
Held-to-maturity investment	20,628	(20,628)	N/A	N/A	N/A	N/A	N/A	N/A
Receivables investment	142,965	(142,965)	N/A	N/A	N/A	N/A	N/A	N/A
Long-term equity investments	479,881	-	417,856	-	-	-	-	897,737
Fixed assets	485,801	-	-	-	-	-	-	485,801
Other receivables	28,803	-	(339)	-	-	-	-	28,464
Other assets	N/A	6,565	10,534	-	-	-	-	17,099
<b>Total</b>	<b>15,830,988</b>	<b>(227,470)</b>	<b>3,743,231</b>	<b>-</b>	<b>(89,172)</b>	<b>(615,515)</b>	<b>186,973</b>	<b>18,829,035</b>

## 18. Borrowings from the central bank

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Borrowings from the central bank	28,707,914	13,911,000	27,875,853	13,505,000
Accrued interest	153,395	95,071	152,930	94,796
<b>Total</b>	<b>28,861,309</b>	<b>14,006,071</b>	<b>28,028,783</b>	<b>13,599,796</b>

## 19. Due to banks and other financial institutions

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Deposits from domestic banks	6,799,106	3,317,069	12,440,987	10,469,606
Deposits from other domestic financial institutions	473,584	579,057	644,702	579,057
Accrued interest	53,216	54,480	83,194	54,480
<b>Total</b>	<b>7,325,906</b>	<b>3,950,606</b>	<b>13,168,883</b>	<b>11,103,143</b>

## 20. Placements from banks and other financial institutions

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Placements from domestic banks	41,488,046	29,599,218	19,158,046	12,748,628
Placements from overseas banks	600,291	2,162,615	600,291	2,162,614
Accrued interest	280,908	197,419	15,717	22,845
<b>Total</b>	<b>42,369,245</b>	<b>31,959,252</b>	<b>19,774,054</b>	<b>14,934,087</b>

## 21. Financial assets sold under repurchase agreements

Item	The Group and the Bank	
	As at 31 December 2020	As at 31 December 2019
Securities	23,620,300	36,604,600
Bills	13,049,496	17,818,850
Accrued interest	10,706	13,145
<b>Total</b>	<b>36,680,502</b>	<b>54,436,595</b>

## 22. Customer deposits

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Demand deposits				
Corporate	238,782,807	207,597,310	230,147,118	196,678,370
Individual	61,053,038	54,140,313	58,150,923	51,631,130
Time deposits				
Corporate	107,594,424	108,602,776	104,627,514	106,402,140
Individual	297,683,604	270,427,290	287,266,863	261,651,100
Pledged deposits held as collateral	7,909,948	6,532,211	7,583,448	6,170,219
Other deposits	35,964,705	31,726,012	35,951,279	31,716,032
Accrued interest	14,627,987	13,322,804	14,096,330	12,825,668
<b>Total</b>	<b>763,616,513</b>	<b>692,348,716</b>	<b>737,823,475</b>	<b>667,074,659</b>

## 23. Employee benefits payables

### 23.1 Employee benefits payables are listed as follows:

Item	The Group			
	2020			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Short-term benefits	2,756,548	3,678,878	3,691,767	2,743,659
II. Post-employment benefits - defined contribution plan	530	257,873	258,208	195
III. Defined benefit plan	-	-	-	-
<b>Total</b>	<b>2,757,078</b>	<b>3,936,751</b>	<b>3,949,975</b>	<b>2,743,854</b>

Item	The Group				
	2019				
	Opening balance	Increase due to changes in the scope of consolidation (Note IX)	Increase during the year	Decrease during the year	Closing balance
I. Short-term benefits	2,381,016	67,001	3,538,603	3,230,072	2,756,548
II. Post-employment benefits - defined contribution plan	317	6,143	493,756	499,686	530
III. Defined benefit plan	17,254	-	-	17,254	-
<b>Total</b>	<b>2,398,587</b>	<b>73,144</b>	<b>4,032,359</b>	<b>3,747,012</b>	<b>2,757,078</b>

Item	The Bank			
	2020			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Short-term benefits	2,594,242	3,315,072	3,369,330	2,539,984
II. Post-employment benefits - defined contribution plan	-	248,444	248,444	-
III. Defined benefit plan	-	-	-	-
<b>I. Short-term benefits</b>	<b>2,594,242</b>	<b>3,563,516</b>	<b>3,617,774</b>	<b>2,539,984</b>

Item	The Bank			
	2019			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Short-term benefits	2,353,373	3,256,329	3,015,460	2,594,242
II. Post-employment benefits - defined contribution plan	-	474,508	474,508	-
III. Defined benefit plan	17,254	-	17,254	-
<b>Total</b>	<b>2,370,627</b>	<b>3,730,837</b>	<b>3,507,222</b>	<b>2,594,242</b>

## 23.2 Short-term benefits are listed as follows:

Item	The Group			
	2020			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	2,755,696	3,091,763	3,104,358	2,743,101
II. Employee services and benefits	-	139,777	139,777	-
III. Social insurance	347	155,213	155,098	462
Including: Medical insurance	311	141,304	141,187	428
Work-related injury insurance	5	515	516	4
Maternity insurance	31	2,021	2,022	30
Others	-	11,373	11,373	-
IV Housing funds	505	215,198	215,661	42
V. Labour union fee and staff education expenses	-	76,927	76,873	54
<b>Total</b>	<b>2,756,548</b>	<b>3,678,878</b>	<b>3,691,767</b>	<b>2,743,659</b>

Item	The Group				
	2019				
	Opening balance	Increase due to changes in the scope of consolidation (Note IX)	Increase during the year	Decrease during the year	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	2,380,906	66,802	2,962,696	2,654,708	2,755,696
II. Employee services and benefits	-	-	127,670	127,670	-
III. Social insurance	65	199	174,065	173,982	347
Including: Medical insurance	60	177	147,421	147,347	311
Work-related injury insurance	1	3	2,384	2,383	5
Maternity insurance	4	19	15,392	15,384	31
Others	-	-	8,868	8,868	-
IV Housing funds	45	-	191,241	190,781	505
V. Labour union fee and staff education expenses	-	-	82,931	82,931	-
<b>Total</b>	<b>2,381,016</b>	<b>67,001</b>	<b>3,538,603</b>	<b>3,230,072</b>	<b>2,756,548</b>

Item	The Bank			
	2020			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	2,593,780	2,787,007	2,840,803	2,539,984
II. Employee services and benefits	-	120,350	120,350	-
III. Social insurance	-	142,648	142,648	-
Including: Medical insurance	-	129,705	129,705	-
Work-related injury insurance	-	426	426	-
Maternity insurance	-	1,349	1,349	-
Others	-	11,168	11,168	-
IV Housing funds	462	194,812	195,274	-
V. Labour union fee and staff education expenses	-	70,255	70,255	-
<b>Total</b>	<b>2,594,242</b>	<b>3,315,072</b>	<b>3,369,330</b>	<b>2,539,984</b>

Item	The Bank			
	2019			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	2,353,373	2,725,171	2,484,764	2,593,780
II. Employee services and benefits	-	113,389	113,389	-
III. Social insurance	-	162,666	162,666	-
Including: Medical insurance	-	137,315	137,315	-
Work-related injury insurance	-	2,054	2,054	-
Maternity insurance	-	14,429	14,429	-
Others	-	8,868	8,868	-
IV. Housing funds	-	176,472	176,010	462
V. Labour union fee and staff education expenses	-	78,631	78,631	-
<b>Total</b>	<b>2,353,373</b>	<b>3,256,329</b>	<b>3,015,460</b>	<b>2,594,242</b>

### 23.3 Defined contribution plan

Item	The Group			
	2020			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Pension insurance	515	256,545	256,866	194
II. Unemployment insurance	15	1,328	1,342	1
<b>Total</b>	<b>530</b>	<b>257,873</b>	<b>258,208</b>	<b>195</b>

Item	The Group				
	2019				
	Opening balance	Increase due to changes in the scope of consolidation (Note IX)	Increase during the year	Decrease during the year	Closing balance
I. Pension insurance	314	6,133	485,868	491,800	515
II. Unemployment insurance	3	10	7,888	7,886	15
<b>Total</b>	<b>317</b>	<b>6,143</b>	<b>493,756</b>	<b>499,686</b>	<b>530</b>

Item	The Bank			
	2020			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Pension insurance	-	247,162	247,162	-
II. Unemployment insurance	-	1,282	1,282	-
<b>Total</b>	<b>-</b>	<b>248,444</b>	<b>248,444</b>	<b>-</b>

Item	The Bank			
	2019			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Pension insurance	-	467,229	467,229	-
II. Unemployment insurance	-	7,279	7,279	-
<b>Total</b>	<b>-</b>	<b>474,508</b>	<b>474,508</b>	<b>-</b>

## 23.4 Defined benefit plan

Item	The Group				
	2019				
	Opening balance	Increase due to changes in the scope of consolidation (Note IX)	Increase during the year	Decrease during the year	Closing balance
Retirement benefit plan	17,254	-	-	17,254	-

Item	The Bank			
	2019			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Retirement benefit plan	17,254	-	17,254	-

## 24. Tax payables

Item	The Group			
	2020			
	Opening balance	Taxes payable during the year	Taxes paid during the year	Closing balance
Enterprise income tax	1,235,127	2,431,441	2,862,329	804,239
Individual income tax	22,849	421,270	418,285	25,834
VAT	297,738	1,840,878	1,789,115	349,501
Surcharges	35,943	178,513	173,090	41,366
Property tax	17	48,216	48,233	-
Land use tax	1	1,044	1,045	-
Vehicle and vessel use tax	-	178	178	-
Others	341	13,563	13,653	251
<b>Total</b>	<b>1,592,016</b>	<b>4,935,103</b>	<b>5,305,928</b>	<b>1,221,191</b>

Item	The Group				
	2019				
	Opening balance	Increase due to changes in the scope of consolidation (Note IX)	Taxes payable during the year	Taxes paid during the year	Closing balance
Enterprise income tax	978,123	14,740	2,726,303	2,484,039	1,235,127
Individual income tax	35,944	1,033	342,957	357,085	22,849
VAT	283,403	(659)	1,371,683	1,356,689	297,738
Surcharges	31,229	-	147,597	142,883	35,943
Property tax	17	-	47,114	47,114	17
Land use tax	1	-	1,014	1,014	1
Vehicle and vessel use tax	-	-	191	191	-
Others	86	-	71,773	71,518	341
<b>Total</b>	<b>1,328,803</b>	<b>15,114</b>	<b>4,708,632</b>	<b>4,460,533</b>	<b>1,592,016</b>

Item	The Bank			
	2020			
	Opening balance	Taxes payable during the year	Taxes paid during the year	Closing balance
Enterprise income tax	1,132,953	2,279,115	2,599,094	812,974
Individual income tax	20,643	398,927	395,321	24,249
VAT	291,417	1,553,313	1,506,316	338,414
Surcharges	35,322	169,822	165,025	40,119
Property tax	-	47,281	47,281	-
Land use tax	-	1,011	1,011	-
Vehicle and vessel use tax	-	133	133	-
Others	-	10,410	10,410	-
<b>Total</b>	<b>1,480,335</b>	<b>4,460,012</b>	<b>4,724,591</b>	<b>1,215,756</b>

Item	The Bank			
	2019			
	Opening balance	Taxes payable during the year	Taxes paid during the year	Closing balance
Enterprise income tax	958,410	2,580,803	2,406,260	1,132,953
Individual income tax	35,266	334,113	348,736	20,643
VAT	277,782	1,347,165	1,333,530	291,417
Surcharges	30,681	145,532	140,891	35,322
Property tax	-	46,220	46,220	-
Land use tax	-	992	992	-
Vehicle and vessel use tax	-	139	139	-
Others	-	70,723	70,723	-
<b>Total</b>	<b>1,302,139</b>	<b>4,525,687</b>	<b>4,347,491</b>	<b>1,480,335</b>

## 25. Debt securities issued

Item	The Group and the Bank	
	As at 31 December 2020	As at 31 December 2019
Interbank negotiable certificates of deposit (Note 2)	67,351,604	37,674,848
Financial bonds (Note 1)	20,000,000	10,000,000
Accrued interest	332,126	271,948
<b>Total</b>	<b>87,683,730</b>	<b>47,946,796</b>

Note 1: The Bank issued RMB 2 billion 3-year fixed rate financial bond with interest rate of 3.75% on 20 November 2020.

The Bank issued RMB 8 billion 3-year fixed rate financial bond with interest rate of 3.63% on 26 October 2020.

The Bank issued RMB 3 billion 10-year fixed rate subordinated bond with interest rate of 4.80% on 15 August 2017, redeemable at the end of the fifth year.

The Bank issued RMB 4 billion 10-year fixed rate subordinated bond with interest rate of 4.70% on 7 March 2017, redeemable at the end of the fifth year.

The Bank issued RMB 3 billion 10-year fixed rate subordinated bond with interest rate of 3.95% on 23 June 2016, redeemable at the end of the fifth year.

Note 2: The interbank negotiable certificates of deposit was issued at National Interbank Funding Centre, measured at amortised cost. As at 31 December 2020, the Group has 89 outstanding interbank negotiable certificates of deposit with the carrying amount of RMB68.2 billion, and the interest rate of which is ranging from 1.72% to 3.30% (As at 31 December 2019, 52 outstanding interbank negotiable certificates of deposit with the carrying amount of RMB 38.1 billion, and the interest rate of which is ranging from 2.83% to 3.20%).

## 26. Provisions

Item	The Group and the Bank	
	As at 31 December 2020	As at 31 December 2019
Provision for expected credit loss in off-balance sheet	565,323	403,718

### 26.1 Movements of expected credit loss in off-balance sheet

Item	The Group and the Bank			
	As at 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss -credit impaired)	Total
Opening balance	336,749	66,962	7	403,718
Transferred to:				
- Stage 1	58,499	(58,499)	-	-
- Stage 2	(2,303)	2,303	-	-
- Stage 3	-	-	-	-
Accrued/(Reversed)	162,433	(821)	(7)	161,605
Closing balance	555,378	9,945	-	565,323

There was no stage change in the expected credit risk of off-balance sheet of the Group during the 2019.

## 27. Other liabilities

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
For settlement and transfer payments	1,920,097	3,355,470	1,904,045	3,337,703
Lease deposits	1,883,264	1,769,668		
Others	700,394	547,837	576,183	491,414
Total	4,503,755	5,672,975	2,480,228	3,829,117

## 28. Share capital

Name of shareholders	As at 1 January 2020		Increase during the year	Decrease during the year	As at 31 December 2020	
	Amount invested	Percentage (%)			Amount invested	Percentage (%)
Shanghai State-owned Assets management Co., Ltd.	800,000	9.22	-	-	800,000	9.22
China Ocean Shipping Group Co. Ltd.	800,000	9.22	-	-	800,000	9.22
Baoshan Iron & Steel Co., Ltd.	800,000	9.22	-	-	800,000	9.22
Shanghai Jiushi (Group) Co., Ltd.	-	-	733,843	-	733,843	8.45
China Pacific Life Insurance Co., Ltd.	560,000	6.45	-	-	560,000	6.45
Shanghai Guosheng Group	474,048	5.46	-	-	474,048	5.46
Zhejiang Expressway Co., Ltd.	465,500	5.36	-	-	465,500	5.36
Taiping Life Insurance Co., Ltd.	414,904	4.78	-	-	414,904	4.78
Shanghai Shendi (Group) Co., Ltd.	357,700	4.12	-	-	357,700	4.12
Shanghai International (Group) Co., Ltd.	481,474	5.55	-	(413,484)	67,990	0.78
Others	3,526,374	40.62	-	(320,359)	3,206,015	36.94
Total	8,680,000	100.00	733,843	(733,843)	8,680,000	100.00



Name of shareholders	As at 1 January 2019		Increase during the year	Decrease during the year	As at 31 December 2019	
	Amount invested	Percentage (%)			Amount invested	Percentage (%)
Shanghai State-owned Assets management Co., Ltd.	800,000	9.22	-	-	800,000	9.22
China Ocean Shipping Group Co. Ltd.	800,000	9.22	-	-	800,000	9.22
Baoshan Iron & Steel Co., Ltd.	800,000	9.22	-	-	800,000	9.22
China Pacific Life Insurance Co., Ltd.	560,000	6.45	-	-	560,000	6.45
Shanghai International (Group) Co., Ltd.	481,474	5.55	-	-	481,474	5.55
Shanghai Guosheng Group	474,048	5.46	-	-	474,048	5.46
Zhejiang Expressway Co., Ltd.	465,500	5.36	-	-	465,500	5.36
Taiping Life Insurance Co., Ltd.	-	-	414,904	-	414,904	4.78
Shenzhen Lenovo Science and Technology Park Co., Ltd.	458,486	5.28	-	(414,904)	43,582	0.50
Others	3,840,492	44.24	-	-	3,840,492	44.24
<b>Total</b>	<b>8,680,000</b>	<b>100.00</b>	<b>414,904</b>	<b>(414,904)</b>	<b>8,680,000</b>	<b>100.00</b>

In August 2005, with the approval of Reply of China Banking Regulatory Commission on the Opening of Shanghai Rural Commercial Bank Co., Ltd (Yin Jian Fu [2015] No.217) issued by China Banking Regulatory Commission and Reply on the Approval of the Establishment of Shanghai Rural Commercial Bank Co., Ltd (Hu Fu Fa Gai Shen [2005] No. 005) issued by Shanghai Municipal Government, the Bank was registered and incorporated in Shanghai with registered capital of RMB 3,000,294,306.00. The above capital contribution has been verified by Wanlong Certified Public Accountants Co., Ltd with the capital verification report (Wang Kuai Ye Zi [2005] No.1738).

In September 2007, with the approval of Reply of China Banking Regulatory Commission on Investment in Capital from Australia and New Zealand Banking Group Limited to Shanghai Rural Commercial Bank Co., Ltd (Yin Jian Fu [2007] No.356) and Reply of China Banking Regulatory Commission on Changes in Registered Capital of Shanghai Rural Commercial Bank Co., Ltd (Yin Jian Fu [2007] No.474), the Bank has received RMB1,982,741,310.20 contributed by Australia and New Zealand Banking Group Limited (hereinafter referred as "ANZ Bank"), of which RMB 745,391,470.00 was included in share capital and RMB 1,237,349,840.20 was included in capital reserve. Therefore, the registered capital of the Bank has increased from RMB 3,000,294,306.00 to RMB 3,745,685,776.00. The above capital increase has been verified by Shanghai Wanlong Certified Public Accountants Co., Ltd with the capital verification report (Wang Kuai Ye Zi [2007] No.1149).

In December 2010, with the approval of Reply on Approval of Targeted Additional Shares Issuance Plan of Shanghai Rural Commercial Bank Co., Ltd and Approval of the Relevant Shareholder Qualifications (Hu Yin Jian Fu [2010] No. 947) and Reply on Approval of Changes in Registered Capital of Shanghai Rural Commercial Bank Co., Ltd issued by Shanghai Banking Regulatory Bureau (Hu Yin Jian Fu [2011] No.55), the Bank received a total of RMB 8,127,956,171.52 contributed by ANZ Bank, Shanghai International (Group) Co., Ltd., Shanghai State-owned Assets Management Co., Ltd., SIG Asset Management Co., Ltd., Shenzhen Lenovo Science and Technology Park Co., Ltd., Rizhao Steel Holding Group Co., Ltd., China Pacific Life Insurance Co., Ltd., and Qingpu County Supply&Marketing Cooperation Union, of which RMB1,254,314,224.00 was included in share capital and RMB 6,873,641,947.52 was included in capital reserve. Therefore, the registered capital of the Bank has increased from RMB 3,745,685,776.00 to RMB5,000,000,000.00. The above capital increase has been verified by PricewaterhouseCoopers Zhong Tian LLP with the capital verification report (PricewaterhouseCoopers Zhong Tian Ye Zi [2010] No. 426).

In June 2017, with the approval of Reply of Shanghai Banking Regulatory Bureau on Approval of the Transfer of Capital Reserve to Share Capital of Shanghai Rural Commercial Bank Co., Ltd (Hu Yin Jian Fu [2017] No. 254) issued by Shanghai Banking Regulatory Bureau, the Bank transferred 3,000,000,000 shares of capital reserve to all shareholders at a par value of RMB1.00 each. Therefore, the registered capital of the Bank has increased from RMB 5,000,000,000.00 to RMB 8,000,000,000.00. The above transfer has been verified by Deloitte Touche Tohmatsu Certified Public Accountants (LLP) with the capital verification report De Shi Bao (Yan) Zi (17) No. 00310.

In September 2017, Australia and New Zealand Banking Group Limited entered into a share transfer agreement with China Ocean Shipping Group Co. Ltd. and Baoshan Iron & Steel Co., Ltd. to sell its 20% shares of the Bank. The transfer was approved by (Hu Yin Jian Fu [2017] No.499) issued by Shanghai Banking Regulatory Bureau on 31 October 2017 and the change of equity was completed on 16 December 2017.

In December 2018, the Shanghai State-owned Assets Supervision and Administration Commission on approving Shanghai Rural Commercial Bank's non-public agreement to increase capital (SASAC Property Rights [2018] No. 341), Bank of China Insurance Supervision and Administration Commission Shanghai Regulatory Authority on approving Shanghai Rural Commercial Bank's directional share offering plan and approving the relevant shareholder qualifications (Hu Yin Bao Jian (Chou)Fu [2018] No. 52) and China Securities Regulatory Commission on approving Shanghai Rural Commercial Bank Reply of the Company's Direct Issuance of Stocks (Zheng Jian [2018] No. 2014), issued by the Deloitte Touche Tohmatsu Certified Public Accountants, the Capital Verification Report (De Shi Bao(Yan) (18) No. 00545 ), the Bank received Shanghai Shendi (Group) Co., Ltd., Shanghai Guosheng Group Asset Co., Ltd., Zhejiang Expressway

Co., Ltd., Shanghai Light Industry Foreign Economic and Technical Cooperation Co., Ltd., Shanghai Shanxin Real Estate Co., Ltd., Oriental International (Group) Co., Ltd., Shanghai Weilong Enterprise Co., Ltd., Shanghai Shunmai Trading Co., Ltd. and Shanghai Social Welfare Development Co., Ltd. The total amount of funds paid by these shareholders was RMB 4,739,600,000.00, which was included in the share capital of RMB 680,000,000.00, which was included in the capital reserve of RMB 4,059,600,000.00. The registered capital of the Bank increased from RMB 8,000,000,000.00 to RMB 8,680,000,000.00.

In March 2019, Shenzhen Lenovo Science and Technology Park Co., Ltd. entered into a share transfer agreement with Taiping Life Insurance Co., Ltd. to sell its 414,904,000 shares or 4.78% shares of the Bank. The transfer has been filed with the Shanghai Supervision Bureau of China Banking and Insurance Regulatory Commission (hereinafter referred to as Shanghai Banking Regulatory Bureau) on 12 April 2019.

In June 2020, Shanghai International Group and its wholly-owned subsidiary Shanghai International Group Asset Management Co., Ltd. entered into an agreement with Shanghai Jiushi (Group) Co. (hereinafter referred to as "Shanghai Jiushi") for the transfer of 733,842,856 shares of the Bank, representing 8.45% of the Bank's equity interest. On 2 July 2020, the above equity transaction was approved by the Shanghai Banking and Insurance Regulatory Bureau with the "Approval of Shanghai Banking and Insurance Regulatory Bureau on the Change of Equity of Shanghai Rural Commercial Bank" (Hu Yin Bao Jian Fu [2020] No. 355), and the above equity transfer was completed on 15 July 2020.

## 29. Capital reserve

Item	The Group			
	Year ended 31 December 2020			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Capital premium	8,947,873	-	-	8,947,873
II. Others	66	-	-	66
<b>Total</b>	<b>8,947,939</b>	<b>-</b>	<b>-</b>	<b>8,947,939</b>

Item	The Group			
	Year ended 31 December 2019			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Capital premium	9,173,626	-	(225,753)	8,947,873
II. Others	66	-	-	66
<b>Total</b>	<b>9,173,692</b>	<b>-</b>	<b>(225,753)</b>	<b>8,947,939</b>

Item	The Bank			
	Year ended 31 December 2020			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Capital premium	9,219,908	-	-	9,219,908
II. Others	66	-	-	66
<b>Total</b>	<b>9,219,974</b>	<b>-</b>	<b>-</b>	<b>9,219,974</b>

Item	The Bank			
	Year ended 31 December 2019			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Capital premium	9,219,908	-	-	9,219,908
II. Others	66	-	-	66
<b>Total</b>	<b>9,219,974</b>	<b>-</b>	<b>-</b>	<b>9,219,974</b>

Note: In 2019, the difference between the consideration paid by the Bank for the capital increase in the ten village banks and the change in non-controlling interests is RMB 225,753 thousand, offsetting the capital reserve of the Bank.

## 30. Other comprehensive income

### 30.1 Other comprehensive income items

Item	The Group and the Bank		
	2020		
	Before tax	Income tax	Net of tax
I. Other comprehensive loss items which will not be reclassified to profit and loss			
Changes of net liability or net assets in remeasurement of defined benefit plan	-	-	-
II. Other comprehensive income items which will be reclassified subsequently to profit or loss			
Changes in fair value of financial assets classified as at FVTOCI	(671,079)	167,769	(503,310)
Accumulated credit loss allowance for financial assets classified as at FVTOCI	70,403	(17,600)	52,803
<b>Total</b>	<b>(600,676)</b>	<b>150,169</b>	<b>(450,507)</b>
Including: Other comprehensive income attributable to the Bank's shareholders	(600,676)	150,169	(450,507)
Other comprehensive income attributable to non-controlling interests	-	-	-

Item	The Group and the Bank		
	2019		
	Before tax	Income tax	Net of tax
I. Other comprehensive loss items which will not be reclassified to profit and loss			
Changes of net liability or net assets in remeasurement of defined benefit plan	-	-	-
II. Other comprehensive income items which will be reclassified subsequently to profit or loss			
Changes in fair value of financial assets classified as at FVTOCI	363,015	(90,754)	272,261
Accumulated credit loss allowance for financial assets classified as at FVTOCI	306,711	(76,678)	230,033
<b>Total</b>	<b>669,726</b>	<b>(167,432)</b>	<b>502,294</b>
Including: Other comprehensive income attributable to the Bank's shareholders	669,726	(167,432)	502,294
Other comprehensive income attributable to non-controlling interests	-	-	-

### 30.2 Movements of other comprehensive income

Item	The Group and the Bank		
	2020		
	Opening balance	Increase /(Decrease) during the year	Closing balance
Changes of net liability or net assets in remeasurement of defined benefit plan	(9,474)	-	(9,474)
Changes in fair value of financial assets classified as at FVTOCI	902,476	(503,310)	399,166
Accumulated credit loss allowance for financial assets classified as at FVTOCI	333,674	52,803	386,477
<b>Total</b>	<b>1,226,676</b>	<b>(450,507)</b>	<b>776,169</b>
Including: Other comprehensive income attributable to the Bank's shareholders	1,226,676	(450,507)	776,169
Other comprehensive income attributable to non-controlling interests	-	-	-

Item	The Group and the Bank				
	2019				
	Closing balance of prior year	Adjustment of changes in accounting policies	Opening balance	Increase / (Decrease) during the year	Closing balance
Changes of net liability or net assets in remeasurement of defined benefit plan	(9,474)	-	(9,474)	-	(9,474)
Changes in fair value of available-for-sale financial assets	1,229,905	(1,229,905)	N/A	N/A	N/A
Changes in fair value of financial assets classified as at FVTOCI	N/A	630,216	630,216	272,261	902,477
Accumulated credit loss allowance for financial assets classified as at FVTOCI	N/A	103,640	103,640	230,033	333,673
<b>Total</b>	<b>1,220,431</b>	<b>(496,049)</b>	<b>724,382</b>	<b>502,294</b>	<b>1,226,676</b>
Including: Other comprehensive income attributable to the Bank's shareholders	1,220,431	(496,049)	724,382	502,294	1,226,676
Other comprehensive income attributable to non-controlling interests	-	-	-	-	-

### 31. Surplus reserve

Item	The Group			
	2020			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
Statutory surplus reserve	5,345,930	864,606	-	6,210,536
Discretionary surplus reserve	12,369,545	2,355,349	-	14,724,894
<b>Total</b>	<b>17,715,475</b>	<b>3,219,955</b>	<b>-</b>	<b>20,935,430</b>

Item	The Group				
	2019				
	Opening balance	Increase due to changes in the scope of consolidation (Note IX)	Provision during the year	Decrease during the year	Closing balance
Statutory surplus reserve	4,560,178	34,492	751,260	-	5,345,930
Discretionary surplus reserve	10,390,787	17,368	1,961,390	-	12,369,545
<b>Total</b>	<b>14,950,965</b>	<b>51,860</b>	<b>2,712,650</b>	<b>-</b>	<b>17,715,475</b>

Item	The Bank			
	2020			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
Statutory surplus reserve	5,211,734	831,189	-	6,042,923
Discretionary surplus reserve	12,248,693	2,320,685	-	14,569,378
<b>Total</b>	<b>17,460,427</b>	<b>3,151,874</b>	<b>-</b>	<b>20,612,301</b>

Item	The Bank			
	2019			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
Statutory surplus reserve	4,471,490	740,244	-	5,211,734
Discretionary surplus reserve	10,316,380	1,932,313	-	12,248,693
<b>Total</b>	<b>14,787,870</b>	<b>2,672,557</b>	<b>-</b>	<b>17,460,427</b>

In accordance with the Company Law and the Company's Articles of Association, the Group should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Group can cease appropriation when the statutory reserve accumulated to more than 50% of the registered capital. The statutory reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities. The Bank appropriated 10% of net profit of 2019 to the statutory surplus reserve, amounting to RMB831,189 thousand for the year 2020 to the statutory reserve (2019: RMB740,244 thousand).

The Bank makes appropriations to discretionary reserve after making appropriation to statutory reserve. Approved by the General Meeting of Shareholders, discretionary reserve could be used to make up for prior year's loss or increase the paid-in capital upon approval by Shareholders. In 2020, the Bank appropriated RMB2,320,685 thousand to discretionary surplus reserve (2019: RMB1,932,313 thousand).

### 32. General risk reserve

Item	The Group			
	2020			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
General risk reserve	9,641,076	566,369	-	10,207,445

Item	The Group				
	2019				
	Opening balance	Increase due to changes in the scope of consolidation (Note IX)	Provision during the year	Decrease during the year	Closing balance
General risk reserve	9,079,315	181,279	380,482	-	9,641,076

Item	The Bank			
	2020			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
General risk reserve	9,215,955	556,172	-	9,772,127

Item	The Bank			
	2019			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
General risk reserve	8,849,095	366,860	-	9,215,955

Pursuant to the "Regulation on management of Financial Institutions for Reserves" (Cai Jin [2012] No.20) by MOF, the balance of general risk reserve should not be less than 1.5% of the aggregate amount of all risk assets in principle.

### 33. Retained earnings

Item	The Group	
	2020	2019
Retained earnings at the end of prior year	24,938,714	20,531,235
Effect of changes in accounting policies (Note V)	-	368,103
Opening balance	24,938,714	20,899,338
Add: Net profit attributable to the Bank's shareholders	8,160,671	8,845,647
Increase due to changes in the scope of consolidation (Note IX)	-	(233,139)
Less: Appropriation to statutory surplus reserve	(864,606)	(751,260)
Appropriation to discretionary surplus reserve	(2,355,349)	(1,961,390)
Appropriation to general risk reserve	(566,369)	(380,482)
Dividends paid	(1,649,200)	(1,480,000)
Closing balance	27,663,861	24,938,714

Item	The Bank	
	2020	2019
Retained earnings at the end of prior year	24,594,217	20,430,231
Effect of changes in accounting policies	-	371,512
Opening balance	24,594,217	20,801,743
Add: Net profit	7,924,902	8,311,891
Less: Appropriation to statutory surplus reserve	(831,189)	(740,244)
Appropriation to discretionary surplus reserve	(2,320,685)	(1,932,313)
Appropriation to general risk reserve	(556,172)	(366,860)
Dividends paid	(1,649,200)	(1,480,000)
Closing balance	27,161,873	24,594,217

In accordance with the resolution at the 31<sup>st</sup> Meeting of the third Board of Directors' meeting dated on 10 April 2020 and general meeting of shareholders dated on 7 May 2020, based on the total shares of 8,680,000 thousand common shares as at 31 December 2019, the Bank declares a cash dividend in the amount of RMB1,649,200 thousand of RMB1.90 for every 10 common shares.

In accordance with the resolution at the 22<sup>nd</sup> Meeting of the third Board of Directors' meeting dated on 28 March 2019 and general meeting of shareholders dated on 25 April 2019, based on the total shares of 8,000,000 thousand common shares as at 31 December 2018, the Bank declares a cash dividend in the amount of RMB1,480,000 thousand of RMB1.85 for every 10 common shares.

### 34. Net interest income

Item	The Group		The Bank	
	2020	2019	2020	2019
<b>Interest income</b>				
Due from banks and other financial institutions	152,792	233,541	39,719	80,597
Deposits with central bank	924,590	1,070,826	893,241	1,035,441
Placements with banks and other financial institutions and financial assets purchased under resale agreements	2,733,709	2,964,476	2,757,032	2,964,476
Loans and advances to customers				
Including: Corporate loans and advances	14,231,385	12,019,390	13,991,575	11,724,551
Individual loans	7,099,442	5,858,406	6,467,997	5,377,820
Discount bills	1,787,544	2,268,838	1,787,544	2,268,838
Financial investment (Note)				
Including: Debt investments	5,446,843	5,058,727	5,420,545	5,011,542
Other debt investments	2,814,222	2,434,599	2,814,222	2,434,599
Interest income from finance leases	1,902,171	18,675		
<b>Sub-total</b>	<b>37,092,698</b>	<b>31,927,478</b>	<b>34,171,875</b>	<b>30,897,864</b>
<b>Interest expenses</b>				
Loans from the central bank	(527,188)	(374,898)	(516,154)	(368,334)
Due to banks and other financial institutions	(124,820)	(42,020)	(306,222)	(271,962)
Placements from banks and other financial institutions and financial assets sold under repurchase agreement	(2,300,627)	(2,206,008)	(1,550,226)	(2,194,250)
Customer deposits	(14,220,769)	(12,798,205)	(13,760,468)	(12,378,555)
Debt securities issued	(2,048,419)	(1,152,697)	(2,048,419)	(1,152,697)
Others	-	-	-	-
<b>Sub-total</b>	<b>(19,221,823)</b>	<b>(16,573,828)</b>	<b>(18,181,489)</b>	<b>(16,365,798)</b>
<b>Net interest income</b>	<b>17,870,875</b>	<b>15,353,650</b>	<b>15,990,386</b>	<b>14,532,066</b>

Note: After the implementation of the New Standards of Financial Instruments since 1 January 2019, the Group recognizes interest income of held-for-trading financial assets and interest expenses of financial liabilities at fair value through other comprehensive income as investment profit or loss. For details, refer to Note VIII, 36 and 38.

In 2019 and 2020, the interest income of financial investments of the Group includes interest income from the bonds measured at amortized cost and at fair value through other comprehensive income.

### 35. Net fee and commission income

Item	The Group		The Bank	
	2020	2019	2020	2019
<b>Fee and commission income</b>				
Agency services	1,681,623	1,523,154	1,682,336	1,520,599
Consultancy and advisory services	405,769	498,850	405,716	498,796
Settlement and clearing services	189,329	305,414	189,249	305,304
Electronic banking services	127,682	148,904	127,393	148,671
Bank card services	79,555	135,537	79,510	135,491
Guarantee and commitment services	26,123	19,174	26,119	19,174
Asset trusteeship	38	359	38	359
Others	116,146	65,218	153,785	123,386
<b>Sub-total</b>	<b>2,626,265</b>	<b>2,696,610</b>	<b>2,664,146</b>	<b>2,751,780</b>
<b>Fee and commission expenses</b>				
Settlement and clearing expenses	(115,947)	(101,816)	(112,803)	(97,231)
Agency charges	(77,451)	(72,018)	(77,383)	(72,018)
Others	(100,719)	(55,100)	(97,481)	(52,383)
<b>Sub-total</b>	<b>(294,117)</b>	<b>(228,934)</b>	<b>(287,667)</b>	<b>(221,632)</b>
<b>Net fee and commission income</b>	<b>2,332,148</b>	<b>2,467,676</b>	<b>2,376,479</b>	<b>2,530,148</b>

### 36. Investment income

Item	The Group		The Bank	
	2020	2019	2020	2019
Financial assets at fair value through profit or loss ("FVTPL") and derivative financial instruments	1,261,379	2,935,822	1,261,379	2,935,822
Financial assets at fair value through other comprehensive income	129,003	(156,225)	129,003	(156,225)
Profit or loss arising from derecognition of financial assets measured at amortized cost	1	(144)	1	(144)
Long-term equity investment recognised under equity method	-	57,175	-	57,175
Long-term equity investment recognised under cost method			53,304	25,500
Precious metals	(4,214)	(15,827)	(4,214)	(15,827)
<b>Total</b>	<b>1,386,169</b>	<b>2,820,801</b>	<b>1,439,473</b>	<b>2,846,301</b>

### 37. Other income

Item	The Group		The Bank	
	2020	2019	2020	2019
Government grants	39,273	24,853	33,871	19,036

Note: The government grants mainly include the reward fund for the loans of small and micro enterprises, and subsidies for employment stabilization received by the Bank; the subsidies for employment stabilization and incremental grants for agricultural loans and targeted grants of rural financial institutions received by the village banks controlled by the Bank; and support funds for financial leasing companies and value-added tax incentives received by the Yangtze United Financial Leasing Co., Ltd., which is controlled by the Bank.

### 38. Gain/(Loss) from changes in fair value

Item	The Group and the Bank	
	2020	2019
Held-for-trading financial assets	173,718	(386,417)
Derivative financial instruments	139,799	(56,238)
Loans and advances at fair value through profit or loss ("FVTPL")	12	19,421
Precious metals	1,178	(80)
<b>Total</b>	<b>314,707</b>	<b>(423,314)</b>

### 39. Foreign exchange gain

Item	The Group and the Bank	
	2020	2019
Foreign exchange derivative financial instruments	117,213	167,073
Other exchange gains / (losses)	(66,243)	10,732
<b>Total</b>	<b>50,970</b>	<b>177,805</b>

### 40. Gains from disposal of assets

Item	The Group		The Bank	
	2020	2019	2020	2019
Gains from disposal of fixed assets (Note)	7,621	802,043	7,485	801,944
Gains from disposal of capital for debt payment	-	9,880	-	9,880
<b>Total</b>	<b>7,621</b>	<b>811,923</b>	<b>7,485</b>	<b>811,824</b>

Note: On 29 July 2019, the Bank disposed part of the original head office building at a disposal price of RMB1,252,200 thousand and obtained gains on disposal of assets of RMB789,388 thousand.

### 41. Taxes and levies

Item	The Group		The Bank	
	2020	2019	2020	2019
Urban construction tax and education surcharge	178,387	147,597	169,697	145,532
Others	63,122	63,895	58,957	61,877
<b>Total</b>	<b>241,509</b>	<b>211,492</b>	<b>228,654</b>	<b>207,409</b>

### 42. General and administrative expenses

Item	The Group		The Bank	
	2020	2019	2020	2019
Staff costs	3,936,751	4,032,359	3,563,516	3,730,837
Office and administrative expense	1,085,585	1,041,021	986,085	998,395
Depreciation of fixed assets	495,245	531,913	483,129	521,299
Rental expenses	265,488	237,243	221,108	199,284
Deposit insurance expenses	142,729	149,901	135,195	141,266
Electronic equipment operating expenses	281,837	308,887	259,171	287,145
Amortisation of intangible assets	92,489	82,349	91,412	82,187
Amortisation of long-term prepaid expenses	43,436	53,742	26,529	37,394
<b>Total</b>	<b>6,343,560</b>	<b>6,437,415</b>	<b>5,766,145</b>	<b>5,997,807</b>



### 43. Losses of credit impairment

Item	The Group		The Bank	
	2020	2019	2020	2019
Loans and advances measured at amortized cost	4,875,251	2,961,043	4,858,543	2,939,694
Loans and advances at fair value through other comprehensive income	60,785	315,836	60,785	315,836
Debt investments	(93,836)	335,079	(93,836)	335,079
Other debt investments	6,566	(10,284)	6,566	(10,284)
Finance lease receivables	556,566	(2,960)		
Expected impairment losses of credit in off-balance sheet	161,605	273,879	161,605	273,879
Others	40,839	59,617	50,822	51,762
<b>Total</b>	<b>5,607,776</b>	<b>3,932,210</b>	<b>5,044,485</b>	<b>3,905,966</b>

### 44. Non-operating income

Item	The Group		The Bank	
	2020	2019	2020	2019
Proceeds from security companies	42,915	17,450	42,915	17,450
Gain on disposal of long-term unclaimed deposits	4,864	18,053	4,864	18,053
Penalty	6,116	10,463	6,116	10,463
Others(Note)	64,622	31,744	44,367	30,620
<b>Total</b>	<b>118,517</b>	<b>77,710</b>	<b>98,262</b>	<b>76,586</b>

Note: Shanghai Municipal Government injected cash and land use rights to the Bank in exchange for the Bank's non-performing assets with the contract value of RMB5,510,577 thousand in 2005, equal to the sum of cash and land use rights basically. The Bank recognized such non-operating income in the amount of RMB7,529 thousand for the year ended 31 December 2020 (Year ended 31 December 2019: RMB5,094 thousand).

### 45. Non-operating expenses

Item	The Group		The Bank	
	2020	2019	2020	2019
Donation expenditure	33,342	17,728	31,379	17,492
Losses on physical inspection and disposal of fixed assets	3,648	6,371	3,501	6,304
Overdue withdrawal refunds expenditure	1,477	1,037	1,477	1,037
Payment for breach of contract	2,185	2,213	335	662
Others	8,158	26,178	7,457	22,462
<b>Total</b>	<b>48,810</b>	<b>53,527</b>	<b>44,149</b>	<b>47,957</b>

### 46. Income tax expenses

Item	The Group	
	2020	2019
Current income tax	2,431,440	2,726,303
Deferred income tax	(949,551)	(972,133)
<b>Total</b>	<b>1,481,889</b>	<b>1,754,170</b>

Reconciliation of income tax expenses to accounting profit is as follows:

Item	The Group	
	2020	2019
Profit before tax	9,900,462	10,692,517
Tax calculated at applicable tax rate	2,480,544	2,562,641
Tax effect arising from income not subject to tax	(1,010,640)	(919,008)
Tax effect of expenses not deductible for tax purposes	31,332	89,559
Tax effect of deductible loss of unrecognised deferred income tax assets or deductible temporary difference	11,927	-
Effect of utilizing deductible losses and deductible temporary differences not recognized for deferred tax assets for prior year	(22,396)	(6,083)
Tax effect arising from tax filing of prior year	(8,878)	27,061
Income tax expenses	1,481,889	1,754,170

Item	The Bank	
	2020	2019
Current income tax	2,279,115	2,580,803
Deferred income tax	(954,313)	(882,209)
Total	1,324,802	1,698,594

Reconciliation of income tax expenses to accounting profit is as follows:

Item	The Bank	
	2020	2019
Profit before tax	9,249,704	10,010,485
Tax calculated at applicable tax rate	2,312,426	2,502,621
Tax effect arising from income not subject to tax	(1,007,572)	(919,008)
Tax effect of expenses not deductible for tax purposes	28,257	88,174
Tax effect arising from tax filing of prior year	(8,309)	26,807
Income tax expenses	1,324,802	1,698,594

## 47. Supplementary information to the cash flow statement

### (1) Supplementary information to the cash flow statement

Item	The Group		The Bank	
	2020	2019	2020	2019
<b>I. Reconciliation of net profit to cash flows from operating activities:</b>				
Net profit	8,418,573	8,938,347	7,924,902	8,311,891
Adjustment: Expected credit loss	5,607,776	3,932,210	5,044,485	3,905,966
Depreciation of fixed assets			-	417,856
Amortisation of intangible assets	495,245	531,913	483,129	521,299
Amortisation of long-term prepaid expenses	92,489	82,349	91,412	82,187
Gains on disposal of fixed assets, intangible asset and capital for debt	43,436	53,742	26,529	37,394
payment	(7,621)	(811,923)	(7,485)	(811,824)
Losses/(gains) on changes in fair value	(314,707)	423,314	(314,707)	423,314
Interest income from securities and other investments	(8,261,065)	(7,493,326)	(8,234,767)	(7,446,141)
Investment income	(1,386,169)	(2,820,801)	(1,439,473)	(2,846,301)
Interest expenses of issued debt securities	2,048,419	1,152,697	2,048,419	1,152,697
Increase in deferred tax assets	(949,551)	(972,133)	(954,313)	(882,209)
Non-operating income from investment in associates	(25,550)	-	(25,550)	
Increase in operating receivables	(100,089,079)	(39,254,133)	(92,735,601)	(35,309,317)
Increase in operating payables	80,487,308	43,375,613	72,548,030	43,078,542
Net Cash Flow from Operating Activities	(13,840,496)	7,137,869	(15,544,990)	10,635,354
<b>II. Net changes in cash and cash equivalents</b>				
Cash and cash equivalents at the end of the year	25,822,301	17,325,823	23,788,080	16,003,247
Less: Cash and cash equivalents at the beginning of the year	17,325,823	19,523,154	16,003,247	15,444,671
Net increase/(decrease) in cash and cash equivalents	8,496,478	(2,197,331)	7,784,833	558,576

### (2) Composition of cash and cash equivalents

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Cash on hand	1,876,129	1,718,405	1,779,004	1,630,839
Deposits with the central bank	7,277,482	10,742,587	6,198,624	10,102,971
Due from banks and other financial institutions (maturity date within three months)	16,668,690	4,864,831	15,810,452	4,269,437
<b>Total</b>	<b>25,822,301</b>	<b>17,325,823</b>	<b>23,788,080</b>	<b>16,003,247</b>

## 48. Collaterals

### 48.1 Assets pledged

Certain assets are pledged as collateral under repurchase agreements("repo") with other Banks and financial institutions. For open repo pledged by discounts bills and securities, acceptors are entitled to sell or to re-pledge related assets again. For term repo pledged by discounts bills and securities, acceptors are not entitled to sell or re-pledge the underlying assets.

Item	The Group and the Bank	
	As at 31 December 2020	As at 31 December 2019
Securities	25,415,995	40,625,761
Bills	13,049,496	17,818,850
<b>Total</b>	<b>38,465,491</b>	<b>58,444,611</b>

## 48.2 Collateral accepted

As at 31 December 2020, the amount of collateral that can be sold or re-pledged for security without default of owners is RMB715,607 thousand (31 December 2019: RMB507,411 thousand). The Group and the Bank are obliged to return the collateral on the agreed resale date. The Group and the Bank did not resell or re-pledge any collateral accepted as at 31 December 2020 (The Group and the Bank as at 31 December 2019: Nil).

## 49. Transfer of financial assets

### 49.1 Financial assets sold under repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. Since the repurchase prices are fixed, the Group is still exposed to substantially all the credit risks and market risks and rewards of those securities sold. These securities, which the Group does not have the ability to use during the term of the arrangements, are not derecognised from the financial statements but regarded as "collateral" for the secured lending from these because the Group retains substantially all the risks and rewards of these securities. In addition, it recognises a financial liability for cash received. For all these arrangements, the counterparties have recourse not only to the transferred financial assets.

As at 31 December 2020, the Group enters into repurchase agreements with certain counterparties. The proceeds from selling such securities are presented as "financial assets sold under repurchase agreements" (see Note VIII, 21).

The following table provides a summary of carrying amounts related to transferred financial assets that are not derecognised and associated liabilities in the repurchase agreements:

Item	The Group and the Bank				
	As at 31 December 2020				
	Other debt investments	Debt investments	Held-for-trading financial assets	Loans and advances to customers	Total
Carrying amount of transferred assets	10,081,182	15,334,813	-	12,936,704	38,352,699
Carrying amounts of associated liabilities	9,337,834	14,293,172	-	13,049,496	36,680,502

Item	The Group and the Bank				
	As at 31 December 2019				
	Other debt investments	Debt investments	Held-for-trading financial assets	Loans and advances to customers	Total
Carrying amount of transferred assets	5,599,870	35,025,891	-	17,607,533	58,233,294
Carrying amounts of associated liabilities	5,020,065	31,597,680	-	17,818,850	54,436,595

## 50. Interests in structured entities

### 50.1 Interests in structured entities that are included in consolidated financial statements

The Group has consolidated certain structured entities which mainly are wealth management products. When assessing whether to consolidate structured entities, the Group reviews all facts and circumstances to determine whether the Group, as manager, is acting as agent or principal. These factors considered include scope of the manager's decision-making authority, rights held by other parties, remuneration to which it is entitled and exposure to variability of returns. For those wealth management products where the Group provides financial guarantee, the Group therefore has obligation to fund the losses, if any, in accordance with the guarantee agreements, the Group concludes that these structured entities shall be consolidated.

As at 31 December 2020, the wealth management products managed and consolidated by the Group amounted to RMB5,916,435 thousand (31 December 2019: RMB18,363,984 thousand). The financial impact of any individual wealth management products on the Group's financial performance is not significant. Interests held by other interest holders are included in Customer deposits.

## 50.2 Interests in structured entities that are not included in consolidated financial statements

The Group sponsors structured entities that provide specialised investment opportunities. The nature and purpose of those structured entities are generally managing assets of investors to earn management fee by issuing units of investment products to investors. The Group did not control those structured entities and thus these structured entities were not consolidated.

Those structured entities sponsored by the Group are wealth management products. The Group earned commission income by providing management services to the investors of those structured entities, which was not material to the Group. Meanwhile, the Group involved in certain structured entities sponsored by the Group or third-party independent institutions through investments.

The following table summarises the scale of these unconsolidated structured entities sponsored by the Group:

Item	The Group and the Bank		
	As at 31 December 2020	As at 31 December 2019	Type of income
Wealth management products	136,107,572	112,491,581	Commission income

The Group's equity in structured entities by directly holding the investment is shown in the relevant asset items on the balance sheet:

Item	The Group and the Bank			
	As at 31 December 2020			
	Held-for-trading financial assets	Debt investments	Other debt investments	Major income type
Trusts and asset management products	13,321,188	2,472,725	-	Investment income and interest income
Wealth management products	10,834,527	-	-	Investment income
Securities investment funds	19,331,874	-	-	Investment income
Asset-backed securities	50,639	872,181	42,428	Investment income and interest income
<b>Total</b>	<b>43,538,228</b>	<b>3,344,906</b>	<b>42,428</b>	

Item	The Group and the Bank			
	As at 31 December 2019			
	Held-for-trading financial assets	Debt investments	Other debt investments	Major income type
Trusts and asset management products	12,646,372	5,797,554	-	Investment income and interest income
Wealth management products	3,218,927	-	-	Investment income
Securities investment funds	17,954,060	-	-	Investment income
Asset-backed securities	100,781	1,204,956	68,250	Investment income and interest income
<b>Total</b>	<b>33,920,140</b>	<b>7,002,510</b>	<b>68,250</b>	

## IX. CHANGES IN SCOPE OF CONSOLIDATION

### 1. Business combination involving enterprises not under common control

On 8 August 2019, Yangtze United Financial Leasing Co, Ltd., (hereinafter referred to as "Yangtze Leasing") held an interim shareholders' meeting, at which the Proposal on Capital Injection and Stock Expansion Plans and Amendment of the Company's Articles of Association was adopted, deciding to adopt a non-public agreement to raise capital for targeted additional issuance. The Bank shall subscribe for RMB 450 million of new registered capital from Yangtze Leasing, and the share price of the capital increase shall be subject to the results of the state-owned assets appraisal and record-keeping. On 13 November 2019, the Bank received the Reply of Shanghai Banking Regulatory Bureau on Approval of Capital Injection of the Shanghai Rural Commercial Bank to the Yangtze United Financial Leasing Co, Ltd. (Hu Yin Bao Jian Fu [2019] No. 943), and was approved to inject the capital to the Yangtze Leasing, including registered capital of RMB 450 million, and invested amount no more than RMB 611.1 million. On 9 December 2019, Yangtze Leasing received the Reply of

Shanghai China Banking and Insurance Regulatory Commission on Approval of the Change of Registered Capital and the Adjustment of Equity Structure of Yangtze United Financial Leasing Co., Ltd. (Hu Yin Bao Jian Fu [2019] No. 1009) which approves the change of registered capital and the adjustment of equity structure of Yangtze Leasing.

On 16 December 2019, Yangtze Leasing received RMB 611.1 million of monetary investment, including RMB 450 million of new registered capital and RMB 161.1 million of share capital premium. On 17 December 2019, the verification of the capital increase has been completed. The Bank's share in Yangtze Leasing increased from 40.00% to 51.02%. In accordance with the provisions of capital increase plan and articles of association of the Yangtze Leasing, the actual time of capital increase contribution shall be subject to the regulatory approval and the change time of Industrial and Commercial Registration. At the same time, the Bank modifies the information of investors of the company, according to the evaluation record results of State-owned Assets Supervision and Administration Commission of the State Council, and approval results issued by regulatory departments and industrial and commercial departments. On 25 December 2019, the Bank took full control over the Yangtze Leasing with the completion of business registration change. Therefore, since 25 December 2019, the Yangtze Leasing was included in the scope of the consolidated financial statements. Due to changes in scope of consolidation, the statutory reserve, discretionary reserve and general risk reserve of the Group increase RMB34,492 thousand, RMB17,368 thousand and RMB181,279 thousand respectively.

### 1.1 Business combination involving enterprises not under common control during the year 2019

Name of acquiree	Acquisition date	Acquisition cost	Proportion of equity acquired by business combination (%)	Acquisition method	Acquisition date	Basis for determining the acquisition date	Revenue of acquiree from purchase date to the end of the year	Net profit of the buyer from purchase date to the end of the year
Yangtze United Financial Leasing Co., Ltd.	25 December 2019	1,697,500	51.02	Business combination involving enterprises not under common control	25 December 2019	Transfer of control right	6,910	11,996

### 1.2 The key financial information of the acquiree

Item	Carrying amount at acquisition date	Fair value at acquisition date
<b>Identifiable assets:</b>		
Cash and balances with central bank	108,927	108,927
Due from banks and other financial institutions	576,996	576,996
Finance lease receivables	22,754,099	22,754,099
Fixed assets	2,233	2,233
Construction in progress	221	221
Deferred tax assets	234,518	234,518
Other assets	42,541	42,541
Sub-total	23,719,535	23,719,535
<b>Identifiable liabilities:</b>		
Placements from banks and other financial institutions	18,126,801	18,126,801
Employee benefits payables	73,143	73,143
Taxes payable	15,113	15,113
Other liabilities	2,177,129	2,177,129
Sub-total	20,392,186	20,392,186
Total net assets	3,327,349	3,327,349
Less: Non-controlling interests	1,629,736	1,629,736
Equity attributable to the Bank's shareholders	1,697,613	1,697,613
Less: Acquisition consideration		1,697,500
- Cash		611,100
- Fair value of equity interest held prior to the acquisition date at the acquisition date		1,086,400
Purchase discount		(113)

Note: The management of the Bank believes that the fair value of the identifiable assets and liabilities of the acquiree is close to the book value.

### 1.3 Gains or losses raising from remeasurment of fair value of equity interest held prior to the acquisition date

Name of acquiree	Carrying amount of equity interest held prior to the acquisition date at the acquisition date	Fair value of equity interest held prior to the acquisition date at the acquisition date	Gains or losses raising from remeasurment of fair value of equity interest held prior to the acquisition date	Determination method and key assumptions of fair value of the equity interest held prior to the acquisition date at the acquisition date
Yangtze United Financial Leasing Co., Ltd.	1,073,723	1,086,400	12,677	Accroding to the assessment report issued by Shanghai Shenwei Asset Assessment Company, the determination method of fair value is income method. The key assumptions are: Using free cash flow for equity method to forecast the cash flow, assuming the 6th year earning maintained the amount of the 5 <sup>th</sup> year.

## X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

### (I) Related party relationships

#### 1. Changes in the shareholding percentage of the Group's major shareholders during the reporting period

Name of shareholders	Percentage interest held in the Bank (%)	
	As at 31 December 2020	As at 31 December 2019
Shanghai State-owned Assets management Co., Ltd. ("Shanghai State-owned Assets Management")	9.22	9.22
China Ocean Shipping Group Co. Ltd. ("China Ocean Shipping")	9.22	9.22
Baoshan Iron & Steel Co., Ltd. ("Baoshan Iron & Steel")	9.22	9.22
Shanghai Jiushi Group Co., Ltd. (Note)	8.45	-
China Pacific Life Insurance Co., Ltd. ("China Pacific Life Insurance")	6.45	6.45
Shanghai Guosheng Group ("Shanghai Guosheng")	5.46	5.46
Zhejiang Huhangyong Expressway Co., Ltd. ("Huhangyong")	5.36	5.36
Shanghai International (Group) Co., Ltd. ("Shanghai International") (Note)	0.78	5.55

Note: On 2 July 2020, the Shanghai Supervisory Bureau of the China Banking and Insurance Regulatory Commission approved the transfer of 8.45% equity interest of the Bank from Shanghai International Group and its wholly-owned subsidiary, Shanghai International Group Asset Management Co., Ltd. to Shanghai Jiushi, which was then recognised by the Bank as related party from that date. Refer to Note VIII, 28 for details. As the change of equity interest of Shanghai International Group is within 12 months before the end of the reporting period, the Bank recognises it as a related party in accordance with the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.

#### 2. General information of major shareholders of the Group

Name of shareholders	Legal representatives	Place of incorporation	Registered costs at the end of 2019
Shanghai State-owned Assets management Co., Ltd.	Zhou Lei	Shanghai	RMB 5.5 Billion
China Ocean Shipping Group Co. Ltd.	Xu Lirong	Shanghai	RMB 11 Billion
Baoshan Iron & Steel Co., Ltd.	Zou 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 8.4 Billion
Shanghai International (Group) Co., Ltd.	Yu Beihua	Shanghai	RMB 10.6 Billion
Shanghai Guosheng Group	Chen Yin	Shanghai	RMB 7 Billion
Zhejiang Huhangyong Expressway Co., Ltd.	Yu Zhihong	Zhejiang	RMB 4.3 Billion

Main businesses of the major shareholders of the Group are set as follows:

Shanghai State-owned Assets management Co., Ltd.: Mainly engaged in industrial investment, capital operations, asset acquisition, packaging and transfer, enterprise and asset custody, debt restructuring, property brokerage, real estate agents, financial consultancy, investment consultancy and operation-related consultancy services, guarantees relating to assets operation and capital operation.

China Ocean Shipping Group Co. Ltd.: Mainly engaged in international shipping, international shipping supporting business; import and export business of goods and technology; marine, land, air international cargo agency services; self-owned ship leasing; sales of ship, container and steel; marine engineering equipment design; wharf and port investment; sales of communication equipment; information and technical services; warehousing (excluding hazardous chemicals); technology development, transfer, consultation and services in the fields related to ships and spare parts and equity investment fund.

Baoshan Iron & Steel Co., Ltd.: Mainly engaged in steel smelting, processing, power, coal, industrial gas production, wharf, warehousing, transportation and other steel-related business; technology development, transfer, services and management consulting services; vehicle repair; imports and exports of goods and technologies; [ Non-ferrous metal smelting and calendaring, industrial kilns, production and sales of chemical raw materials and products, handling of metal ores, coal, iron, steel, and non-metal ores; port services; waterway freight agency; waterway cargo loading and unloading combined transportation; shipping agency; foreign contract engineering labour cooperation; international bidding; engineering bidding agency; domestic trading; countertrade and re-export trading; scrap steel; coal; fuel oil; chemical dangerous goods (limited wholesale)] (limited branch operation); motor vehicle safety inspection, production and sales of chemical raw materials and products.

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, automobile 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.

Shanghai International (Group) Co., Ltd.: Mainly engaged in financial and non-financial investment, capital operation and asset management, financial research, and socio-economic consulting.

Shanghai Guosheng Group : Mainly engaged in industrial investment, real estate and its related industries investment, urban infrastructure investment, capital operation, asset acquisition, packaging and transfer, enterprise and asset custody, debt restructuring, entrusted investment, investment advisory, financial consulting, M&A consulting and agency, corporate finance consulting, and business scope-related advisory services.

Zhejiang Huhanyong Expressway Co., Ltd.: Mainly engaged in the construction, designing, charges, maintenance, management, technical advisory and supporting services of Shanghai and Hangzhou-Ningbo Expressway; the gas stations, automobile assistance, vehicle flushing, warehousing (excluding hazardous goods), food and beverage (limited branch operation ) along the Shanghai and Hangzhou-Ningbo Expressway.

### 3. Subsidiaries

Please refer to Note VII for the subsidiary information.

### 4. Associates

Please refer to Note VIII, 12 for the associate information.

### 5. Other related parties

Other related parties include key management personnel (including directors, supervisors and senior management) and family members with close ties, as well as key management personnel and family members with close ties to control, jointly control or may exert significant influence, and corporation or other institutions serve as directors, senior management personnel.



## (II) Related party transaction

The Group's transactions with related parties are conducted in accordance with normal commercial terms and normal business procedures, and the pricing principles are consistent with independent third party transactions.

The amount of the Group's significant transactions with related parties and the balance of significant transactions as at the balance sheet date are as follows:

Item	Shanghai State-owned Assets management, Shanghai International and their subsidiaries	China Ocean Shipping and its subsidiaries	Baoshan Iron & Steel and its subsidiaries	China Pacific Life Insurance and its subsidiaries	Shanghai Guosheng and its subsidiaries	Huhangyong Expressway and its subsidiaries	Shanghai Jiushi (Group) Co., Ltd. and its subsidiaries	Connected natural persons	Other connected legal person	Total of others	Ratio to amount / balance of related transactions (%)
The amount of significant transactions in 2020:											
Interest income	8,243	57,583	-	-	6,263	-	623	877	277,737	351,326	0.95
Interest expenses	69,008	17,657	40	16,558	17,081	5	1,024	780	87,683	209,836	1.09
Fee and commission income	3	9	-	-	4	1	7	1	2,185	2,210	0.08
General and administrative expenses	-	-	-	-	60	-	2,491	-	16,441	18,992	0.30
As at 31 December 2020, the balance of significant transactions is set as follows:											
Due to banks and other financial institutions	-	-	-	-	-	-	-	-	2,232,679	2,232,679	10.45
Placements with banks and other financial institutions	-	-	-	-	-	-	-	-	1,322,745	1,322,745	2.18
Loans and advances to customers	674,703	1,500,341	-	-	400,417	-	800,660	20,990	5,695,220	9,092,331	1.78
Due to banks and other institutions	-	67	10	-	-	-	-	-	2,385	2,462	0.03
Placements from banks and other financial institutions	-	-	-	-	-	-	-	-	1,533,724	1,533,724	3.62
Customer deposits	555,564	5,420	67	339	256,317	2,358	455,660	32,292	1,087,990	2,396,007	0.31
Capital preservation wealth management	-	-	-	-	-	-	-	6,560	3,000	9,560	0.16
As at 31 December 2020, significant off-balance sheet items are set as follows:											
Non-capital preservation wealth management	-	-	-	-	-	-	-	15,947	-	15,947	0.01

Item	Shanghai State-owned Assets management, Shanghai International and their subsidiaries	China Ocean Shipping and its subsidiaries	Baoshan Iron & Steel and its subsidiaries	China Pacific Life Insurance and its subsidiaries	Shanghai Guosheng and its subsidiaries	Huhangyong Expressway and its subsidiaries	Shenzhen Lenovo and its subsidiaries	Connected natural persons	Other connected legal person	Total of others	Ratio to amount / balance of related transactions (%)
<b>The amount of significant transactions in 2019:</b>											
Interest income	3,304	4,094	29,204	-	-	-	-	902	153,255	190,759	0.60
Interest expenses	37,017	4,293	17,295	22	39,093	15	3,257	1,642	97,635	200,269	1.21
Fee and commission income	6	9	2	-	4	1	3	1	319	345	0.01
General and administrative expenses	-	-	-	-	240	-	-	-	16,956	17,196	0.29
<b>As at 31 December 2019, the balance of significant transactions is set as follows:</b>											
Due to banks and other financial institutions	-	-	-	-	-	-	-	-	3,111,295	3,111,295	57.82
Placements with banks and other financial institutions	-	-	-	-	-	-	-	-	966,894	966,894	2.02
Loans and advances to customers	200,239	423,987	-	-	300,359	-	-	19,109	2,388,093	3,331,787	0.76
Due to banks and other institutions	-	67	10	-	-	-	-	-	49	126	0.00
Placements from banks and other financial institutions	-	-	-	-	-	-	-	-	438,317	438,317	2.94
Customer deposits	1,992,108	1,313	24	239,113	1,082,280	34	2,695	31,359	442,815	3,791,741	0.57
Capital preservation wealth management	-	-	-	-	6,010	-	-	376	-	6,386	0.04
<b>As at 31 December 2019, significant off-balance sheet items are set as follows:</b>											
Letters of guarantee	-	-	-	-	-	-	-	-	3,000	3,000	0.09
Letters of credit	-	-	-	-	-	-	-	-	59,679	59,679	2.96
Bank acceptances	-	-	-	-	-	-	-	-	61,857	61,857	0.71
Non-capital preservation wealth management	-	-	-	-	-	-	5,040	33,391	-	38,431	0.03

### (III) The transactions between the Group and key management personnel

Emoluments of key management personnel in all periods are set out as follows:

Item	2020	2019
Emoluments of key management personnel	17,312	16,490

Key management personnel include directors, supervisors and senior management personnel who have the authority and responsibility to plan, direct and control the activities of the Group directly or indirectly. According to the regulations of the relevant departments of the State, the final total amount of emoluments for such key management personnel in 2020 is pending for the final confirmation by the relevant departments of the State. However, the unrecognized emoluments is not expected to have a significant impact on the Group's and the Bank's financial statements for the year 2020.

### (IV) The transactions between the Bank and subsidiaries and associates

Significant transactions during the reporting period are set out as follows:

Item	2020	2019
Interest income	41,103	36,808
Interest expenses	182,091	231,152
Fee and commission income	35,975	43,012

The balance of significant transactions as at the balance sheet date is as follows:

Item	2020	2019
Due to banks and other financial institutions	5,813,469	6,651,296
Placements with banks and other financial institutions	2,084,194	1,035,986
Due to banks and other institutions	51,102	-
Customer deposits	6,038	6,513
Capital preservation wealth management	-	500,000

## XI. COMMITMENTS

### 1. Credit-related commitments

#### 1.1 Category of credit-related commitments

Item	The Group			
	As at 31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
Credit-related commitments	55,805,111	115,989	-	55,921,100
Issued bank acceptance	10,350,103	15,000	-	10,365,103
Issued letters of guarantee	3,782,442	3,035	-	3,785,477
Issued letters of credit	3,052,231	-	-	3,052,231
<b>Total</b>	<b>72,989,887</b>	<b>134,024</b>	<b>-</b>	<b>73,123,911</b>

Item	The Group			
	As at 31 December 2019			
	Stage 1	Stage 2	Stage 3	Total
Credit-related commitments	34,468,863	711,031	-	35,179,894
Issued bank acceptance	8,665,741	14,100	-	8,679,841
Issued letters of guarantee	3,285,986	33,761	20	3,319,767
Issued letters of credit	2,015,941	-	-	2,015,941
<b>Total</b>	<b>48,436,531</b>	<b>758,892</b>	<b>20</b>	<b>49,195,443</b>

Item	The Bank			
	As at 31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
Credit-related commitments	55,805,111	115,989	-	55,921,100
Issued bank acceptance	10,350,103	15,000	-	10,365,103
Issued letters of guarantee	3,781,942	3,035	-	3,784,977
Issued letters of credit	3,052,231	-	-	3,052,231
<b>Total</b>	<b>72,989,387</b>	<b>134,024</b>	<b>-</b>	<b>73,123,411</b>

Item	The Bank			
	As at 31 December 2019			
	Stage 1	Stage 2	Stage 3	Total
Credit-related commitments	34,468,863	711,031	-	35,179,894
Issued bank acceptance	8,665,741	14,100	-	8,679,841
Issued letters of guarantee	3,285,986	33,761	20	3,319,767
Issued letters of credit	2,015,941	-	-	2,015,941
<b>Total</b>	<b>48,436,531</b>	<b>758,892</b>	<b>20</b>	<b>49,195,443</b>

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Credit-related commitments	55,921,100	35,179,894	55,921,101	35,179,894
Issued bank acceptance	10,365,103	8,679,841	10,365,103	8,679,841
Issued letters of guarantee	3,785,477	3,319,767	3,784,976	3,319,767
Letters of financing guarantee outstanding	1,076,165	857,255	1,075,664	857,255
Letters of non-financing guarantee outstanding	2,709,312	2,462,512	2,709,312	2,462,512
Issued letters of credit	3,052,231	2,015,941	3,052,231	2,015,941
Spot letters of credit outstanding	167,994	89,869	167,994	89,869
Forward letters of credit outstanding	2,884,237	1,926,072	2,884,237	1,926,072
<b>Total</b>	<b>73,123,911</b>	<b>49,195,443</b>	<b>73,123,411</b>	<b>49,195,443</b>

## 1.2 Movement of credit-related commitments

Item	The Group			
	Year ended 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2020	48,436,532	758,891	20	49,195,443
Transferred to:				
- Stage 1	661,264	(661,264)	-	-
- Stage 2	(173,983)	173,983	-	-
- Stage 3	-	-	-	-
Net amount incurred for the year	24,066,074	(137,586)	(20)	23,928,468
As at 31 December 2020	72,989,887	134,024	-	73,123,911

Item	The Bank			
	Year ended 31 December 2020			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
As at 1 January 2020	48,436,532	758,891	20	49,195,443
Transferred to:				
- Stage 1	661,264	(661,264)	-	-
- Stage 2	(173,983)	173,983	-	-
- Stage 3	-	-	-	-
Net amount incurred for the year	24,065,574	(137,586)	(20)	23,927,968
As at 31 December 2020	72,989,387	134,024	-	73,123,411

In 2019, there is no stage change in credit-related commitments of the Group and the Bank.

## 2. Capital commitments

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Authorised but not contracted for	81,961	88,381	64,599	88,296
Contracted but not provided for	40,987	18,852	32,168	14,713
<b>Total</b>	<b>122,948</b>	<b>107,233</b>	<b>96,767</b>	<b>103,009</b>

## 3. Operating lease commitments

As the lessee, the minimum lease payments under non-cancellable operating lease contracts are as follows:

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Within 1 year	243,396	221,331	201,617	185,896
Beyond 1 year and not more than 5 years	494,729	539,981	405,418	423,109
More than 5 years	100,046	139,476	73,500	102,154
<b>Total</b>	<b>838,171</b>	<b>900,788</b>	<b>680,535</b>	<b>711,159</b>

## 4. Commitments on security underwriting and bond acceptance

The Bank is entrusted by the MOF to underwrite certain certificate treasury bonds. The investors of certificate treasury bonds have a right to redeem the bonds at par any time prior to maturity and the Bank is committed to redeem the principal and interest payable as at the redemption date of those certificate treasury bonds.

The Bank's redemption commitments, representing the principal value of the certificate treasury bonds, amounted to RMB2,915,729 thousand as at 31 December 2020 (31 December 2019: RMB3,281,661 thousand).

## XII. FIDUCIARY ACTIVITIES

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Entrusted loans	125,945,512	128,995,099	124,843,520	127,858,241

## XIII. OTHER SIGNIFICANT EVENTS

### 1. Segment reporting

The major products and services provided by each segment reporting of the Group are corporate banking, personal banking, capital business and other business.

Corporate banking refers to banking services provided to corporate clients, including corporate deposits, corporate loans, trade-related products and settlement, agency, entrust and others.

Personal banking refers to banking services provided to individual clients, including personal deposits, personal loans, bank cards, settlement, agency and others.

Financial markets business includes money market transactions, repurchase transactions, bond investments, interest rate and precious metals derivatives trading, wealth management and others.

Other business refers to those cannot form a separate segment or services cannot be allocated on a reasonable basis.

Item	The Group				
	Year ended 31 December 2020				
	Corporate banking business	Personal banking business	Treasury business	Other business	Total
<b>I. Operating income</b>	12,160,021	6,112,179	2,244,581	1,522,775	22,039,556
Net interest income	11,344,316	5,420,749	(412,758)	1,518,568	17,870,875
Including: External net interest income / (expense)	10,777,942	(1,471,942)	7,880,737	684,138	17,870,875
Internal net interest income/ (expense)	566,374	6,892,691	(8,293,495)	834,430	-
Net fee and commission income	747,274	690,236	921,277	(26,639)	2,332,148
Investment income	(8,284)	(2)	1,381,909	12,546	1,386,169
Other income	-	-	-	39,273	39,273
Gains/(losses) from changes in fair value	-	-	314,851	(144)	314,707
Foreign exchange gains/(losses)	76,715	1,196	39,302	(66,243)	50,970
Other operating income	-	-	-	37,793	37,793
Gains on disposal of assets	-	-	-	7,621	7,621
<b>II. Operating expenses</b>	(6,780,013)	(4,212,161)	(515,665)	(700,962)	(12,208,801)
Taxes and levies	(127,579)	(60,631)	(35,226)	(18,073)	(241,509)
Business and administrative expenses	(3,117,121)	(2,178,423)	(382,898)	(665,118)	(6,343,560)
Losses of credit impairment	(3,534,543)	(1,973,107)	(97,541)	(2,585)	(5,607,776)
Other operating expenses	(770)	-	-	(15,186)	(15,956)
<b>III. Operating income</b>	5,380,008	1,900,018	1,728,916	821,813	9,830,755
Add: Non-operating income	-	-	-	118,517	118,517
Less: Non-operating expenses	-	-	-	(48,810)	(48,810)
<b>IV. Profit before tax</b>	5,380,008	1,900,018	1,728,916	891,520	9,900,462
<b>Total assets</b>	345,893,981	152,413,921	483,352,818	75,315,964	1,056,976,684
<b>Total liabilities</b>	(393,645,527)	(371,412,690)	(88,127,534)	(123,319,037)	(976,504,788)

Item	The Group				
	Year ended 31 December 2019				
	Corporate banking business	Personal banking business	Treasury business	Other business	Total
<b>I. Operating income</b>	<b>10,324,929</b>	<b>5,524,769</b>	<b>3,809,313</b>	<b>1,612,288</b>	<b>21,271,299</b>
Net interest income	9,261,896	4,962,363	704,372	425,019	15,353,650
Including: External net interest income / (expense)	7,515,254	(1,735,824)	9,760,495	(186,275)	15,353,650
Internal net interest income/ (expense)	1,746,642	6,698,187	(9,056,123)	611,294	-
Net fee and commission income	1,008,993	560,346	930,029	(31,692)	2,467,676
Investment income	(25,500)	-	2,488,260	358,041	2,820,801
Other income	-	-	-	24,853	24,853
Gains/(losses) from changes in fair value	3,095	-	(401,916)	(24,493)	(423,314)
Foreign exchange gains	76,445	2,060	88,568	10,732	177,805
Other operating income	-	-	-	37,905	37,905
Gains on disposal of assets	-	-	-	811,923	811,923
<b>II. Operating expenses</b>	<b>(6,068,430)</b>	<b>(2,694,245)</b>	<b>(1,024,241)</b>	<b>(816,049)</b>	<b>(10,602,965)</b>
Taxes and levies	(104,368)	(55,028)	(35,459)	(16,637)	(211,492)
Business and administrative expenses	(2,883,705)	(2,161,374)	(624,123)	(768,213)	(6,437,415)
Losses of credit impairment	(3,079,116)	(477,843)	(364,659)	(10,592)	(3,932,210)
Other operating expenses	(1,241)	-	-	(20,607)	(21,848)
<b>III. Operating income</b>	<b>4,256,499</b>	<b>2,830,524</b>	<b>2,785,072</b>	<b>796,239</b>	<b>10,668,334</b>
Add: Non-operating income	-	-	-	77,710	77,710
Less: Non-operating expenses	-	-	-	(53,527)	(53,527)
<b>IV. Profit before tax</b>	<b>4,256,499</b>	<b>2,830,524</b>	<b>2,785,072</b>	<b>820,422</b>	<b>10,692,517</b>
Total assets	288,717,278	126,133,350	433,973,044	81,114,429	929,938,101
Total liabilities	(358,943,145)	(334,871,741)	(91,423,288)	(70,493,812)	(855,731,986)

## 2. Financial instruments and risk management

### 2.1 Overview of financial risk management

The Group's operating activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Risk management is core to the financial industry, and the inherent risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance.

The objective of the Group's risk management is to adopt the advanced risk management theories based on the defensive risk management strategy determined by the Board of Directors, establish a risk management system that is suitable for the Group's market positioning, local credit environment, and matching the development of the Group, continuously improve the ability to identify, measure, monitor and control various risks, to effectively control the risks at an acceptable level, and ensure that the business management activities are in compliance with laws and regulations, convenient and efficient, operated stably, and can effectively prevent and reduce operating risks, and maintain the capital security of the Group and achieve continuous and stable value-added.

The Board of Directors of the Group shall be responsible for establishing and maintaining an effective risk management system, and bear ultimate responsibility for the risk management of the Group. The Risk Management Committee under the Board of Directors shall carry out risk management duties and formulate risk management strategy and overall policy in accordance with the authorization of the board of directors. The executive body of risk management is the senior management of the Group, which is mainly responsible for performing the risk management strategy defined by the Board of Directors, implementing the risk management policy and establishing the risk management system and procedures covering all business and management processes.

The Risk Management Department takes the lead in overall risk management of the Group. It is in charge of the daily operation of risk management system so as to ensure the consistency and effectiveness of the overall risk management. It also compiles or arranges to compile relevant policies, regulations, process, standards of risk control and detailed operating rules, and submit them to senior management and

Board of Directors for approval. And it also monitors, analyzes and reports the implementation effectiveness of the risk management policies, systems and processes on a regular basis. Furthermore, all operation departments and branches, the first line of defense for risk management, are responsible for and bear primary liability for their risk management.

The Group is mostly exposed to credit risk, market risk, and liquidity risk. Market risk includes currency risk and interest rate risk.

## 2.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that the debtor or counterparty may fail to discharge an obligation or change the credit quality, resulting in financial losses to the Group. Credit exposures arise principally in loans, investments, guarantee, acceptance and other credit risks in on- and off-balance-sheet.

The credit risk management system of the Group is divided into four levels: the first level is the Board of Directors and its special committee, the Supervisory Board and its special committee; the second level is the senior management and its special committee; the third level is the head office credit risk management function departments; the fourth level is the head office credit risk related business departments, branches and its subordinate special committee and functional departments. The Board of Directors is responsible for establishing and maintaining an effective credit risk management system and bears ultimate responsibility for the credit risk management of the Group. The supervisory board is mainly responsible for supervising the establishment and operation of the credit risk management system of the Group. Senior management is responsible for the daily management of the Group's credit risk and the Board of Directors in accordance with credit risk management strategies, policies, preferences and systems approved by the Board of Directors.

### 2.2.1 Credit risk assessment

#### 2.2.1.1 Loans, finance lease receivables and credit commitments

The Group uses a five-grade classification system to manage the quality of its credit assets and finance lease receivables. Such classification system is based on "the Guidance on Credit Risk Classification" issued by CBRC. The Group classifies its credit assets on-balance sheet and off-balance sheet, and finance lease receivables into five categories, which are namely pass, special mention, substandard, doubtful and loss. The last three categories are also classified as "non-performing credit assets and finance lease receivables".

The core definition of the Guidance on Credit Risk Classification's credit assets and finance lease receivables classification is as follows:

**Pass:** The borrower is able to fulfil the contractual obligations, and there is no uncertainty that principal and interest can be paid on time.

**Special Mention:** The borrower or lessee is able to make current loan principle and repayments, but there exist some potential factors that may have negative impact on future payments.

**Substandard:** The borrower or lessee's repayment ability has been in doubt and its normal income cannot repay the loan principle and interest in full. Losses may be incurred by the Group, even with the enforcement of guarantees and collateral.

**Doubtful:** The borrower or lessee cannot repay the principal and the interest in full. Significant losses will be incurred even with the enforcement of guarantees and collateral.

**Loss:** After taking into consideration all possible recovery actions and necessary legal procedures, the principal and interest are unable to be collected, or only a very small portion of principal and interest can be collected.

#### 2.2.1.2 Bonds and other bills

In accordance with its own risk-bearing capacity and the qualifications of issuers, the Group carries out quota management, sets standards for bond investment according to the principle of risk return balance. The Group continuously optimizes the internal rating system, provides effective technical support for bond access, continually refines the post-investment management requirements, and emphasizes on continuous risk monitoring and timely risk alert.

#### 2.2.1.3 Placements with banks and other financial institutions

The Group manages strict access of financial institutions by setting accessing rating standards, and follows up constantly the changes of institutions' accreditation.

#### 2.2.1.4 Wealth management products, trusts and asset management plans

The Group has a regular review and management on the credit risk of the financial institutions who issue wealth management products. For investments in capital preservation wealth management products, it occupies the credit line of the issuing bank; for investments in non-capital preservation wealth management products, it occupies the credit line of the entities' underlying assets.

The Group sets access standards for trust plan issuers, implements penetration management to trust plan allocation assets, and continuously follows up changes in institutional qualifications.

The Group sets access standards for asset management plans, implements penetration management to asset management plans, and continuously follows up changes in institutional qualifications.



## 2.2.2 Risk limit control and mitigation measures

The Group manages, limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and Groups, and to industries.

The Group sets limits on the same borrower, group and industry to optimize credit risk structure. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are as follows:

### 2.2.2.1 Collateral

The Group employs a range of policies and practices to mitigate credit risk, among which obtaining collateral, deposit and guarantee from personnel and company is one of the significant measures. The Group implements guidelines on the acceptance of specific classes of collateral. The principal of types of collateral are as follows:

- Financial collateral, e.g. cash and cash equivalents, precious metals, securities and bills
- Real estate, e.g. commercial real estate, residential real estate and construction in progress
- Accounts receivable, e.g. trading accounts receivable, and rental receivable
- Other collaterals, e.g. letter of credit, machinery and equipment and transportations

Fair value of collaterals is usually required to be assessed by professional evaluator designated by the Group. To mitigate the credit risk, the Group sets limit on the highest collateral ratio (the ratio of loan amount to the fair value of collateral) for difference types of collateral. The principal collateral types for corporate loans and individual loans are as follows:

Collateral	Maximum ratio (%)
Time deposit	85.00-100.00
Certificate treasury bonds	90.00-100.00
Financial bond	90.00
Corporate bond	80.00
Commercial building and factory	50.00-70.00
Housing and land use rights	60.00-70.00

For loans guaranteed by the third-party, the Group will evaluate the financial condition, credit history and ability to meet obligations of the guarantor on regular basis.

Collateral held as security for other financial assets other than loans is determined by the nature of the instrument. Debt securities, certificate treasury bonds and other eligible bills are generally unsecured.

### 2.2.2.2 Credit-related commitments

The primary purpose of these credit-related commitments is to ensure that funds are available to a customer as required. Issued letters of guarantee, letters of credit and acceptances represent irrevocable assurances that the Group will make payments in event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans, and guarantee deposits are received by the Group to lessen the credit risks of the service provided by the Group when the amount of credit commitment applied by the customer exceeds the original credit limit. The Group's potential amount of credit risk is equivalent to the total amount of credit commitments.

## 2.2.3 Credit risk impairment analysis and provision policy

### 2.2.3.1 Risk Stages of financial instruments

On the basis of whether the credit risk of financial instruments has increased significantly since the initial recognition, the Group divides each business into three risk stages and makes provision for the expected credit loss.

Stage 1: For financial instruments with no significant increase in credit risk since initial recognition, the future 12 months expected credit loss shall be recognized;

Stage 2: For financial instruments with significant increase in credit risk since initial recognition but no objective evidence of impairment, the lifetime expected credit loss shall be recognized;

Stage 3: For financial instruments with objective evidence of impairment at the balance sheet date, the lifetime expected credit loss shall be recognized.

#### 2.2.3.2 Significant increase in credit risk

In classifying the risk stages of financial instruments, the Group takes full account of all reasonable and evidence-based information, including forward-looking information which reflects whether there has been a significant change in its credit risk. The main considerations are regulatory and economic environment, internal and external credit risk ratings, solvency, operating capacity, loan contract terms, repayment behaviour, and so on. The Group compares the risk of default on the initial recognition date and on the balance sheet date of a financial instrument to determine the change in the risk of default over the expected life of the instrument. The Group assesses, at least quarterly, whether the credit risk of the relevant financial instrument has increased significantly since the initial recognition. By setting qualitative and quantitative criteria, the Group determines whether the credit risk of a financial instrument has increased significantly since the initial recognition. When one or more of the following criteria are met, the Group believes that the credit risk of financial instruments has increased significantly:

- The principal or interest of the debt is overdue for more than 30 days;
- Debt is classified as Special Mention;
- The debtor's credit rating is significantly lower than it was at the time of the initial recognition;
- Significant adverse changes in the operational or financial situation of the debtor;
- Other circumstances identified by the Group as indicative of a significant increase in credit risk.

The Group regularly reviews whether the evaluation criteria are applicable to the current situation.

#### 2.2.3.3 Determination of default and credit impairment incurred

In determining whether a credit impairment occurs, the Group adopts criteria consistent with internal credit risk management objectives for the relevant financial instruments, taking into account both quantitative and qualitative indicators. In assessing whether a debtor has suffered a credit impairment, the Group takes into account the following factors:

- The internal rating of the customer is a default ;
- The debtor is more than 90 days overdue after the date of payment of the contract;
- The Group, for economic or contractual reasons relating to the financial difficulties of the debtor, grants the debtor concessions which are normally unwilling to make;
- The Group realizes that the debtor may not be able to repay its debts to the Bank in full unless recourse measures such as the realization of the collateral are taken;
- Significant financial difficulties of the debtor lead to the disappearance of an active market for the financial asset;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- Other objective evidence indicating there is an impairment of a financial asset.

#### 2.2.3.4 Measurement parameters of ECL

The Group estimates the Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD) for each single debt of future periods to determine the credit impairment loss. The expected credit loss is the result after discounting the product of the probability of default (PD), loss given default (LGD) and exposure at default (EAD).

The key parameters used for measuring ECL are:

PD: is an estimate of the likelihood of default over future 12 months or lifetime horizon;

LGD: is the proportion of the loss arising on default to the exposure at default;

EAD: is the amount that the Group should be paid in the event of default in the future 12 months or the lifetime.

These figures are generally derived from internally developed statistical models and other historical data.

During the reporting period, there is no significant changes in evaluation techniques or key assumptions.

### 2.2.3.5 Forward-looking information

The Group uses macroeconomic forward-looking information during the calculation of expected credit loss.

Through the analysis of historical data, the Group identifies key economic indicators that affect credit risk and expected credit loss in various business types, for example, Gross Domestic Product, Consumer Price Index, etc. Through the establishment of the regression model, the relationship between these key economic indicators and default probability is analysed, and the forward-looking effect of these index changes on the expected credit loss is calculated. The Group evaluates and forecasts these economic indicators annually, and provides the best estimate of the economic situation in the coming year.

Based on macroeconomic statistical analyses and expert judgements, the Group calculates weighted provision for expected credit loss under optimistic, benchmark and pessimistic macroeconomic scenarios and its weight.

As at 31 December 2020, 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 7.3% to 7.8% in 2021, and the cumulative year-on-year growth rate of CPI is forecasted to be 1.68% to 2.74% in 2021.

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.

### 2.2.3.6 Sensitivity analysis

Expected credit losses are sensitive to the parameters used in the model, the macroeconomic variables of forward-looking forecasts, the probability of weights under the three scenarios, and other factors considered in applying judgments by experts. Changes in these input parameters, assumptions, models, and judgments will have an impact on the measurement of expected credit losses.

As at 31 December 2020, assuming a 10% increase in the weighting of the optimistic scenario and a 10% decrease in the weighting of the base scenario, the Group's provision for credit impairment is reduced by RMB301 million (31 December 2019: RMB367 million); assuming a 10% increase in the weighting of the pessimistic scenario and a 10% decrease in the weighting of the base scenario, the Group's provision for credit impairment increased by RMB367 million (31 December 2019: RMB1,100 million).

## 2.2.4 Maximum exposure to credit risk before collateral held or other credit enhancements

Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
<b>Credit risk exposures relating to balance sheet items:</b>				
Cash and balances with central bank	66,035,061	76,153,174	62,119,394	71,796,619
Due from banks and other financial institutions	21,366,465	10,277,453	16,801,875	5,380,665
Placements with banks and other financial institutions	60,675,583	46,866,055	62,702,126	47,900,606
Derivative financial assets	943,657	415,722	943,657	415,722
Held-for-trading financial assets	69,332,583	51,472,458	69,332,583	51,472,458
Debt investments	156,317,618	148,218,827	155,355,746	148,067,827
Other debt investments	90,947,908	78,003,223	90,947,908	78,003,223
Financial assets purchased under resale agreements	36,429,276	34,249,806	35,534,690	34,249,806
Loans and advances to customers	510,017,410	449,782,234	495,101,975	437,382,376
Finance lease receivables	28,344,778	22,488,053		
Other financial assets	3,202,433	216,184	3,119,103	95,917
<b>Sub-total</b>	<b>1,043,612,772</b>	<b>918,143,189</b>	<b>991,959,057</b>	<b>874,765,219</b>
<b>Credit risk exposures relating to off-balance-sheet items:</b>				
Credit-related commitments	55,921,100	35,179,894	55,921,100	35,179,894
Issued bank acceptance	10,365,103	8,679,841	10,365,103	8,679,841
Issued letters of guarantee	3,785,477	3,319,767	3,784,977	3,319,767
Issued letters of credit	3,052,231	2,015,941	3,052,231	2,015,941
<b>Sub-total</b>	<b>73,123,911</b>	<b>49,195,443</b>	<b>73,123,411</b>	<b>49,195,443</b>
<b>Total</b>	<b>1,116,736,683</b>	<b>967,338,632</b>	<b>1,065,082,468</b>	<b>923,960,662</b>

The tables above represent the maximum exposure to credit risk before collateral held or other credit enhancements. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported on the balance sheet.

## 2.2.5 Loans and advances to customers

### 2.2.5.1 Loans and advances to customers restructured

Restructured loans represent the loans whose original contract repayment terms have been modified as a result of the deterioration of borrowers' financial conditions or inability to repay the loans according to contractual terms. As at 31 December 2020, the restructured loans held by the Group amounted to RMB 247 thousand (As at 31 December 2019: RMB 101,459 thousand).

## 2.2.6 Investment securities 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 debt instruments is set out as follows:

Item	The Group			
	As at 31 December 2020			
	Held-for-trading financial assets	Debt investments	Other debt investments	Total
AAA- to AAA+	2,872,324	32,790,728	27,116,510	62,779,562
AA- to AA+	1,060,239	100,182	553,673	1,714,094
Unrated	65,400,020	123,426,708	63,277,725	252,104,453
<b>Total</b>	<b>69,332,583</b>	<b>156,317,618</b>	<b>90,947,908</b>	<b>316,598,109</b>

Item	The Group			
	As at 31 December 2019			
	Held-for-trading financial assets	Debt investments	Other debt investments	Total
AAA- to AAA+	5,916,987	28,969,391	21,386,686	56,273,064
AA- to AA+	3,173,299	540,238	1,456,891	5,170,428
A- and below	-	-	451,528	451,528
Unrated	42,022,262	118,709,198	54,708,118	215,439,578
<b>Total</b>	<b>51,112,548</b>	<b>148,218,827</b>	<b>78,003,223</b>	<b>277,334,598</b>

Item	The Bank			
	As at 31 December 2020			
	Held-for-trading financial assets	Debt investments	Other debt investments	Total
AAA- to AAA+	2,872,324	32,790,728	27,116,510	62,779,562
AA- to AA+	1,060,239	100,182	553,673	1,714,094
Unrated	65,400,020	122,464,836	63,277,725	251,142,581
<b>Total</b>	<b>69,332,583</b>	<b>155,355,746</b>	<b>90,947,908</b>	<b>315,636,237</b>

Item	The Bank			
	As at 31 December 2019			
	Held-for-trading financial assets	Debt investments	Other debt investments	Total
AAA- to AAA+	5,916,987	28,969,391	21,386,686	56,273,064
AA- to AA+	3,173,299	540,238	1,456,891	5,170,428
A- and below	-	-	451,528	451,528
Unrated	42,022,262	118,558,198	54,708,118	215,288,578
<b>Total</b>	<b>51,112,548</b>	<b>148,067,827</b>	<b>78,003,223</b>	<b>277,183,598</b>

Note: Interbank negotiable certificates of deposit by the Group is deposit voucher entry issued by domestic commercial banks in the nation.

The unrated financial institutions bonds held by the Group mainly are subordinated bonds issued by listed insurance companies and foreign bonds issued by listed banks.

## 2.3 Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates, commodity price and equity prices.

The Group separates exposures to market risk into either trading or non-trading portfolios. The trading portfolio consists of positions in financial instruments held with trading intent with customers or other participants in the market. The non-trading portfolio consists of interest rate risk management of assets and liabilities of commercial banks, and foreign exchange and price risk of debt investments and held-for-trading financial assets held by the Group.

The Group set up detailed operating rules of market risk management and rules of market pressure test. The Internal Control Management Committee takes the role of market risk management of the senior management. The Risk Management Department takes the lead role and responsibility of market risk management, recognises, measures, monitors and controls the market risk of non-trading accounts in the Group. The departments bearing market risk take the responsibilities of applying the policy and follow the standard procedure of the Group, coordinating with the Risk Management Department, reporting market risk and the execution of standard procedure, as well as applying decisions made by the Asset and Liability Management Committee. Furthermore, the asset and liability information system of the Group can manage market risk effectively.

### 2.3.1 Measurement 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.

### 2.3.2 Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of exchange rate on its financial position and cash flows.

The Group's principle in controlling exchange rate risk is to match its assets and liabilities in each currency and to maintain exchange rate risk within established limits. The Group has set risk limits according to the guidelines established by the Internal Control Management Committee, the relevant regulatory requirements, and management's assessment of the current market condition. The Group also manages its foreign capital sources and usage of foreign currencies to minimize potential currency mismatches. The authorization management of foreign exchange risk exposures shall be carried out according to the types of business and the rights of the traders.

The tables below summaries the Group and the Bank's exposure to foreign currency exchange rate risk at the balance sheet date. Included in the tables are the Group and the Bank's assets and liabilities at carrying amounts in RMB, categorized by the original currency:

Item	The Group			
	As at 31 December 2020			
	RMB	USD	Others	Total
<b>Assets</b>				
Cash and balances with central bank	65,545,037	468,024	22,000	66,035,061
Due from banks and other financial institutions	9,745,504	10,109,279	1,511,682	21,366,465
Placements with banks and other financial institutions	42,637,818	18,002,806	34,959	60,675,583
Derivative financial assets	762,364	180,611	682	943,657
Financial assets purchased under resale agreements	36,429,276	-	-	36,429,276
Loans and advances to customers	504,630,457	4,798,226	588,727	510,017,410
Held-for-trading financial assets	69,332,583	-	-	69,332,583
Debt investments	153,503,384	2,814,234	-	156,317,618
Other debt investments	90,947,908	-	-	90,947,908
Other equity instrument investments	11,500	-	-	11,500
Finance lease receivables	28,344,778	-	-	28,344,778
Other assets	16,554,621	224	-	16,554,845
<b>Total assets</b>	<b>1,018,445,230</b>	<b>36,373,404</b>	<b>2,158,050</b>	<b>1,056,976,684</b>
<b>Liabilities</b>				
Loans from the central bank	(28,861,309)	-	-	(28,861,309)
Due to banks and other financial institutions	(7,325,845)	(61)	-	(7,325,906)
Placements from banks and other financial institutions	(30,598,931)	(11,770,314)	-	(42,369,245)
Financial liabilities at fair value through profit or loss	(20,680)	-	-	(20,680)
Derivative financial liabilities	(883,304)	(19,056)	(10,420)	(912,780)
Financial assets sold under repurchase agreement	(36,680,502)	-	-	(36,680,502)
Customer deposits	(753,180,078)	(10,179,393)	(257,042)	(763,616,513)
Debt securities issued	(87,683,730)	-	-	(87,683,730)
Other liabilities	(7,666,987)	(1,325,645)	(41,491)	(9,034,123)
<b>Total liabilities</b>	<b>(952,901,366)</b>	<b>(23,294,469)</b>	<b>(308,953)</b>	<b>(976,504,788)</b>
Net position of assets liabilities	65,543,864	13,078,935	1,849,097	80,471,896
Financial guarantee and credit-related commitments	70,825,831	1,489,851	808,229	73,123,911

Item	The Group			
	As at 31 December 2019			
	RMB	USD	Others	Total
<b>Assets</b>				
Cash and balances with central bank	75,688,736	437,598	26,840	76,153,174
Due from banks and other financial institutions	9,532,562	475,058	269,833	10,277,453
Placements with banks and other financial institutions	38,054,858	8,606,683	204,514	46,866,055
Derivative financial assets	350,907	64,595	220	415,722
Financial assets purchased under resale agreements	34,249,806	-	-	34,249,806
Loans and advances to customers	447,880,739	1,864,921	36,574	449,782,234
Held-for-trading financial assets	51,472,458	-	-	51,472,458
Debt investments	147,021,824	1,197,003	-	148,218,827
Other debt investments	78,003,223	-	-	78,003,223
Other equity instrument investments	11,500	-	-	11,500
Finance lease receivables	22,488,053	-	-	22,488,053
Other assets	11,996,286	3,307	3	11,999,596
<b>Total assets</b>	<b>916,750,952</b>	<b>12,649,165</b>	<b>537,984</b>	<b>929,938,101</b>
<b>Liabilities</b>				
Loans from the central bank	(14,006,071)	-	-	(14,006,071)
Due to banks and other financial institutions	(3,950,504)	(102)	-	(3,950,606)
Placements from banks and other financial institutions	(18,647,964)	(13,311,288)	-	(31,959,252)
Financial liabilities at fair value through profit or loss	(103,946)	-	-	(103,946)
Derivative financial liabilities	(466,742)	(85,553)	(1,922)	(554,217)
Financial assets sold under repurchase agreement	(54,436,595)	-	-	(54,436,595)
Customer deposits	(685,642,621)	(6,062,441)	(643,654)	(692,348,716)
Debt securities issued	(47,946,796)	-	-	(47,946,796)
Other liabilities	(10,024,537)	(286,358)	(114,892)	(10,425,787)
<b>Total liabilities</b>	<b>(835,225,776)</b>	<b>(19,745,742)</b>	<b>(760,468)</b>	<b>(855,731,986)</b>
Net position of assets liabilities	81,525,176	(7,096,577)	(222,484)	74,206,115
Financial guarantee and credit-related commitments	46,709,303	1,481,558	1,004,582	49,195,443

Item	The Bank			
	As at 31 December 2020			
	RMB	USD	Others	Total
<b>Assets</b>				
Cash and balances with central bank	61,629,370	468,024	22,000	62,119,394
Due from banks and other financial institutions	5,180,914	10,109,279	1,511,682	16,801,875
Placements with banks and other financial institutions	44,664,361	18,002,806	34,959	62,702,126
Derivative financial assets	762,364	180,611	682	943,657
Financial assets purchased under resale agreements	35,534,690	-	-	35,534,690
Loans and advances to customers	489,715,022	4,798,226	588,727	495,101,975
Held-for-trading financial assets	69,332,583	-	-	69,332,583
Debt investments	152,541,512	2,814,234	-	155,355,746
Other debt investments	90,947,908	-	-	90,947,908
Other equity instrument investments	11,500	-	-	11,500
Other assets	18,264,944	224	-	18,265,168
<b>Total assets</b>	<b>968,585,168</b>	<b>36,373,404</b>	<b>2,158,050</b>	<b>1,007,116,622</b>
<b>Liabilities</b>				
Loans from the central bank	(28,028,783)	-	-	(28,028,783)
Due to banks and other financial institutions	(13,168,822)	(61)	-	(13,168,883)
Placements from banks and other financial institutions	(8,003,740)	(11,770,314)	-	(19,774,054)
Financial liabilities at fair value through profit or loss	(20,680)	-	-	(20,680)
Derivative financial liabilities	(883,304)	(19,056)	(10,420)	(912,780)
Financial assets sold under repurchase agreement	(36,680,502)	-	-	(36,680,502)
Customer deposits	(727,387,040)	(10,179,393)	(257,042)	(737,823,475)
Debt securities issued	(87,683,730)	-	-	(87,683,730)
Other liabilities	(5,434,155)	(1,325,645)	(41,491)	(6,801,291)
<b>Total liabilities</b>	<b>(907,290,756)</b>	<b>(23,294,469)</b>	<b>(308,953)</b>	<b>(930,894,178)</b>
Net position of assets liabilities	61,294,412	13,078,935	1,849,097	76,222,444
Financial guarantee and credit-related commitments	70,825,331	1,489,851	808,229	73,123,411



Item	The Bank			
	As at 31 December 2019			
	RMB	USD	Others	Total
<b>Assets</b>				
Cash and balances with central bank	71,332,181	437,598	26,840	71,796,619
Due from banks and other financial institutions	4,635,774	475,058	269,833	5,380,665
Placements with banks and other financial institutions	39,089,409	8,606,683	204,514	47,900,606
Derivative financial assets	350,907	64,595	220	415,722
Financial assets purchased under resale agreements	34,249,806	-	-	34,249,806
Loans and advances to customers	435,480,881	1,864,921	36,574	437,382,376
Held-for-trading financial assets	51,472,458	-	-	51,472,458
Debt investments	146,870,824	1,197,003	-	148,067,827
Other debt investments	78,003,223	-	-	78,003,223
Other equity instrument investments	11,500	-	-	11,500
Other assets	13,773,788	3,307	3	13,777,098
<b>Total assets</b>	<b>875,270,751</b>	<b>12,649,165</b>	<b>537,984</b>	<b>888,457,900</b>
<b>Liabilities</b>				
Loans from the central bank	(13,599,796)	-	-	(13,599,796)
Due to banks and other financial institutions	(11,103,041)	(102)	-	(11,103,143)
Placements from banks and other financial institutions	(1,622,799)	(13,311,288)	-	(14,934,087)
Financial liabilities at fair value through profit or loss	(103,946)	-	-	(103,946)
Derivative financial liabilities	(466,742)	(85,553)	(1,922)	(554,217)
Financial assets sold under repurchase agreement	(54,436,595)	-	-	(54,436,595)
Customer deposits	(660,368,564)	(6,062,441)	(643,654)	(667,074,659)
Debt securities issued	(47,946,796)	-	-	(47,946,796)
Other liabilities	(7,906,162)	(286,358)	(114,892)	(8,307,412)
<b>Total liabilities</b>	<b>(797,554,441)</b>	<b>(19,745,742)</b>	<b>(760,468)</b>	<b>(818,060,651)</b>
Net position of assets liabilities	77,716,310	(7,096,577)	(222,484)	70,397,249
Financial guarantee and credit-related commitments	46,709,303	1,481,558	1,004,582	49,195,443

The table below illustrates the impact of an appreciation or depreciation of RMB against other currencies by 5% on the Group and the Bank's net profit:

Item	The Group and the Bank	
	As at 31 December 2020	As at 31 December 2019
5% appreciation of RMB	559,801	(274,465)
5% depreciation of RMB	(559,801)	274,465

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; and
- The necessary actions to be taken by the Group in response to exchange rate movements are not considered.

Due to these limitations of the Group's approach, actual impact on the Group's net income from exchange rate fluctuation may vary from the analysis above.

### 2.3.3 Interest rate risk

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 tables below summaries the Group's exposures to interest rate risks. The tables show the Group's assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

Item	The Group					
	As at 31 December 2020					
	Less than 3 months	3 months - 1 year	1-5 years	More than 5 years	Non-interest bearing	Total
<b>Assets</b>						
Cash and balances with central bank	63,668,274	-	-	-	2,366,787	66,035,061
Due from banks and other financial institutions	18,103,726	3,191,271	-	-	71,468	21,366,465
Placements with banks and other financial institutions	28,945,634	27,784,899	3,241,927	-	703,123	60,675,583
Derivative financial assets	-	-	-	-	943,657	943,657
Financial assets purchased under resale agreements	36,395,419	-	-	-	33,857	36,429,276
Loans and advances to customers	182,356,453	275,312,512	35,242,978	16,196,525	908,942	510,017,410
Held-for-trading financial assets	52,522,418	13,491,025	2,102,076	1,044,949	172,115	69,332,583
Debt investments	2,806,631	11,886,920	93,619,700	45,219,927	2,784,440	156,317,618
Other debt investments	9,270,520	17,578,986	38,731,274	24,001,676	1,365,452	90,947,908
Other equity instrument investments	-	-	-	-	11,500	11,500
Finance lease receivables	23,124,441	4,759,043	2,037	-	459,257	28,344,778
Other assets	-	-	-	-	16,554,845	16,554,845
<b>Total assets</b>	<b>417,193,516</b>	<b>354,004,656</b>	<b>172,939,992</b>	<b>86,463,077</b>	<b>26,375,443</b>	<b>1,056,976,684</b>
<b>Liabilities</b>						
Loans from the central bank	(2,927,795)	(25,780,119)	-	-	(153,395)	(28,861,309)
Due to banks and other financial institutions	(5,027,690)	(2,155,000)	(90,000)	-	(53,216)	(7,325,906)
Placements from banks and other financial institutions	(22,530,940)	(19,557,397)	-	-	(280,908)	(42,369,245)
Financial liabilities at fair value through profit or loss	-	-	-	-	(20,680)	(20,680)
Derivative financial liabilities	-	-	-	-	(912,780)	(912,780)
Financial assets sold under repurchase agreement	(35,683,550)	(986,246)	-	-	(10,706)	(36,680,502)
Customer deposits	(416,612,563)	(119,917,679)	(212,261,782)	(196,502)	(14,627,987)	(763,616,513)
Debt securities issued	(13,310,168)	(54,041,436)	(10,000,000)	(10,000,000)	(332,126)	(87,683,730)
Other liabilities	-	-	-	-	(9,034,123)	(9,034,123)
<b>Total liabilities</b>	<b>(496,092,706)</b>	<b>(222,437,877)</b>	<b>(222,351,782)</b>	<b>(10,196,502)</b>	<b>(25,425,921)</b>	<b>(976,504,788)</b>
<b>Total interest sensitivity gap</b>	<b>(78,899,190)</b>	<b>131,566,779</b>	<b>(49,411,790)</b>	<b>76,266,575</b>	<b>949,522</b>	<b>80,471,896</b>

Item	The Group					
	As at 31 December 2019					
	Less than 3 months	3 months - 1 year	1-5 years	More than 5 years	Non-interest bearing	Total
<b>Assets</b>						
Cash and balances with central bank	73,974,789	-	-	-	2,178,385	76,153,174
Due from banks and other financial institutions	7,956,096	2,182,404	-	-	138,953	10,277,453
Placements with banks and other financial institutions	15,392,341	24,821,187	6,009,068	-	643,459	46,866,055
Derivative financial assets	-	-	-	-	415,722	415,722
Financial assets purchased under resale agreements	34,232,716	-	-	-	17,090	34,249,806
Loans and advances to customers	180,788,039	247,801,661	13,077,952	7,367,165	747,417	449,782,234
Held-for-trading financial assets	22,282,955	18,318,268	5,897,438	4,323,513	650,284	51,472,458
Debt investments	8,795,690	24,537,556	66,536,081	45,775,704	2,573,796	148,218,827
Other debt investments	2,708,245	10,698,909	34,981,333	28,200,400	1,414,336	78,003,223
Other equity instrument investments	-	-	-	-	11,500	11,500
Finance lease receivables	19,411,868	2,780,387	6,237	-	289,561	22,488,053
Other assets	-	-	-	-	11,999,596	11,999,596
<b>Total assets</b>	<b>365,542,739</b>	<b>331,140,372</b>	<b>126,508,109</b>	<b>85,666,782</b>	<b>21,080,099</b>	<b>929,938,101</b>
<b>Liabilities</b>						
Loans from the central bank	(875,000)	(13,036,000)	-	-	(95,071)	(14,006,071)
Due to banks and other financial institutions	(2,092,126)	(1,804,000)	-	-	(54,480)	(3,950,606)
Placements from banks and other financial institutions	(15,804,883)	(15,956,950)	-	-	(197,419)	(31,959,252)
Financial liabilities at fair value through profit or loss	-	-	-	-	(103,946)	(103,946)
Derivative financial liabilities	-	-	-	-	(554,217)	(554,217)
Financial assets sold under repurchase agreement	(47,010,790)	(7,412,660)	-	-	(13,145)	(54,436,595)
Customer deposits	(383,532,979)	(121,472,864)	(174,020,069)	-	(13,322,804)	(692,348,716)
Debt securities issued	(20,230,647)	(17,444,201)	-	(10,000,000)	(271,948)	(47,946,796)
Other liabilities	-	-	-	-	(10,425,787)	(10,425,787)
<b>Total liabilities</b>	<b>(469,546,425)</b>	<b>(177,126,675)</b>	<b>(174,020,069)</b>	<b>(10,000,000)</b>	<b>(25,038,817)</b>	<b>(855,731,986)</b>
<b>Total interest sensitivity gap</b>	<b>(104,003,686)</b>	<b>154,013,697</b>	<b>(47,511,960)</b>	<b>75,666,782</b>	<b>(3,958,718)</b>	<b>74,206,115</b>

Item	The Bank					
	As at 31 December 2020					
	Less than 3 months	3 months - 1 year	1-5 years	More than 5 years	Non-interest bearing	Total
<b>Assets</b>						
Cash and balances with central bank	59,860,549	-	-	-	2,258,845	62,119,394
Due from banks and other financial institutions	15,801,372	997,648	-	-	2,855	16,801,875
Placements with banks and other financial institutions	29,444,317	29,280,913	3,241,927	-	734,969	62,702,126
Derivative financial assets	-	-	-	-	943,657	943,657
Financial assets purchased under resale agreements	35,501,219	-	-	-	33,471	35,534,690
Loans and advances to customers	182,328,892	275,270,807	27,212,885	9,412,013	877,378	495,101,975
Held-for-trading financial assets	52,522,418	13,491,025	2,102,076	1,044,949	172,115	69,332,583
Debt investments	2,806,631	11,836,234	92,720,088	45,219,927	2,772,866	155,355,746
Other debt investments	9,270,520	17,578,986	38,731,274	24,001,676	1,365,452	90,947,908
Other equity instrument investments	-	-	-	-	11,500	11,500
Finance lease receivables	-	-	-	-	18,265,168	18,265,168
<b>Other assets</b>	<b>387,535,918</b>	<b>348,455,613</b>	<b>164,008,250</b>	<b>79,678,565</b>	<b>27,438,276</b>	<b>1,007,116,622</b>
<b>Liabilities</b>						
Loans from the central bank	(2,806,615)	(25,069,238)	-	-	(152,930)	(28,028,783)
Due to banks and other financial institutions	(9,299,689)	(3,696,000)	(90,000)	-	(83,194)	(13,168,883)
Placements from banks and other financial institutions	(15,950,940)	(3,807,397)	-	-	(15,717)	(19,774,054)
Financial liabilities at fair value through profit or loss	-	-	-	-	(20,680)	(20,680)
Derivative financial liabilities	-	-	-	-	(912,780)	(912,780)
Financial assets sold under repurchase agreement	(35,683,550)	(986,246)	-	-	(10,706)	(36,680,502)
Customer deposits	(405,435,158)	(118,584,012)	(199,707,975)	-	(14,096,330)	(737,823,475)
Debt securities issued	(13,310,168)	(54,041,436)	(10,000,000)	(10,000,000)	(332,126)	(87,683,730)
Other liabilities	-	-	-	-	(6,801,291)	(6,801,291)
<b>Total liabilities</b>	<b>(482,486,120)</b>	<b>(206,184,329)</b>	<b>(209,797,975)</b>	<b>(10,000,000)</b>	<b>(22,425,754)</b>	<b>(930,894,178)</b>
<b>Total interest sensitivity gap</b>	<b>(94,950,202)</b>	<b>142,271,284</b>	<b>(45,789,725)</b>	<b>69,678,565</b>	<b>5,012,522</b>	<b>76,222,444</b>

Item	The Bank					
	As at 31 December 2019					
	Less than 3 months	3 months - 1 year	1-5 years	More than 5 years	Non-interest bearing	Total
<b>Assets</b>						
Cash and balances with central bank	69,717,672	-	-	-	2,078,947	71,796,619
Due from banks and other financial institutions	5,359,833	-	-	-	20,832	5,380,665
Placements with banks and other financial institutions	15,891,618	25,320,475	6,009,068	-	679,445	47,900,606
Derivative financial assets	-	-	-	-	415,722	415,722
Financial assets purchased under resale agreements	34,232,716	-	-	-	17,090	34,249,806
Loans and advances to customers	179,734,985	244,198,115	10,846,923	1,880,637	721,716	437,382,376
Held-for-trading financial assets	22,282,955	18,318,268	5,897,438	4,323,513	650,284	51,472,458
Debt investments	8,795,690	24,537,556	66,536,081	45,625,966	2,572,534	148,067,827
Other debt investments	2,708,245	10,698,909	34,981,333	28,200,400	1,414,336	78,003,223
Other equity instrument investments	-	-	-	-	11,500	11,500
Finance lease receivables	-	-	-	-	13,777,098	13,777,098
<b>Other assets</b>	<b>338,723,714</b>	<b>323,073,323</b>	<b>124,270,843</b>	<b>80,030,516</b>	<b>22,359,504</b>	<b>888,457,900</b>
<b>Liabilities</b>						
Loans from the central bank	(800,000)	(12,705,000)	-	-	(94,796)	(13,599,796)
Due to banks and other financial institutions	(8,098,663)	(2,950,000)	-	-	(54,480)	(11,103,143)
Placements from banks and other financial institutions	(12,964,882)	(1,946,360)	-	-	(22,845)	(14,934,087)
Financial liabilities at fair value through profit or loss	-	-	-	-	(103,946)	(103,946)
Derivative financial liabilities	-	-	-	-	(554,217)	(554,217)
Financial assets sold under repurchase agreement	(47,010,790)	(7,412,660)	-	-	(13,145)	(54,436,595)
Customer deposits	(367,620,131)	(118,002,299)	(168,626,561)	-	(12,825,668)	(667,074,659)
Debt securities issued	(20,230,647)	(17,444,201)	-	(10,000,000)	(271,948)	(47,946,796)
Other liabilities	-	-	-	-	(8,307,412)	(8,307,412)
<b>Total liabilities</b>	<b>(456,725,113)</b>	<b>(160,460,520)</b>	<b>(168,626,561)</b>	<b>(10,000,000)</b>	<b>(22,248,457)</b>	<b>(818,060,651)</b>
<b>Total interest sensitivity gap</b>	<b>(118,001,399)</b>	<b>162,612,803</b>	<b>(44,355,718)</b>	<b>70,030,516</b>	<b>111,047</b>	<b>70,397,249</b>

The tables below illustrate the impact on net interest income and other comprehensive income in the coming accounting year from the balance sheet dates of the Group, which comes from the assumption of a 100-basis-point parallel shift of yield curve for each currency:

Item	The Group			
	2020		2019	
	Net interest income	Other comprehensive income/(loss)	Net interest income	Other comprehensive income/(loss)
+100 basis points parallel shift in all yield curves	2,145,482	(1,939,031)	1,679,917	(1,920,990)
-100 basis points parallel shift in all yield curves	(2,145,482)	2,100,437	(1,679,917)	2,045,907

Item	The Bank			
	2020		2019	
	Net interest income	Other comprehensive income/(loss)	Net interest income	Other comprehensive income/(loss)
+100 basis points parallel shift in all yield curves	1,897,182	(1,939,031)	1,516,879	(1,920,990)
-100 basis points parallel shift in all yield curves	(1,897,182)	2,100,437	(1,516,879)	2,045,907

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 impacts on interest-earning assets and interest-bearing liabilities are the same;
- All interest re-priced assets and liabilities are re-priced in the middle of each specified time period;
- Customers' responses to interest rate movement are not considered;
- Impact of interest rate movement on market prices of assets and liabilities are not considered;
- Impact of interest rate movement on off-balance sheet items are not considered; and
- The necessary actions to be taken by the Group in response to the interest rate movement are not considered.

Due to these limitations above, the actual impact of interest rate fluctuation on the net profit of the Group may vary from the analysis above.

#### 2.3.4 Other Price Risk

Other price risks are derived from equity investments and precious metals investments held by the Group.

The market risks of commodity price or share value from the investment portfolios are not regarded as significant by the Group.

#### 2.4 Liquidity risk

The Group is exposed to daily calls on its available cash resources from overnight deposits, demand deposits, maturing time deposits, bonds payable, loan draw downs, guarantees and other payment calls. Historical experience shows that a large portion of deposit will be remained in the Group instead of being withdrawn at the maturity date. The management sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Group is required to maintain certain percentage of RMB and foreign currency customer deposits with the PBOC, which are restricted for the Group's daily operation. (Note VIII, 1)

The matching and controlled mismatching of the maturities of assets and liabilities is fundamental to the management of the Group. It is unusual for Banks ever to be completely matched since business transactions are often of uncertain terms and of different types.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of Banks and their exposure to changes in interest rates and exchange rates.

The Group provides guarantees and issues letters of credit based on customers' creditworthiness and deposit amount. Liquidity requirements to support calls under guarantees and letters of credit are considerably less than the amounts under commitments because the Group does not generally expect customers to draw funds under those agreements. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

The Group sets up detailed operating rules for liquidity risk management and rules for liquidity pressure test, so as to improve liquidity risk management. Liquidity risk management organizational system of the Group is divided into three levels. The first level is the Board of Directors and its special committee; the second level is the Supervisory Board and its special committees; the third level is the senior management and its special committees, the functional departments of the head office and the branches. The Board of Directors shall bear the ultimate responsibility for liquidity risk management, examine and approve liquidity risk preferences, liquidity risk management strategies, important policies and procedures, etc. Senior management is responsible for carrying out the specific management responsibilities and defining the organizational structure of liquidity risk management. It also formulates, regularly assesses and monitors the implementation of liquidity risk preferences, liquidity risk management strategies, policies and procedures. And senior management is responsible for organizing the implementation of specific liquidity risk management, and reporting to the Board of Directors on the status of liquidity risk with regular understanding of the management work. The Asset and Liability Management department of the head office is responsible for leading the liquidity risk management and integrating liquidity risk into the overall risk management system. The Audit Department of the head office shall perform the audit duties and carry out a comprehensive audit of the liquidity risk management.

The Group adheres to the prudent liquidity management strategy. Through the establishment of a scientific and overall liquidity risk management system, the Group implements effective identification, measurement, monitoring and reporting of liquidity risk. By formulating liquidity risk management policies in accordance with regulatory requirements, external macro-operating environment and business development, the Group effectively promises balance liquidity, safety and efficiency under the premise of ensuring liquidity safety.

The liquidity risk preference of the Group is prudent and well adapted to the current development stage of the Group. The current liquidity risk management policy and system basically meet the regulatory requirements and the Group's own management needs.

Liquidity risk management includes daily basic work such as large amount forecast management, reserve management, liquidity supervision index measurement, monitoring and controlling, asset-liability matching management, etc., and liquidity emergency management, stress testing and other sudden risk management. The implement of liquidity risk management and stress test is on the basis of asset liability management system.

Taking into account the external market environment and its own business characteristics, the Group develops stress test plans annually, and conducts regular stress tests to assess whether the Group can cope with the liquidity requirements in extreme situations. Besides the annual stress tests required by the Regulatory agencies, the Group also conducts stress tests on a quarterly basis. The test results show that the liquidity risk of the Group is always in controllable range under the set stress scenario and multiple scenario stress assumptions.

In addition, the Group develops a liquidity contingency plan to timely conduct liquidity contingency exercises in case of a liquidity crisis. On this basis, the Group establishes a regular reporting mechanism on liquidity risk to timely report to the Board and senior management the updated liquidity risk.

#### **2.4.1 Non-derivative financial instruments and financial liability cash flows**

The tables below present the cash flows receivables and payables under non-derivative financial assets and liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the tables are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

Item	The Group							
	As at 31 December 2020							
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	More than 5 years	Total
<b>Financial assets</b>								
Cash and balances with central bank	55,749,331	10,315,832	-	-	-	-	-	66,065,163
Due from banks and other financial institutions	56,953	16,051,308	911,897	1,121,785	3,264,775	-	-	21,406,718
Placements with banks and other financial institutions	-	-	23,303,604	6,204,281	29,024,979	3,560,675	-	62,093,539
Financial assets purchased under resale agreements	-	-	35,697,872	802,509	-	-	-	36,500,381
Loans and advances to customers	6,868,706	-	22,418,494	39,320,919	140,450,191	148,208,457	181,148,594	538,415,361
Held-for-trading financial assets	194,216	-	13,288,448	9,247,207	13,645,488	8,281,742	24,939,508	69,596,609
Debt investments	20,000	-	1,469,516	1,814,322	15,598,405	108,263,513	49,826,049	176,991,805
Other debt investments	70,000	-	2,582,325	7,068,358	19,019,816	45,641,568	27,680,370	102,062,437
Other equity instrument investments	11,500	-	-	-	-	-	-	11,500
Finance lease receivables	318,205	-	957,452	2,098,222	8,421,750	21,593,340	389,636	33,778,605
Other financial assets	59,275	-	3,143,158	-	-	-	-	3,202,433
<b>Total financial assets</b>	<b>63,348,186</b>	<b>26,367,140</b>	<b>103,772,766</b>	<b>67,677,603</b>	<b>229,425,404</b>	<b>335,549,295</b>	<b>283,984,157</b>	<b>1,110,124,551</b>
<b>Financial liabilities</b>								
Loans from the central bank	-	-	(413,253)	(2,588,265)	(26,488,309)	-	-	(29,489,827)
Due to banks and other financial institutions	-	(1,858,058)	(2,928,313)	(275,018)	(2,218,128)	(95,528)	-	(7,375,045)
Placements from banks and other financial institutions	-	-	(9,983,929)	(5,983,961)	(28,752,942)	-	-	(44,720,832)
Financial liabilities at fair value through profit or loss	-	(20,680)	-	-	-	-	-	(20,680)
Financial assets sold under repurchase agreement	-	-	(28,362,426)	(7,360,983)	(994,641)	-	-	(36,718,050)
Customer deposits	-	(329,521,741)	(35,815,407)	(54,375,203)	(122,788,035)	(221,199,604)	(230,684)	(763,930,674)
Debt securities issued	-	-	(3,870,000)	(9,660,200)	(55,605,393)	(12,603,117)	(10,773,321)	(92,512,031)
Other financial liabilities	-	-	(1,192,014)	-	-	-	-	(1,192,014)
<b>Total financial liabilities</b>	<b>-</b>	<b>(331,400,479)</b>	<b>(82,565,342)</b>	<b>(80,243,630)</b>	<b>(236,847,448)</b>	<b>(233,898,249)</b>	<b>(11,004,005)</b>	<b>(975,959,153)</b>
<b>Net value</b>	<b>63,348,186</b>	<b>(305,033,339)</b>	<b>21,207,424</b>	<b>(12,566,027)</b>	<b>(7,422,044)</b>	<b>101,651,046</b>	<b>272,980,152</b>	<b>134,165,398</b>



Item	The Group							
	As at 31 December 2019							
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	More than 5 years	Total
<b>Financial assets</b>								
Cash and balances with central bank	63,557,998	12,621,637	-	-	-	-	-	76,179,635
Due from banks and other financial institutions	-	2,989,738	2,425,489	2,631,769	2,251,727	-	-	10,298,723
Placements with banks and other financial institutions	-	-	13,104,546	2,638,167	25,970,296	6,517,965	-	48,230,974
Financial assets purchased under resale agreements	-	-	34,122,518	204,447	-	-	-	34,326,965
Loans and advances to customers	5,252,576	-	16,740,252	36,006,493	147,606,211	118,152,982	149,432,790	473,191,304
Held-for-trading financial assets	196,417	-	1,077,744	3,075,294	18,561,203	13,434,185	16,269,105	52,613,948
Debt investments	20,000	-	2,444,537	8,521,348	26,825,433	80,663,961	50,940,426	169,415,705
Other debt investments	70,000	-	1,711,012	2,915,182	10,888,718	41,414,128	30,833,164	87,832,204
Other equity instrument investments	11,500	-	-	-	-	-	-	11,500
Finance lease receivables	677,010	-	754,211	1,794,151	7,532,638	15,600,316	141,650	26,499,976
Other financial assets	46,356	-	169,828	-	-	-	-	216,184
<b>Total financial assets</b>	<b>69,831,857</b>	<b>15,611,375</b>	<b>72,550,137</b>	<b>57,786,851</b>	<b>239,636,226</b>	<b>275,783,537</b>	<b>247,617,135</b>	<b>978,817,118</b>
<b>Financial liabilities</b>								
Loans from the central bank	-	-	(50,011)	(847,432)	(13,428,952)	-	-	(14,326,395)
Due to banks and other financial institutions	-	(2,114,289)	(4,943,998)	(2,396,275)	(3,362,104)	-	-	(12,816,666)
Placements from banks and other financial institutions	-	-	(6,504,472)	(6,505,567)	(19,851,438)	-	-	(32,861,477)
Financial liabilities at fair value through profit or loss	-	(103,946)	-	-	-	-	-	(103,946)
Financial assets sold under repurchase agreement	-	-	(42,446,843)	(4,603,078)	(7,476,833)	-	-	(54,526,754)
Customer deposits	-	(300,666,287)	(31,685,581)	(50,932,710)	(123,494,102)	(186,796,461)	-	(693,575,141)
Debt securities issued	-	-	(4,380,000)	(17,291,540)	(19,677,599)	-	(10,000,000)	(51,349,139)
Other financial liabilities	-	-	(4,016,703)	-	-	-	-	(4,016,703)
<b>Total financial liabilities</b>	<b>-</b>	<b>(302,884,522)</b>	<b>(94,027,608)</b>	<b>(82,576,602)</b>	<b>(187,291,028)</b>	<b>(186,796,461)</b>	<b>(10,000,000)</b>	<b>(863,576,221)</b>
<b>Net value</b>	<b>69,831,857</b>	<b>(287,273,147)</b>	<b>(21,477,471)</b>	<b>(24,789,751)</b>	<b>52,345,198</b>	<b>88,987,076</b>	<b>237,617,135</b>	<b>115,240,897</b>

Item	The Bank							
	As at 31 December 2020							
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	More than 5 years	Total
<b>Financial assets</b>								
Cash and balances with central bank	60,036,348	11,934,897	-	-	-	-	-	71,971,245
Due from banks and other financial institutions	-	15,310,456	502,669	-	1,015,672	-	-	16,828,797
Placements with banks and other financial institutions	-	-	23,303,603	6,714,878	30,582,454	3,560,675	-	64,161,610
Financial assets purchased under resale agreements	-	-	34,803,014	802,509	-	-	-	35,605,523
Loans and advances to customers	6,767,621	-	22,406,498	39,315,868	140,318,745	138,761,977	168,171,053	515,741,762
Held-for-trading financial assets	194,216	-	13,288,448	9,247,207	13,645,488	8,281,742	24,939,508	69,596,609
Debt investments	20,000	-	1,469,516	1,814,322	15,522,655	107,327,513	49,826,049	175,980,055
Other debt investments	70,000	-	2,582,325	7,068,358	19,019,816	45,641,568	27,680,370	102,062,437
Other equity instrument investments	11,500	-	-	-	-	-	-	11,500
Other financial assets	51,196	-	3,067,907	-	-	-	-	3,119,103
<b>Total financial assets</b>	<b>67,150,881</b>	<b>27,245,353</b>	<b>101,423,980</b>	<b>64,963,142</b>	<b>220,104,830</b>	<b>303,573,475</b>	<b>270,616,980</b>	<b>1,055,078,641</b>
<b>Financial liabilities</b>								
Loans from the central bank	-	-	(413,253)	(2,464,919)	(25,766,502)	-	-	(28,644,674)
Due to banks and other financial institutions	-	(4,278,587)	(4,037,181)	(1,039,310)	(3,801,160)	(95,528)	-	(13,251,766)
Placements from banks and other financial institutions	-	-	(9,983,929)	(5,983,961)	(3,849,820)	-	-	(19,817,710)
Financial liabilities at fair value through profit or loss	-	(20,680)	-	-	-	-	-	(20,680)
Financial assets sold under repurchase agreement	-	-	(28,362,426)	(7,360,983)	(994,641)	-	-	(36,718,050)
Customer deposits	-	(317,191,264)	(35,809,694)	(54,362,097)	(122,624,412)	(208,015,827)	-	(738,003,294)
Debt securities issued	-	-	(3,870,000)	(9,660,200)	(55,605,393)	(12,603,117)	(10,773,321)	(92,512,031)
Other financial liabilities	-	-	(1,068,803)	-	-	-	-	(1,068,803)
<b>Total financial liabilities</b>	<b>-</b>	<b>(321,490,531)</b>	<b>(83,545,286)</b>	<b>(80,871,470)</b>	<b>(212,641,928)</b>	<b>(220,714,472)</b>	<b>(10,773,321)</b>	<b>(930,037,008)</b>
<b>Net value</b>	<b>67,150,881</b>	<b>(294,245,178)</b>	<b>17,878,694</b>	<b>(15,908,328)</b>	<b>7,462,902</b>	<b>82,859,003</b>	<b>259,843,659</b>	<b>125,041,633</b>

Item	The Bank							
	As at 31 December 2019							
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	More than 5 years	Total
<b>Financial assets</b>								
Cash and balances with central bank	60,036,348	11,786,733	-	-	-	-	-	71,823,081
Due from banks and other financial institutions	-	2,766,511	1,502,110	1,118,993	-	-	-	5,387,614
Placements with banks and other financial institutions	-	-	13,104,546	3,159,493	26,491,450	6,517,965	-	49,273,454
Financial assets purchased under resale agreements	-	-	34,122,518	204,447	-	-	-	34,326,965
Loans and advances to customers	4,803,925	-	16,278,471	35,412,859	143,454,823	115,422,279	138,761,035	454,133,392
Held-for-trading financial assets	196,417	-	1,077,744	3,075,294	18,561,203	13,434,185	16,269,105	52,613,948
Debt investments	20,000	-	2,444,537	8,521,348	26,825,433	80,663,961	50,778,659	169,253,938
Other debt investments	70,000	-	1,711,012	2,915,182	10,888,718	41,414,128	30,833,164	87,832,204
Other equity instrument investments	11,500	-	-	-	-	-	-	11,500
Other financial assets	35,929	-	110,214	-	-	-	-	146,143
<b>Total financial assets</b>	<b>65,174,119</b>	<b>14,553,244</b>	<b>70,351,152</b>	<b>54,407,616</b>	<b>226,221,627</b>	<b>257,452,518</b>	<b>236,641,963</b>	<b>924,802,239</b>
<b>Financial liabilities</b>								
Loans from the central bank	-	-	-	(822,428)	(13,097,882)	-	-	(13,920,310)
Due to banks and other financial institutions	-	(4,334,586)	(6,162,382)	(4,089,911)	(4,636,780)	-	-	(19,223,659)
Placements from banks and other financial institutions	-	-	(6,504,472)	(6,505,567)	(1,993,639)	-	-	(15,003,678)
Financial liabilities at fair value through profit or loss	-	(103,946)	-	-	-	-	-	(103,946)
Financial assets sold under repurchase agreement	-	-	(42,446,843)	(4,603,078)	(7,476,833)	-	-	(54,526,754)
Customer deposits	-	(286,440,946)	(31,181,289)	(49,740,644)	(119,963,346)	(180,923,473)	-	(668,249,698)
Debt securities issued	-	-	(4,380,000)	(17,291,540)	(19,677,599)	-	(10,000,000)	(51,349,139)
Other financial liabilities	-	-	(3,615,270)	-	-	-	-	(3,615,270)
<b>Total financial liabilities</b>	<b>-</b>	<b>(290,879,478)</b>	<b>(94,290,256)</b>	<b>(83,053,168)</b>	<b>(166,846,079)</b>	<b>(180,923,473)</b>	<b>(10,000,000)</b>	<b>(825,992,454)</b>
<b>Net value</b>	<b>65,174,119</b>	<b>(276,326,234)</b>	<b>(23,939,104)</b>	<b>(28,645,552)</b>	<b>59,375,548</b>	<b>76,529,045</b>	<b>226,641,963</b>	<b>98,809,785</b>

## 2.4.2 Derivative financial assets and financial liability cash flows

### 2.4.2.1 Derivative financial instruments settled on a net basis

Derivatives that will be settled on a net basis refer to interest rate derivatives and precious metals derivatives. The tables below set forth the Group's net derivative financial instruments position by remaining contractual maturities at the balance sheet date. The amounts disclosed in the tables are the undiscounted contractual cash flows.

Item	The Group and the Bank					
	As at 31 December 2020					
	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	More than 5 years	Total
Interest rate derivatives	1,150	4,474	1,292	(7,366)	-	(450)
Precious metals derivatives	25,991	20,812	(47,646)	-	-	(843)
Credit risk mitigation	-	-	-	1,046	-	1,046
<b>Total</b>	<b>27,141</b>	<b>25,286</b>	<b>(46,354)</b>	<b>(6,320)</b>	<b>-</b>	<b>(247)</b>

Item	The Group and the Bank					
	As at 31 December 2019					
	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	More than 5 years	Total
Interest rate derivatives	2,050	(2,019)	1,965	585	-	2,581
Precious metals derivatives	-	12,550	(3,537)	(21,662)	-	(12,649)
Credit risk mitigation	-	-	(190)	-	-	(190)
<b>Total</b>	<b>2,050</b>	<b>10,531</b>	<b>(1,762)</b>	<b>(21,077)</b>	<b>-</b>	<b>(10,258)</b>

### 2.4.2.2 Derivative financial instruments settled on a gross basis

Derivative financial instruments that will be settled on a gross basis refer to exchange rate derivatives, currency derivatives and currency options. The tables below set forth the Group's position by remaining contractual maturities at the balance sheet date. The amounts disclosed in the tables are the undiscounted contractual cash flows:

Item	The Group and the Bank					
	As at 31 December 2020					
	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	More than 5 years	Total
Exchange rate derivatives						
-Cash inflow	20,895,281	2,531,699	5,370,024	-	-	28,797,004
-Cash outflow	(20,933,515)	(2,511,746)	(5,347,972)	-	-	(28,793,233)
<b>Total</b>	<b>(38,234)</b>	<b>19,953</b>	<b>22,052</b>	<b>-</b>	<b>-</b>	<b>3,771</b>

Item	The Group and the Bank					
	As at 31 December 2019					
	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	More than 5 years	Total
Exchange rate derivatives						
-Cash inflow	11,700,711	2,711,967	15,004,885	233,940	-	29,651,503
-Cash outflow	(11,701,618)	(2,737,839)	(15,079,228)	(233,103)	-	(29,751,788)
<b>Total</b>	<b>(907)</b>	<b>(25,872)</b>	<b>(74,343)</b>	<b>837</b>	<b>-</b>	<b>(100,285)</b>

## 2.4.3 Off-balance-sheet items

Item	The Group							
	As at 31 December 2020				As at 31 December 2019			
	Within 1 year	1-5 years	More than 5 years	Total	Within 1 year	1-5 years	More than 5 years	Total
Credit-related commitments	31,733,261	5,758,898	18,428,941	55,921,100	18,851,314	4,571,200	11,757,380	35,179,894
Bank acceptances	10,365,103	-	-	10,365,103	8,679,841	-	-	8,679,841
Issued letters of guarantee	3,307,690	473,187	4,600	3,785,477	2,144,139	1,172,628	3,000	3,319,767
Issued letters of credit	3,052,231	-	-	3,052,231	2,015,941	-	-	2,015,941
Operating lease commitments	243,396	494,729	100,046	838,171	221,331	539,981	139,476	900,788
Capital commitments	112,854	10,094	-	122,948	56,718	40,421	10,094	107,233
<b>Total</b>	<b>48,814,535</b>	<b>6,736,908</b>	<b>18,533,587</b>	<b>74,085,030</b>	<b>31,969,284</b>	<b>6,324,230</b>	<b>11,909,950</b>	<b>50,203,464</b>

Item	The Bank							
	As at 31 December 2020				As at 31 December 2019			
	Within 1 year	1-5 years	More than 5 years	Total	Within 1 year	1-5 years	More than 5 years	Total
Credit-related commitments	31,733,261	5,758,898	18,428,941	55,921,100	18,851,314	4,571,200	11,757,380	35,179,894
Bank acceptances	10,365,103	-	-	10,365,103	8,679,841	-	-	8,679,841
Issued letters of guarantee	3,307,190	473,187	4,600	3,784,977	2,144,139	1,172,628	3,000	3,319,767
Issued letters of credit	3,052,231	-	-	3,052,231	2,015,941	-	-	2,015,941
Operating lease commitments	201,617	405,418	73,500	680,535	185,896	423,109	102,154	711,159
Capital commitments	86,673	10,094	-	96,767	52,535	40,380	10,094	103,009
<b>Total</b>	<b>48,746,075</b>	<b>6,647,597</b>	<b>18,507,041</b>	<b>73,900,713</b>	<b>31,929,666</b>	<b>6,207,317</b>	<b>11,872,628</b>	<b>50,009,611</b>

### 3. Fair value information

#### 3.1 Assets and liabilities measured at fair value

##### 3.1.1 Fair value hierarchy of assets and liabilities measured at fair value

Item	The Group			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Placements with banks and other financial institutions at fair value through other comprehensive income	-	-	4,104,650	4,104,650
Loans and advances to customers at fair value through other comprehensive income	-	-	62,736,755	62,736,755
<b>Held-for-trading financial assets</b>				
- Securities	-	25,844,994	-	25,844,994
- Trusts and asset management plans	-	-	13,321,188	13,321,188
- Securities investment funds	-	19,331,874	-	19,331,874
- Wealth management products issued by other banks	-	-	10,834,527	10,834,527
<b>Other debt investments</b>				
- Securities	-	90,947,908	-	90,947,908
Other equity instruments	-	-	11,500	11,500
<b>Derivative financial assets</b>				
- Exchange rate derivatives	-	201,930	-	201,930
- Interest rate derivatives	-	609,860	-	609,860
- Precious metals	-	130,821	-	130,821
- Credit risk mitigation	-	1,046	-	1,046
<b>Total financial assets</b>	-	137,068,433	91,008,620	228,077,053
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	-	(20,680)	-	(20,680)
Derivative financial liabilities				-
- Exchange rate derivatives	-	(205,792)	-	(205,792)
- Interest rate derivatives	-	(629,640)	-	(629,640)
- Precious metals	-	(77,348)	-	(77,348)
<b>Total financial liabilities</b>	-	(933,460)	-	(933,460)

Item	The Group			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Placements with banks and other financial institutions at fair value through other comprehensive income	-	-	2,292,277	2,292,277
Loans and advances to customers at fair value through profit or loss	-	-	636,054	636,054
Loans and advances to customers at fair value through other comprehensive income	-	-	72,898,519	72,898,519
<b>Held-for-trading financial assets</b>				
- Securities	-	17,293,189	-	17,293,189
- Trusts and asset management plans	-	-	12,646,372	12,646,372
- Securities investment funds	-	17,954,060	-	17,954,060
- Wealth management products issued by other banks	-	-	3,218,927	3,218,927
- Equity securities	359,910	-	-	359,910
<b>Other debt investments</b>				
- Securities	-	78,003,223	-	78,003,223
Other equity instruments	-	-	11,500	11,500
<b>Derivative financial assets</b>				
- Exchange rate derivatives	-	142,536	-	142,536
- Interest rate derivatives	-	172,689	-	172,689
- Precious metals	-	100,497	-	100,497
<b>Total financial assets</b>	<b>359,910</b>	<b>113,666,194</b>	<b>91,703,649</b>	<b>205,729,753</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	-	(103,946)	-	(103,946)
<b>Derivative financial liabilities</b>				
- Exchange rate derivatives	-	(271,741)	-	(271,741)
- Interest rate derivatives	-	(169,861)	-	(169,861)
- Precious metals	-	(112,425)	-	(112,425)
- Credit risk mitigation	-	(190)	-	(190)
<b>Total financial liabilities</b>	<b>-</b>	<b>(658,163)</b>	<b>-</b>	<b>(658,163)</b>

Item	The Bank			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Placements with banks and other financial institutions at fair value through other comprehensive income	-	-	4,104,650	4,104,650
Loans and advances to customers at fair value through other comprehensive income	-	-	62,736,755	62,736,755
<b>Held-for-trading financial assets</b>				
- Securities	-	25,844,994	-	25,844,994
- Trusts and asset management plans	-	-	13,321,188	13,321,188
- Securities investment funds	-	19,331,874	-	19,331,874
- Wealth management products issued by other banks	-	-	10,834,527	10,834,527
<b>Other debt investments</b>				
- Securities	-	90,947,908	-	90,947,908
Other equity instruments	-	-	11,500	11,500
<b>Derivative financial assets</b>				
- Exchange rate derivatives	-	201,930	-	201,930
- Interest rate derivatives	-	609,860	-	609,860
- Precious metals	-	130,821	-	130,821
- Credit risk mitigation	-	1,046	-	1,046
<b>Total financial assets</b>	-	137,068,433	91,008,620	228,077,053
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	-	(20,680)	-	(20,680)
<b>Derivative financial liabilities</b>				
- Exchange rate derivatives	-	(205,792)	-	(205,792)
- Interest rate derivatives	-	(629,640)	-	(629,640)
- Precious metals	-	(77,348)	-	(77,348)
<b>Total financial liabilities</b>	-	(933,460)	-	(933,460)



Item	The Bank			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Placements with banks and other financial institutions at fair value through other comprehensive income	-	-	2,292,277	2,292,277
Loans and advances to customers at fair value through profit or loss	-	-	636,054	636,054
Loans and advances to customers at fair value through other comprehensive income	-	-	72,898,519	72,898,519
<b>Held-for-trading financial assets</b>				
- Securities	-	17,293,189	-	17,293,189
- Trusts and asset management plans	-	-	12,646,372	12,646,372
- Securities investment funds	-	17,954,060	-	17,954,060
- Wealth management products issued by other banks	-	-	3,218,927	3,218,927
- Equity securities	359,910	-	-	359,910
<b>Other debt investments</b>				
- Securities	-	78,003,223	-	78,003,223
Other equity instruments	-	-	11,500	11,500
<b>Derivative financial assets</b>				
- Exchange rate derivatives	-	142,536	-	142,536
- Interest rate derivatives	-	172,689	-	172,689
- Precious metals	-	100,497	-	100,497
<b>Total financial assets</b>	<b>359,910</b>	<b>113,666,194</b>	<b>91,703,649</b>	<b>205,729,753</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	-	(103,946)	-	(103,946)
<b>Derivative financial liabilities</b>				
- Exchange rate derivatives	-	(271,741)	-	(271,741)
- Interest rate derivatives	-	(169,861)	-	(169,861)
- Precious metals	-	(112,425)	-	(112,425)
- Credit risk mitigation	-	(190)	-	(190)
<b>Total financial liabilities</b>	<b>-</b>	<b>(658,163)</b>	<b>-</b>	<b>(658,163)</b>

Financial instruments of the Group and the Bank in Level 2 mainly include bond investments, securities investment funds, foreign exchange forwards and swaps, interest rate swaps, foreign exchange options, precious metal contracts, etc. The fair value of the bonds shall be determined according to the valuation results of the China Central Depository & Clearing Co., Ltd. The valuation of the investment funds is based on observable quotes in the market. Foreign currency forwards and swaps, interest rate swaps, foreign currency options are valued through cash flow discounting and Black-Scholes Model. The fair value of precious metals is determined by closing price quoted in Shanghai Gold Exchange. Observable market information is used for all significant valuation inputs.

The financial assets of the Group and the Bank in Level 3 mainly include placements with banks and other financial institutions at fair value through other comprehensive income, loans and advances to customers at fair value through profit or loss, loans and advances to customers at fair value through other comprehensive income, wealth management products, and trusts and asset management plans, which adopt valuation technique of cash flow discount method and unobservable inputs of discount rate; other equity instrument investments adopts market method and unobservable inputs of liquidity discount.

There were no transfers of fair value measurement of assets and liabilities of the Group between Level 1 and 2 in 2019 and 2020.

## 3.1.2 Reconciliation of level 3 items

Item	The Group						
	Loans and advances to customers at fair value through profit or loss	Loans and advances to customers at fair value through other comprehensive income	Placements with banks and other financial institutions at fair value through other comprehensive income	Held-for-trading financial assets		Other equity instruments	Total
				Wealth management products issued by other banks	Trusts and asset management plans		
As at 1 January 2020	636,054	72,898,519	2,292,277	3,218,927	12,646,372	11,500	91,703,649
<b>Comprehensive income</b>							
- Profit or loss	1,390	-	-	315,797	217,214	-	534,401
- Other comprehensive income	-	(39,436)	(3,189)	-	-	-	(42,625)
Purchase/transfer in	-	57,828,408	1,815,562	11,600,000	11,470,000	-	82,713,970
Disposal/transfer out	(637,444)	(67,950,736)	-	(4,300,197)	(11,012,398)	-	(83,900,775)
As at 31 December 2020	-	62,736,755	4,104,650	10,834,527	13,321,188	11,500	91,008,620

Item	The Group						
	Loans and advances to customers at fair value through profit or loss	Loans and advances to customers at fair value through other comprehensive income	Placements with banks and other financial institutions at fair value through other comprehensive income	Held-for-trading financial assets		Other equity instruments	Total
				Wealth management products issued by other banks	Trusts and asset management plans		
As at 1 January 2019	10,996,611	46,473,612	4,742,823	11,611,142	14,684,285	11,500	88,519,973
<b>Comprehensive income</b>							
- Profit or loss	512,371	-	-	466,445	477,246	-	1,456,062
- Other comprehensive income	-	(140,264)	(2,820)	-	-	-	(143,084)
Purchase/transfer in	636,065	72,920,435	2,214,248	8,690,000	37,612,644	-	122,073,392
Disposal/transfer out	(11,508,993)	(46,355,264)	(4,661,974)	(17,548,660)	(40,127,803)	-	(120,202,694)
As at 31 December 2019	636,054	72,898,519	2,292,277	3,218,927	12,646,372	11,500	91,703,649

Item	The Bank						
	Loans and advances to customers at fair value through profit or loss	Loans and advances to customers at fair value through other comprehensive income	Placements with banks and other financial institutions at fair value through other comprehensive income	Held-for-trading financial assets		Other equity instruments	Total
				Wealth management products issued by other banks	Trusts and asset management plans		
As at 1 January 2020	636,054	72,898,519	2,292,277	3,218,927	12,646,372	11,500	91,703,649
<b>Comprehensive income</b>							
- Profit or loss	1,390	-	-	315,797	217,214	-	534,401
- Other comprehensive income	-	(39,436)	(3,189)	-	-	-	(42,625)
Purchase/transfer in	-	57,828,408	1,815,562	11,600,000	11,470,000	-	82,713,970
Disposal/transfer out	(637,444)	(67,950,736)	-	(4,300,197)	(11,012,398)	-	(83,900,775)
As at 31 December 2020	-	62,736,755	4,104,650	10,834,527	13,321,188	11,500	91,008,620

Item	The Bank						Total
	Loans and advances to customers at fair value through profit or loss	Loans and advances to customers at fair value through other comprehensive income	Placements with banks and other financial institutions at fair value through other comprehensive income	Held-for-trading financial assets		Other equity instruments	
				Wealth management products issued by other banks	Trusts and asset management plans		
As at 1 January 2019	10,996,611	46,473,612	4,742,823	11,611,142	14,684,285	11,500	88,519,973
<b>Comprehensive income</b>							
- Profit or loss	512,371	-	-	466,445	477,246	-	1,456,062
- Other comprehensive income	-	(140,264)	(2,820)	-	-	-	(143,084)
Purchase/transfer in	636,065	72,920,435	2,214,248	8,690,000	37,612,644	-	122,073,392
Disposal/transfer out	(11,508,993)	(46,355,264)	(4,661,974)	(17,548,660)	(40,127,803)	-	(120,202,694)
As at 31 December 2019	636,054	72,898,519	2,292,277	3,218,927	12,646,372	11,500	91,703,649

### 3.2 Assets and liabilities not measured at fair value at the balance sheet date

Assets and liabilities that are not measured at fair value include, among which the difference between carrying value and fair value are small includes: cash and balances with central bank, due from banks and other financial institutions, placements from banks and other financial institutions measured at amortized cost, financial assets purchased under resale agreements, loans and advances to customers measured at amortized cost, receivables investment, finance lease receivables, due to banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreement and customer deposits.

Details of difference between fair value and carrying amount of debt investments, held-to-maturity investment and debt securities issued are set as follows:

#### Debt investments

Fair value of held-to-maturity investment is based on quoted market price. If a quoted market price is not available, discounted cash flow mode can be used for the debt investments. In certain circumstances, the Group uses prices of products with similar credit risks, maturity date and rate of return for quotation.

#### Held-to-maturity investment

Fair value of held-to-maturity investment is based on quoted market price. If a quoted market price is not available, discounted cash flow mode can be used for the held-to-maturity investment. In certain circumstances, the Group uses prices of products with similar credit risks, maturity date and rate of return for quotation.

#### Debt securities issued

Fair value of debt securities issued is primarily base on quoted market price. If quoted market price is not available, the fair value is determined using discounted cash flow model with reference to the yield of similar bonds which have the similar remaining terms through maturities.

#### 3.2.1 Financial instruments with significant differences between carrying value and fair value

Item	The Group			
	As at 31 December 2020		As at 31 December 2019	
	Fair value	Carrying amount	Fair value	Carrying amount
<b>Financial assets</b>				
Debt investments	158,267,744	156,317,618	150,659,868	148,218,827
<b>Financial liabilities</b>				
Debt securities issued	87,792,894	87,683,730	47,935,304	47,946,796

Item	The Bank			
	As at 31 December 2020		As at 31 December 2019	
	Fair value	Carrying amount	Fair value	Carrying amount
<b>Financial assets</b>				
Debt investments	157,308,306	155,355,746	150,507,755	148,067,827
<b>Financial liabilities</b>				
Debt securities issued	87,792,894	87,683,730	47,935,304	47,946,796

Fair value of the aforementioned financial assets and liabilities is classified within Level 2.

#### 4. Capital management

The Group calculates the capital adequacy ratio in accordance with the requirements of the China Banking Regulatory Commission's Capital Management Measures for Commercial Banks (Trial) and other relevant regulations. China Banking Regulatory Commission required commercial banks to meet the capital adequacy ratio requirements stipulated in the "Capital Management Measures for Commercial Banks (Trial)" before the end of 2018. For systemically important banks, China Banking Regulatory Commission required its core Tier 1 capital adequacy ratio to be no less than 8.50%. The capital adequacy ratio shall not be lower than 9.50%, and the capital adequacy ratio shall not be lower than 11.50%. For non-systemically important banks, China Banking Regulatory Commission requires that its core Tier 1 capital adequacy ratio should not be lower than 7.50%, the Tier 1 capital adequacy ratio should not be lower than 8.50%, and the capital adequacy ratio should not be lower than 10.50%. As at 31 December 2020, the calculation results of the Group's capital adequacy ratio met the relevant regulatory requirements.

The tables below summaries the capital adequacy ratio of the Group and Bank:

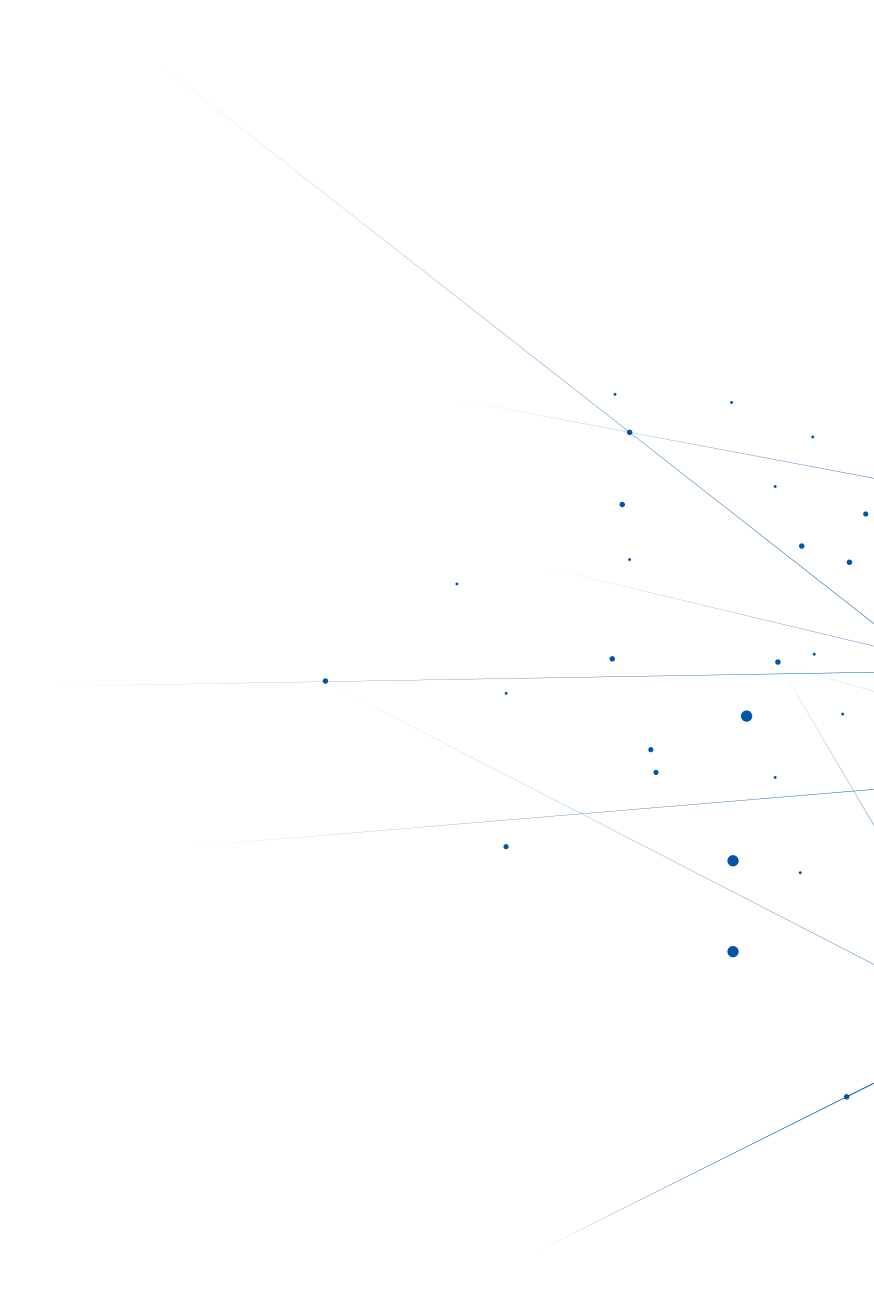
Item	The Group		The Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Net Core Tier 1 Capital	78,403,963	72,165,439	73,386,273	67,603,528
Net Tier 1 Capital	78,609,505	72,336,808	73,386,273	67,603,528
Net Capital	96,779,439	89,246,080	90,676,404	83,785,311
Risk-weighted assets	671,905,275	573,332,726	632,112,983	540,476,377
Core Tier 1 Capital Adequacy Ratio (%)	11.67	12.59	11.61	12.51
Tier 1 Capital Adequacy Ratio (%)	11.70	12.62	11.61	12.51
Capital Adequacy Ratio (%)	14.40	15.57	14.34	15.50

## XIV. FINANCIAL STATEMENTS APPROVED

The financial statements were approved by the Board of Directors on 26 March 2021.

\*\*\* END OF FINANCIAL STATEMENTS\*\*\*

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