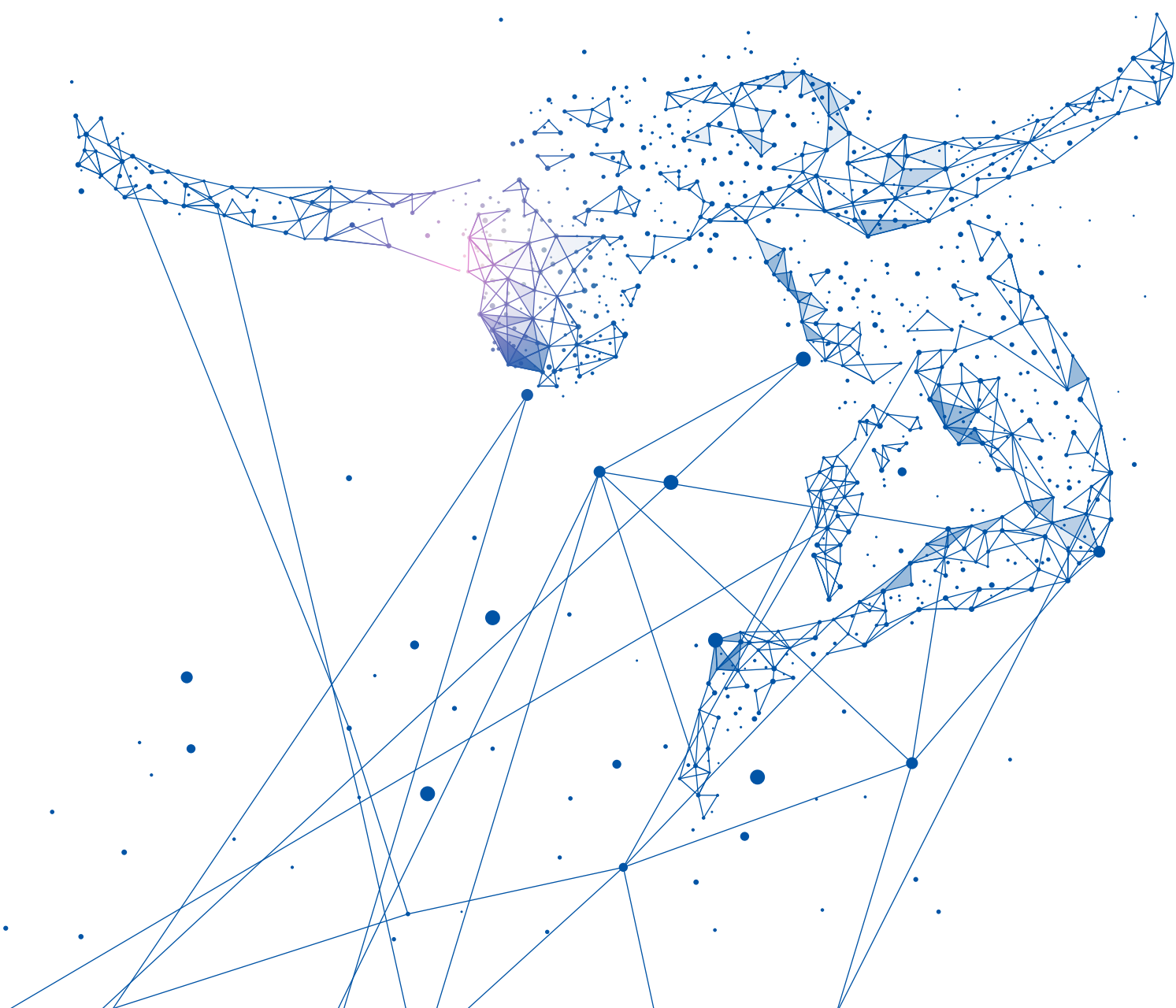


2021 ANNUAL REPORT

Stock code: 601825



Mission

Inclusive Finance Delivers Better Life

Strategic Vision

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

Core Values

Sincerity **R**esponsibility
Creation **B**enefit

Core Spirit of Corporate Culture

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

SRCB

Contents

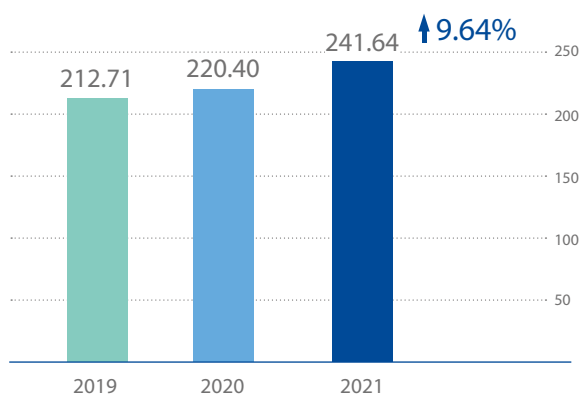
Performance Overview	001
Important Notice	003
Definitions	004
Catalog of Documents Available for Reference	004
Message from the Chairman	005
Message from the President	007

Chapter I Company Profile	010
Chapter II Accounting Data and Financial Indicators Highlights	015
Chapter III Management Discussion and Analysis	019
I. General Performance	020
II. Analysis of Financial Statements	020
III. Analysis of Loan Quality	029
IV. Analysis of Capital Adequacy Ratio	032
V. Operating Information of Branches	034
VI. Business Overview	034
VII. Key Focuses in Operation	046
VIII. Risk Management	048
IX. Company's Future Development Outlook	051
Chapter IV Corporate Governance	053
Chapter V Environmental and Social Responsibility	078
Chapter VI Major Events	082
Chapter VII Changes in Shares and Particulars of Shareholders	090
Chapter VIII Financial Reports	099

Performance Overview

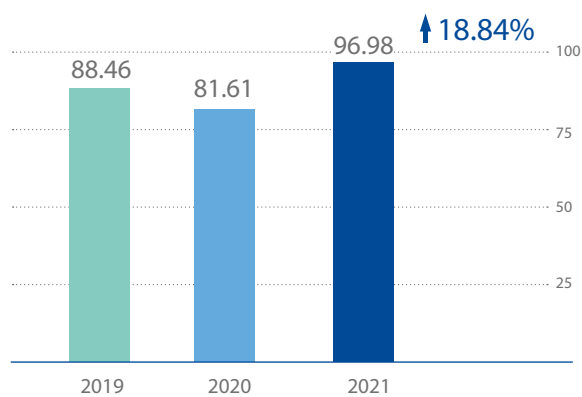
Operating income

(Unit: RMB 100 million)



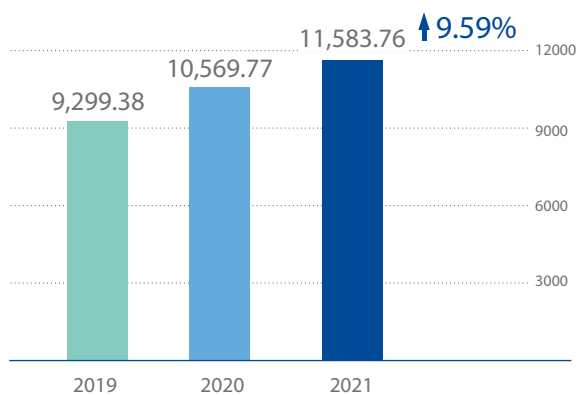
Net profit attributable to shareholders of the parent company

(Unit: RMB 100 million)



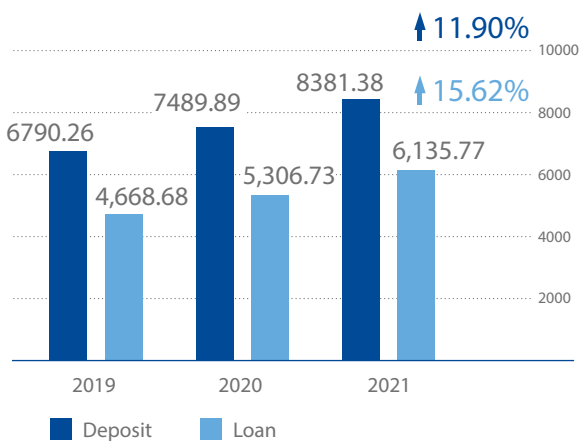
Total assets

(Unit: RMB 100 million)



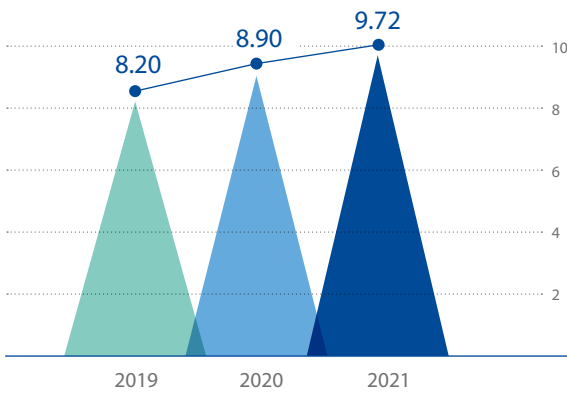
Deposit and loan balance

(Unit: RMB 100 million)



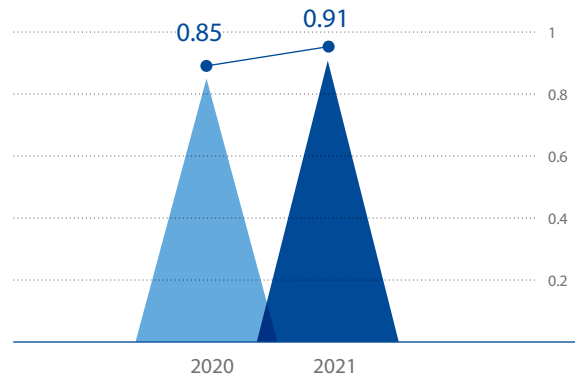
Net assets per share attributable to shareholders of the parent company

(Unit: RMB Yuan/share)



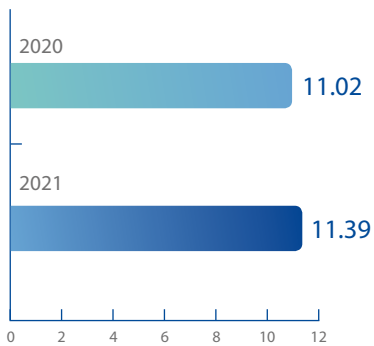
Average return on total assets

(Unit: %)



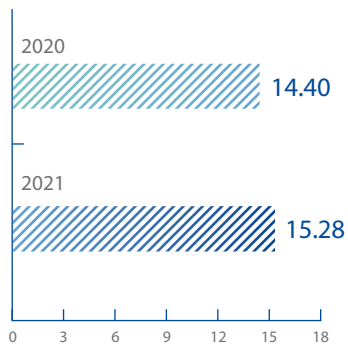
Weighted average return on equity

(Unit: %)



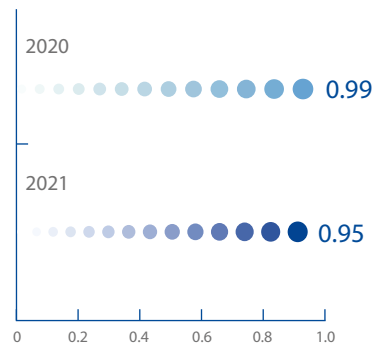
Capital adequacy ratio

(Unit: %)



Non-performing loan ratio

(Unit: %)



Important Notice

- ▶ The Board of Directors, the Board of Supervisors, directors, supervisors and the Senior Management members of the Company warrant that the information in this report is authentic, accurate and complete, contains no false record, misleading statement or material omission, and jointly and severally accept full responsibility for the information in this report.
- ▶ This report was reviewed and approved at the 14th meeting of the 4th Board of Directors of the Company held on April 29, 2022. 18 directors were present at the meeting and 17 directors were actually present in person. Wang Juan, a non-executive director, was unable to attend the meeting due to other important business and appointed Zhou Lei, a non-executive director, to attend and vote on her behalf. 18 directors exercised their voting rights. Some supervisors and non-director senior management of the Company attended the meeting.
- ▶ The financial statements prepared by the Company in accordance with Chinese Accounting Standards ("CAS") have been audited by Deloitte & Touche CPAs (LLP), who issued an unqualified opinion.
- ▶ Xu Li (legal representative of the Company), Gu Jianzhong (president of the Company), Yao Xiaogang (CFO) and Chen Nanhua (person in charge from the accounting firm) warrant the authenticity, accuracy and completeness of the financial statements in this report.
- ▶ The profit distribution proposal for the reporting period reviewed by the Board of Directors of the Company: Cash dividends of RMB 3.00 (including tax) for every 10 ordinary shares, totaling RMB 2.893 billion (including tax), based on the total share capital registered on the date of registration for equity distribution. In 2021, the Company will not issue bonus shares and will not convert capital reserve to share capital. The above profit distribution proposal has yet to be submitted to the Company's 2021 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/SHRCB	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
Reporting period	1 January 2021 to 31 December 2021

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

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

Catalog of Documents Available for Reference

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

Message from the Chairman



Party Secretary and Chairman: Xu Li

2021 is the year when dreams come true. The dream of centenary goals, the dream of well-off society, the dream of aerospace, and the dream of Winter Olympic Games ... the whole nation rejoices in the realization of those dreams. Of course, there is also the dream of SHRCB -- on August 19, 2021, the Bank successfully landed on the main board of the SSE A-share market, which is the achievement of over 7,000 SHRCB people's determination and hard work through thick and thin. In 2021, the Group achieved a net profit attributable to the parent company of RMB 9.698 billion, operating income of RMB 24.164 billion, average return on total assets of 0.91% and weighted average return on equity of 11.39%; non-performing loan ratio of 0.95%; the Group's total assets reached RMB 1,158.376 billion, ranking 149th in the "Top 1000 World Banks 2021". S&P (China) maintained its corporate credit rating of "AAAspc-" with "stable" outlook on the Bank. At the historical intersection of "the Two Centenary Goals" connecting the past and the present, SHRCB people have written a splendid chapter in the new journey.

Of course, in the past year, we also felt the heavy pressure in development. Faced with the impact of large banks extending their businesses down to lower customer segments and cross-sector competition from Fintech companies, the living space for local small and medium-sized banks has been continuously squeezed, and the valuation of domestic listed banks has been divided. Where do we go from here? Is "going deeper down" a passive or proactive move? Can "digital transformation" solve the problem of scale effect? Do small and medium-sized banks have unique and sustainable value creation capabilities? Is this capability recognized by investors? etc. These are the issues bothering the industry development and the challenges brought by the times. As a listed bank located in

Shanghai facing the Yangtze River Delta, we have the responsibility and mission to answer those questions and try to explore the "value password" for the advancement of small and medium-sized local banks.

There is no straight path to value creation, which can only be realized through great efforts.

Clear strategy and effective execution are the prerequisites for value creation.

Along the journey, our determination to focus on the main course of strategy has become increasingly firm. The mission of SHRCB is "Inclusive finance delivers better life" to be a trustworthy bank that cares. We take the areas that are closely related to the people's lives and that enable them to achieve their aspirations for a better life through financial empowerment as our strategic main course. In the main course, although there will be shoals and reefs, we are guided by our strategic "steering wheel" without distractions. We promote retail transformation and inclusive development, focus on the business positioning of "agricultural finance, small and micro businesses, science and technology innovation, community residents", and rely on the extensive channel network as well as suitable products and services to preserve, manage and create wealth well for the people so that their wealth preservation and appreciation can beat CPI and continuously increase. In 2021, total retail AUM was RMB 619.84 billion, up by 91.657 billion or 17.35% from the end of the previous year; retail loan balance reached RMB 183.692 billion, up by RMB 34.201 billion or 22.88% from the end of the previous year.

Creating a service-oriented bank that creates value for customers is the root of value creation.

Along the journey, our "customer-oriented" values have become increasingly clear. When service has replaced customer relationship as the most important factor driving customer loyalty, we have made it our strategic vision to create a service-oriented bank that creates value for customers. In the context of new consumption upgrade and the rise of social demands, customers are connected with us not only via products, but more through emotions. Besides the "product", customers need more of "trust" and "reliance". Managing customers is not only about managing "customer balance sheets", but also about managing customers' hearts and emotions. We adhere to the positioning of targeting small and scattered businesses, play our advantage of deep root in the suburbs, strengthen the support of digital transformation, change from a single "customer" marketing to "customer cluster" management, take the scenario, service, business model and other innovations as levers, integrate into the customer's ecosystem, production circle and life circle, serve customers and their customers, and develop more business growth points. We work together with rural financial institutions in the Yangtze River Delta to build "circles" and "bridges", and pool our efforts to serve the development of small and micro businesses and people's needs in the region.

We start with "small", focus on customer cultivation, and achieve win-win in the process of serving customers growing from "small" to "strong". We focus on the needs of Shanghai's "3+6 industrial structure system", cultivate small and medium-sized sci-tech innovation startups, take green and sustainable as the requirement, and create the original "venture-type" credit mechanism featuring "earlier stage in science and innovation, more comprehensive coverage of science and technology, and more advanced scientific research", thus building a science and technology financial ecosystem by committing to building "Xindongneng", a science and technology service brand that covers the entire life cycle of our customers. By the end of 2021, the loan size for technology-based businesses exceeded RMB 52.5 billion covering over 1,900 technology-based business accounts, with over 5,000 technology-based businesses served by the Bank cumulatively, and the loan balance of technology-based businesses accounted for over 11% in Shanghai, taking the lead in Shanghai market among all indicators.

Finance for good and making profit by loyalty is the significance of value creation.

Along the journey, our practice of empowering social governance with inclusive finance has become more and more fruitful. If a commercial bank only focuses on the return of economic value and ignores the creation of social value, it will not be able to go far steadily. "Good finance" is not the finance that only makes money, but the finance with a broad mind and ideal. We strive to look beyond finance, use the power of finance to empower social governance, integrate commercial value and social value, build the core capacity of serving society with light capital, play a greater role in facilitating the comprehensive green transformation of China's economy and society and the improvement of social governance, and contribute to common prosperity.

Led by the vision of common prosperity in the era, we closely combine the "people-centered" development philosophy and "customer-oriented" business philosophy, insist on "making profit with integrity and professionalism through hard work", broaden our mind, expand our vision, shift from self-interest to altruism, play an important role in social resource allocation, social value chain construction and social wealth accumulation, work together with stakeholders to build an open and inclusive ecosystem, earn our share of reasonable and sustainable business profits in the process of serving, empowering others and sharing profits, and establish a new development logic and business paradigm for mutual benefit and win-win result.

We adhere to the development logic of finance for good, respond to people's expectations and demands for a better life in depth and adequately, and play the three roles of inclusive finance as an aggregator of autonomous governance at the grassroots level, a booster of government-embedded governance, and a router of collaborative social governance in our long-term strategic perseverance. By financing, pooling wisdom and building trust, we have co-created a new empowerment model together with governments at all levels and grassroots social organizations, including "broad" layout, "intense" focus,

"warm" care, "close" connection, "wide" integration and "deep" service, and have established examples in practice such as "retrofit elevators in old neighborhoods", "one yuan for breakfast" and "smart teller machine function on the municipal government online-offline service platform", which are well received by the society.

Putting people first and taking culture as the soul are the sources of value creation.

Along the journey, our culture of creating value for employees is showing a stronger and stronger appeal. The competition of businesses is ultimately the competition of culture. The more difficult the road is, the more we can see the power of culture. In the 72 years' history of SHRCB, there is definitely a spirit and power that transcends the times and defies the future, which is the culture. In 2021, we released the corporate culture system of SHRCB. The core spirit of our corporate culture is "value virtue and goodness, benefit the city and the people, pursue excellence with diligence, and realize the shared dream of harmony". The power of finance is ubiquitous in the development of the city. We support the Shanghai women's soccer team, passing on to more people the determined, hard-working and tenacious sportsmanship of the "Iron Roses", which has become a cultural trait of the city of Shanghai. We fight against the pandemic, safeguard financial services, deliver warmth with finance, and facilitate business development. Under the pandemic, everyone at SHRCB is a beam of light.

The power of culture is ultimately the power of people's hearts. Banks can only innovate to make a change and create the future when they have the ability to stimulate people's initiatives. We need to make every employee feel that the corporate mission of "inclusive finance delivers better life" offer broader room to realize their self-worth than purely pursuing profit, so that every employee has the ideal of looking up to the stars while working down-to-earth. We praise our employees, inspire them, care for them, build agile teams, reshape flexible organizations, and gather the greatest power for the development of the Bank with employees' independent creation and spontaneous innovation, so that every talent could be recognized in SHRCB!

The road of value creation is a road for SHRCB to practice the new development philosophy and achieve high-quality development. The wider this road goes, the more confident and determined we become. This year is the closing year of SHRCB's 2020-2022 development strategic plan, and also the year for planning the new round of development strategic plan. Standing at the new starting point, the road ahead will have the comfort like "having sailed across ten thousand mountains", and the future is filled with the expectation of "scenery at the peak of the mountain". We will integrate the concept of sustainable development and ESG into our management with a more profound historical vision and broad social mind, and devote ourselves to building five systems including "a financial service system for agriculture featuring the industrial chain, a financial service system for science and technology featuring Xindongneng, a green financial service system featuring "three wholes"¹, a wealth management service system featuring pension finance, and a comprehensive financial service system featuring industry finance", creating the "strategic password" for the future.

Although the journey ahead may be long and arduous, with sustained actions, we will eventually reach our destination and embrace a brighter future. Let's take time as the ruler to measure the profoundness and depth of SHRCB's high-quality development, and time as witness to the ideals of SHRCB people.

Chairman:



¹ The "three wholes" refer to the green financial service model of the whole industry chain, whole life cycle and whole product service.

Message from the President



Deputy Party Secretary, Vice Chairman and President: Gu Jianzhong

On August 19, 2021, the Bank was successfully listed on the main board of the A-share market, significantly enhancing its capital adequacy ratio and brand influence. In the past year, faced with the complex economic situation at home and abroad, the Bank conscientiously implemented the work requirements of the supervising and regulatory authorities, adhered to the strategic orientation, firmly innovated and transformed, and adhered to compliant operation. All employees and leaders of the Bank have united together, overcome difficulties, and strived forward, showing the strength of forging ahead against difficulties and the cohesion of comprehensive synergy and unity, maintaining the momentum of steady and sound development of the Bank's business operation.

By the end of 2021, the Group's total assets reached RMB 1,158.376 billion, an increase of 9.59%; the Group achieved a net profit attributable to the parent company of RMB 9.698 billion, an increase of 18.84%; an operating income of RMB 24.164 billion, an increase of 9.64%; an average return on total assets of 0.91%, and a weighted average return on equity of 11.39%, an increase of 0.37 percentage points. The deposit principal was RMB 838.138 billion, an increase of RMB 89.149 billion or 11.90% from the end of the previous year; total loans and advances were RMB 613.577 billion, an increase of RMB 82.904 billion or 15.62% from the end of the previous year.

During the year, we have raised our political stance, actively facilitated national strategies and integrated into regional development. We have accelerated the service for the national strategy of rural revitalization, effectively landed the agricultural industry chain project, and orderly promoted the construction of integrity villages and towns. Closely focusing on Shanghai's urban development, we have boosted financial support for the "five new towns", signed strategic cooperation agreements with some district governments one after another, established connected co-building mechanisms and in-depth partnerships, and vigorously promoted financial support in the construction of new towns. We have actively participated in the construction of the new Lingang Area and formulated a special service program for the "Lingang Science and Technology Innovation Loan", benefiting 203 science and technology innovation enterprises in the park, nearly 40% of which are first-time bank loan borrowers. We have proactively involved into the integrated development of the Yangtze River Delta, relying on the Qingpu Sub-branch and the two non-local sub-branches in Kunshan and Jiashan to form regional synergy and build a main front for integrated financial services in the Yangtze River Delta. We have also actively explored green finance and built a green financial system initially to help achieve the "dual carbon" target.

During the year, we have maintained our strategic determination to promote inclusive finance and comprehensive "common prosperity". We have fully served the real economy, with a significant increase in the proportion of credit loans and medium-to-long-term loans for small and micro enterprises. We have also added three new business E loan centers and steadily promoted the construction of microfinance centers, continuously broadening financing channels and improving financing facilitation to effectively alleviate the financing problems of small and micro enterprises. The results of building the whole life cycle system of science and technology finance have gradually emerged. We have actively connected with various incubators and private equity funds, released special service programs such as "Xindogngneng 2.0" and "Lingang Science and Technology Innovation Loan", comprehensively connected with the "Light of Huangpu River" and "Specialized and Innovative Small Giant" enterprises, dug deep into the financial needs of sci-tech innovation startups, innovated financial services, ranking first in Shanghai in terms of incremental growth of science and technology-based loans. We have continuously advanced scenarios where finance empowers social governance, with the comprehensive application of financial products in scenarios such as retrofitting elevators in old neighborhoods, construction of electric vehicle charging piles, and ageing-friendly renovation.

During the year, we have continued to strengthen risk control under the guidance of regulatory, and strongly improved operational quality. The Group's non-performing loan ratio was 0.95%, down by 0.04 percentage points from the previous year. We have strictly implemented the requirements of the new asset management regulations and fully transformed to net worth wealth management products. We have proactively implemented the anti-money laundering requirements and improved the money laundering risk assessment level to "Grade B", reaching a new historical height. We have effectively strengthened the Group's management, with improved operation of rural banks and Yangtze Financial Leasing and more mature consolidated statement management capability.

During the year, we have accelerated business innovation, focused deeply on value creation, and continued to improve the quality of development. We planned and laid out the retail transformation in a holistic manner, promoted the gradual change of business philosophy from scale orientation to value creation, accelerated and increased the efficiency of retail business, and promoted the transformation of network in an orderly manner. We have also focused on enterprises in parks, listed and to-be-listed enterprises, syndicated loans and fund-raising accounts; the "Four Hundred Project" has shown initial results, and corporate finance business has achieved quality expansion. We have vigorously promoted the synergy of interbank ecosystem, and accelerated the development of innovative businesses, showing the effectiveness of interbank scenarios by orderly building the organization structure for investment banking franchise and continuously deepening the debt-equity combined financing.

During the year, we have strengthened management empowerment, continued to optimize resource allocation, and fully stimulated endogenous power. We have strengthened the top design, optimized the decision-making system of the senior management, steadily adjusted the market-oriented structure of the head office, and fully completed the flat-structure reform of operating units, making the management lighter and more efficient and the operation more dynamic. We have significantly improved technology empowerment, promoted the first phase of FOCUS data center project and various major system projects in an orderly manner, integrating technology and business to a new level. We have continuously deepened the strategic human resource management, effectively ensured the implementation of the "three can mechanism", and optimized the team structure; deeply promoted talent training programs for young and middle-aged

leaders, and "Xinhua Program" etc., and empowered employees to grow and succeed. We have continued to improve the soft power of the Company, achieved fruitful results in reviewing the history of the Bank. Oral history and thematic exhibitions etc. have been well received, and the corporate culture system has been formally finalized to stimulate the motivation and entrepreneurship across the Bank.

The year 2022 is the year for the 20th National Congress, the full implementation of the National 14th Five-Year Plan and the comprehensive layout of the new development pattern. It's also the key year for the Bank to conclude its 2020-2022 Development Strategic Plan and plan for a new round of development. The Bank will actively tackle challenges, seize the development opportunities and promote its high quality development.

In the new year, we will adhere to our responsibility and take the initiative to practice "social values" of commercial banks. We will closely integrate into the great rejuvenation of the nation, focus on green finance with the determination of "sharpening a sword with ten years", penetrate into key areas such as technology-based manufacturing, rural revitalization and regional coordinated development, raise our political stance, enhance our political awareness, strengthen the penetration of comprehensive financial services and actively contribute to the goal of "common prosperity".

In the new year, we will adhere to value creation and fully deepen the "strategic leadership" to improve operation quality. We will closely focus on "small and scattered business", firmly establish the ONE SHRCB business philosophy, adhere to inclusive finance and customer-orientation, stay firm in digital transformation, and continue to build a service-oriented bank that creates value for customers, so as to conclude the current round of strategic plan and plan for the next round of development.

In the new year, we will adhere to innovation and exploration, and continue to create market-oriented "business features". We will promote five financial services systems featuring agricultural industry chain, finance for science and technology innovation, green finance, pension finance and industry finance, continuously explore new business scenarios, innovate new business models, and make every effort to enhance professional management capabilities and refine management levels to create a market-oriented, professional and integrated financial service system.

The year 2022 is the first full year after the listing of the Bank. We will draw a bright blueprint for the future of SHRCB with vigor, courage and perseverance, and dedicate ourselves to the success of the 20th National Congress with higher quality management and development results.

President:





Chairman, Board of Supervisors

Li Jianguo

Company Profile

I. Corporate Information	011
II. Industry and Main Business of the Company	012
III. Development Strategy, Investment Value and Core Competitiveness	012
IV. Honors and Awards	014

01

I. Corporate Information

► (I) Basic Information

Statutory name in Chinese	上海农村商业银行股份有限公司
Abbreviated name in Chinese	上海农商银行
Statutory name in English	Shanghai Rural Commercial Bank Co.,Ltd.
Abbreviated name in English	Shanghai Rural Commercial Bank
Abbreviation	SHRCB ²
Legal representative	Xu Li
Date of initial registration	23 August, 2005
Registered address and historical changes	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai (2005.8.23-2011.6.20, No. 981 Pudong Avenue, Pudong New District, Shanghai; 2011.6.20-2017.12.28, 15-20/F and 22-27/F, No. 8 Middle Yincheng Road, Pudong New District, Shanghai; 2017.12.28-present, No. 70 Zhongshan Road (East-2) , Huangpu District, Shanghai)
Office address	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai
Postal code	200002
Unified social credit code	913100007793473149
Company website	http://www.srcb.com
Email	ir@srcb.com
Service & complaint hotline	021-962999

► (II) Contact Person and Contact Information

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

► (III) Disclosure of Information and Availability

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

► (IV) Company Stock Profile

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

► (V) Other Related Information

Appointed auditor	Name	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	
Sponsors who performed continuous supervision duties during the reporting period	Name	Haitong Securities Co., Ltd	Guotai Junan Securities Co., Ltd
	Office address	No.689, Guangdong Road, Shanghai	No.618, Shangcheng Road, China (Shanghai) Pilot Free Trade Zone
	Name of signatory sponsor representative	Du Juan, Hu Liansheng	Cai Rui, Zhang Duo
	Period of ongoing supervision	August 19, 2021 to December 31, 2023	

² Note: The abbreviation of the Company's English name was changed from "SRCB" to "SHRCB". As of the end of the reporting period, the Company has completed the change of Articles of Association and received approval from the regulatory authorities accordingly, the registration of English name abbreviation and domain name has been completed, and the trademark is still in the process of registration.

II. Industry and Main Business of the Company

2021 is the opening year of China's 14th Five-Year Plan, and the year when we march towards the second centennial goal after building a moderately prosperous society in all respects. Faced with the complex and severe development situation posed by global politics and economy, China adheres to the general keynote of seeking progress in stability, calmly copes with the changes and the pandemic unprecedented in a century, strengthens the cross-cycle adjustment of macroeconomic policies, and strives to promote sustainable and sound economic development. The banking industry has closely followed national strategies and given priority to serving the real economy and people's livelihood, vigorously promoted the development of inclusive finance, rural revitalization, green finance and wealth management etc., injected strong momentum for common prosperity, deepened digital transformation comprehensively, strengthened risk prevention and control, and built a new pattern of high-quality development.

Established on 25th August 2005, the Company is a state-controlled corporate bank with headquarters in Shanghai, and the first provincial-level commercial bank born from the joint-stock reform of rural credit cooperatives in China. On August 19, 2021, the Company was successfully listed on the A-share capital market and became a listed company on the main board of Shanghai Stock Exchange (stock code 601825). With the mission of "Facilitate better life with inclusive finance", the Company provides comprehensive and integrated financial services to businesses and individuals based on customer centricity, and focuses on cultivating and shaping business highlights in the areas of inclusive finance, finance for science and technology innovation, rural revitalization, green finance and integrated development of the Yangtze River Delta.

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 endogenous 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 customers. In terms of approaches of service, we are committed to providing financial services from the source by shifting from the back-end services that follow demand. In terms of content of service, through precise innovation and continuous iteration, provide comprehensive and integrated financial services throughout the life cycle of our customers at different stages of their development and wealth accumulation, 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 multi-dimensional contacts, 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 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:

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

Be committed to inclusive finance. We take inclusive finance as the basic approach to practicing corporate mission, return to our original aspiration, adhere to our business positioning of serving "agricultural customers, small and micro enterprises, science and technology

innovation enterprises, and community residents", give priority to retail business, deepen new modern agricultural finance, and actively develop value-added business, strengthen top-level design, increase policy support, and rely on data empowerment to fully enhance the ability to serve customers' needs for comprehensive finance, as well as specialized and personalized services.

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

Development Strategy:

Focus on strategic orientation and continuously improve development quality. First, focus on strategic orientation, accelerate the development of retail finance, inclusive finance and other strategic key businesses; second, serve national strategies, regional construction and the real economy, strongly support the development of manufacturing, green finance and non-housing business, and build five major financial services systems: agricultural finance, science and technology finance, green finance, pension finance and industry finance.

Improve service quality and continuously strengthen customer base. First, focus on key customers, through stratified management and marketing, continuously optimize the customer structure and cultivate high-quality customer segments that contribute to the transformation of business and income structures; second, guided by customer demand, create product brand series and special industry scenarios for different target customer segments, and form a competitive service brand in the market.

Focus on value creation and effectively enhance management capabilities. First, establish an efficient and coordinated investor relations management mechanism to expand our brand influence and market impact; second, adhere to the "two-line compliance" and further enhance our forward-looking corporate governance and compliance management capabilities; third, improve comprehensive risk management system, enhance our risk control capabilities that are compatible with the strategy-oriented business, and build a robust and professional risk management brand.

Strengthen business empowerment and significantly improve the level of Fintech. First, strengthen the top design of Fintech and establish an efficient project promotion mechanism and incentive/restraint mechanism; second, launch the first phase of FOCUS³ project and data governance target with quality and speed; third, deepen the integration of business and technology to promote online product and services, mobile business tools, data analysis visualization, intelligent operation and risk control, and internal management processes.

Strengthen group management and actively expand integrated operation. First, implement the Group strategy, improve the Group's business synergy development mechanism, and enhance the capital return and strategic value of subsidiaries; second, improve the strategic layout for the Yangtze River Delta regional development and the supporting management mechanism; third, proactively strive for access qualifications related with various strategic and innovative businesses.

Optimize resource allocation and enhance the strategic efficiency of the organization. First, with "light assets, light scale and light capital" as the main line, establish an agile and efficient FTP price transmission mechanism with RAROC as the core, strengthen active asset and liability management, and deepen the use of management accounting systems; second, strengthen strategic human resource management, enhance business line management and mid-office construction, optimize the personnel structure of the Bank, and cultivate a professional talent team that suits the strategic transformation.

Investment Value and Core Competitiveness:

Unique location and strategic opportunities. Headquartered in Shanghai, the most developed economic and financial center in China, Shanghai's strong economic foundation, sound industrial structure, vigorous market vitality and open social culture have laid a solid foundation for the continuous improvement of the Company's performance, 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.

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.

Inclusive finance with distinctive features. 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, relies on its advantages of localized operations, inclusive customers and specialized services, insists on "deep positioning and detailed services", and makes every effort to empower social governance with inclusive finance, improves the institutional mechanism for inclusive financial services, innovates special service products and models, and solidly promotes inclusive financial services.

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

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

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

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

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

³ FOCUS: Fusion, Open, Cooperation, User, Smart. The FOCUS project is the foundation of the Bank's digital transformation, and its implementation is an important milestone to initiate bank-wide technology upgrade, data exploration and process reengineering.

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	
149 th on the list of "Top 1000 World Banks 2021"	UK The Banker
25 th on the "List of Top 100 among China Banking Industry in 2021" of China Banking Association	China Banking Association
467 th among the "2021 Top 500 Enterprises in China"	China Enterprise Confederation, China Enterprise Directors Association
48 th among "2021 Top 100 Service Enterprises in Yangtze River Delta"	Shanghai Enterprise Confederation
▶ Brand Value	
187 th among the "Banking 500 2021"	UK The Banker
▶ Rating	
"BBB" long-term credit rating with a "stable" outlook, "A-2" short-term corporate credit rating by Standard & Poor's Ratings Services	S&P
Corporate credit rating of "AAspc-" with "stable" outlook	S&P China Ratings
1 st among urban rural commercial banks in 2021 "GYROSCOPE" rating	China Banking Association
▶ Awards	
2021 "Best Brand Building Small and Medium-sized Bank of the Year" in the Gold Dragon Medal List of Chinese Financial Institutions	Financial News
"Outstanding Rural Commercial Bank Award" and "Outstanding Brand Impact Award" of the 10 th "GoldenWis Award" of JRJ Navigation China	JRJ
2021 China Golden Tripod Award for "Inclusive Finance of the Year"	Natioanl Business Daily
2021 Pioneer Bank in Inclusive Finance	Hexun China Finance and Economics List
2021 China Financial Innovation Value of the Year Award	CLS
The 2 nd China Banking Wealth Management Jinniu Award	China Securities Journal
2021 China Asset Management and Wealth Management Industry "Golden Honor Award" for "Rural Commercial Bank for Excellent Asset Management" and "Bank for Excellent Innovative Asset Management"	PYStandard
2021 China Asset Management "Golden Shell Award" for "2021 Outstanding Cash Management Bank"	21 Century Business Herald
2021 The 4 th "Iron Horse" Small and Medium-sized Bank Award - "Best Small and Medium-sized Bank in Asset Management Business"	Modern Bankers
The 12 th Annual Fund and Wealth Management-JF Awards for "Outstanding Rural Commercial Bank for Asset Management"	Caishiv.com
2021 China Digital Finance Golden List Award "Digital Finance Business Innovation Award"	CFCA、CEBNET
Outstanding Undertaker of Over-the-Counter Negotiable Bond Business in 2020	China Central Depository and Clearing Co., Ltd
2020 Outstanding Contribution to Collateral Business Award	
China Bond Collateral 10th Anniversary (2011-2021)-Potential Emerging Institution	
2021 Market Impact Award for "Core Dealer", "Money Market Dealer" and "Market Co-Builder"	
2021 Interbank Local Currency Market Market Innovation Award CFTES Interbank Deposit	National Interbank Funding Center
2021 Interbank Local Currency Market Market Innovation Award X-repo	
2021 Interbank Local Currency Market Market Innovation Award iDeal	
Best Foreign Currency Pair Member Award 2020	China Foreign Exchange Trade System
2020 Best RMB FX Currency Swap Member of the Year Award	
2020 Outstanding Settlement Business Participant (Rural Financial Institution)	Shanghai Clearing House
Award for Excellence in Net Bond Self-Clearing for 2020	
2020 Outstanding Member Finance Category Second Prize	Shanghai Gold Exchange
Best Product Promotion Contribution Organization of the Year 2020	
Outstanding Underwriting Market Maker in Financial Bonds 2020 - Best Rural Commercial Bank Award	Agricultural Development Bank of China
2020 Financial Bond Underwriting Market Making Group Special Contribution Award	The Export-Import Bank of China
Shanghai Outstanding Enterprise in Social Responsibility Report	Shanghai Federation of Economic Organizations、Shanghai Federation of Industrial Economics

Accounting Data and Financial Indicators Highlights

I. Major Accounting Data	016
II. Major Financial Indicators	017
III. Key Financial Data by Quarter during the Reporting Period	017
IV. Item and Amount of Non-recurring Profit and Loss	018
V. Other Financial Information Disclosed According to Regulatory Requirements	018

02

I. Major Accounting Data

Unit: RMB 1000

Operating results	2021	2020	+/- YoY (%)	2019
Operating income	24,164,319	22,039,556	9.64	21,271,299
Operating profit	12,167,929	9,830,755	23.77	10,668,334
Profit before tax	12,178,210	9,900,462	23.01	10,692,517
Net profit	10,046,919	8,418,573	19.34	8,938,347
Net profit attributable to shareholders of the parent company	9,697,866	8,160,671	18.84	8,845,647
Net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses	9,550,939	8,062,120	18.47	8,206,314
Per share (RMB Yuan/share)				
Basic earnings per share	1.08	0.94	14.89	1.02
Diluted earnings per share	N/A	N/A	-	N/A
Net earnings per share after deducting non-recurring profits and losses	1.06	0.93	13.98	0.94
Net assets per share attributable to shareholders of the Parent company	9.72	8.90	9.21	8.20
Scale indicators				
	December 31, 2021	December 31, 2020	+/- YoY (%)	December 31, 2019
Total assets ⁴	1,158,376,261	1,056,976,684	9.59	929,938,101
Total loans and advances ⁵	613,576,566	530,672,635	15.62	466,868,105
Corporate loans and advances	349,841,715	313,962,989	11.43	263,130,048
Personal loans and advances	198,939,260	161,745,564	23.00	131,160,210
Bill discounting	64,795,591	54,964,082	17.89	72,577,847
Loan loss reserve ⁶	-25,784,503	-21,985,592	17.28	-18,193,927
Total liabilities	1,061,044,824	976,504,788	8.66	855,731,986
Deposit principal	838,137,569	748,988,526	11.90	679,025,912
Shareholders' equity	97,331,437	80,471,896	20.95	74,206,115
Net assets attributable to shareholders of the parent company	93,768,103	77,210,844	21.44	71,149,880
Share capital	9,644,444	8,680,000	11.11	8,680,000
Net capital	111,457,637	96,779,439	15.17	89,246,080
Core Tier-I net capital	95,304,268	78,403,963	21.56	72,165,439
Risk-weighted assets	729,584,359	671,905,275	8.58	573,332,726

⁴ 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.

⁵ Note: Total loans and advances do not include accrued interest and loss reserve.

⁶ 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	2021	2020	+/- YoY (percentage point)	2019
Average return on total assets ⁷	0.91	0.85	0.06	1.01
Weighted average return on equity ⁸	11.39	11.02	0.37	13.14
Weighted average return on equity after deducting non-recurring profits and losses	11.22	10.89	0.33	12.19
Net interest spread	1.77	1.83	-0.06	1.77
Net interest margin	1.86	1.91	-0.05	1.87
Cost-to-income ratio ⁹	29.95	28.86	1.09	30.37
Net fee and commission income to operating income	19.84	18.91	0.93	27.82
Capital adequacy ratio indicators (standard value)	December 31, 2021	December 31, 2020	+/- YoY (percentage point)	December 31, 2019
Capital adequacy ratio (≥10.5)	15.28	14.40	0.88	15.57
Tier-I capital adequacy ratio (≥8.5)	13.10	11.70	1.40	12.62
Core Tier-I capital adequacy ratio (≥7.5)	13.06	11.67	1.39	12.59
Assets quality indicators (standard value)	December 31, 2021	December 31, 2020	+/- YoY (percentage point)	December 31, 2019
Non-performing loan ratio (≤5)	0.95	0.99	-0.04	0.90
Provision coverage ratio ¹⁰	442.50	419.17	23.33	431.31
Provision-to-loan ratio ¹¹	4.20	4.14	0.06	3.90

III. Key Financial Data by Quarter during the Reporting Period

Unit: RMB 1000

Item	Q1 (Jan.-Mar.)	Q2 (Apr.-June)	Q3 (July-Sept.)	Q4 (Oct.-Dec.)
Operating income	5,829,175	6,191,326	6,131,667	6,012,151
Profit before tax	2,989,927	3,425,321	3,210,369	2,552,593
Net profit attributable to shareholders of the parent company	2,412,274	2,705,699	2,549,710	2,030,183
Net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses	2,328,279	2,674,968	2,537,873	2,009,819
Net cash flow from operating activities	-1,694,921	13,055,835	1,914,505	-14,422,900

⁷ 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.

⁸ 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 - number of 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 of reporting period - number of months of decrease in equity) / number of months of reporting period).

⁹ Note: Cost-to-income ratio = (operating and administrative expenses + other operating expenses) / operating income.

¹⁰ Note: Provision coverage ratio = loan loss reserve balance / non-performing loan balance.

¹¹ Note: Provision-to-loan ratio = loan loss reserve balance / total loans and advances.

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

Unit: RMB 1000

Item	2021	2020	2019
Net income from the disposal of non-current assets	144,518	7,621	811,923
Government subsidy included in the current profit and loss	53,726	58,364	24,853
Net income from the cleanup of dormant accounts	5,280	3,387	17,016
Net income from liquidated damages	11,010	3,931	8,250
Donation outlay	-12,184	-33,342	-17,728
Others	10,035	76,640	16,645
Net income from the disposal of non-current assets	212,385	116,601	860,959

V. Other Financial Information Disclosed According to Regulatory Requirements

Unit: %

Item	Standard value	2021	2020	2019
Liquidity ratio	≥25	55.74	60.34	51.55
Proportion of loans to the largest customer ¹²	≤10	2.46	2.64	3.52
Proportion of loans to the top ten customers	≤50	18.66	19.08	19.88

¹² Note: Proportion of loans to the largest customer = loan balance of single largest customer/net capital. Proportion of loans to the top 10 customers = loan balance of top 10 customers/net capital.

Management Discussion and Analysis

I. General Performance	020
II. Analysis of Financial Statements	020
III. Analysis of Loan Quality	029
IV. Analysis of Capital Adequacy Ratio	032
V. Operating Information of Branches	034
VI. Business Overview	034
VII. Key Focuses in Operation	046
VIII. Risk Management	048
IX. Company's Future Development Outlook	051

03

I. General Performance

1. Business Overview

2021 is the first year of the Company's landing on the main board of the Shanghai Stock Exchange and the year for planning the Group's next three-year strategy. During the reporting period, the Group focused on the national strategy for the integration of the Yangtze River Delta and the 14th Five-Year Plan of Shanghai, adhered to three core strategies, deepened the customer-centric philosophy, supported the development of the real economy, promoted business innovation and transformation, made every effort to build a market-oriented and professional operation system, and maintained a steady and sound development momentum in all operations.

2. Specific Operations

Profitability improved. During the reporting period, the Group achieved an operating income of RMB 24.164 billion, an increase of 9.64% year-on-year; total profit of RMB 12.178 billion, an increase of 23.01% year-on-year; net profit of RMB 10.047 billion, an increase of 19.34% year-on-year; net profit attributable to shareholders of the parent company of RMB 9.698 billion, an increase of 18.84% year-on-year; return on average total assets of 0.91%, an increase of 0.06 percentage points compared with the previous year; weighted average return on equity of 11.39%, an increase of 0.37 percentage points compared with the previous year.

The scale of assets and liabilities grew steadily. At the end of the reporting period, the Group's total assets amounted to RMB 1,158.376 billion, an increase of 9.59% compared with the end of the previous year; among which, total loans and advances amounted to RMB 613.577 billion, an increase of 15.62% compared with the end of the previous year. The Group's total liabilities amounted to RMB 1,061.045 billion, an increase of 8.66% from the end of the previous year; among which, the deposit principal was RMB 838.138 billion, an increase of 11.90% from the end of the previous year.

Asset quality remained stable. At the end of the reporting period, the Group's non-performing loan balance was RMB 5.827 billion, up by RMB 582 million from the previous year; the non-performing loan ratio was 0.95%, down by 0.04 percentage points from the end of the previous year; the provision coverage ratio was 442.50%, up by 23.33 percentage points from the end of the previous year; the provision-to-loan ratio was 4.20%, up by 0.06 percentage points from the end of the previous year.

The capital adequacy level continued to be in good shape. At the end of the reporting period, the Group had a capital adequacy ratio of 15.28%, a Tier-I capital adequacy ratio of 13.10% and a core Tier-I capital adequacy ratio of 13.06%, which were consistently higher than the capital requirements by the CBIRC with a relatively adequate capital buffer.

II. Analysis of Financial Statements

(I) Income Statement Analysis

Unit: RMB 1000

Item	2021	2020	Change percentage (%)
Operating income	24,164,319	22,039,556	9.64
Net interest income	19,370,723	17,870,875	8.39
Net non-interest income	4,793,596	4,168,681	14.99
Operating expense	11,996,390	12,208,801	-1.74
Tax and surcharge	264,188	241,509	9.39
Operating and administrative expenses	7,221,524	6,343,560	13.84
Credit impairment loss	4,498,459	5,607,776	-19.78
Asset impairment loss	-3,016	-	N/A
Other operating cost	15,235	15,956	-4.52
Operating profit	12,167,929	9,830,755	23.77
+:Net non-operating income and expenses	10,281	69,707	-85.25
Profit before tax	12,178,210	9,900,462	23.01
-:Income tax expense	2,131,291	1,481,889	43.82
Net profit	10,046,919	8,418,573	19.34
Including: Net profit attributable to shareholders of the parent company	9,697,866	8,160,671	18.84
Minority interest income	349,053	257,902	35.34

1. Net Interest Income

During the reporting period, net interest income of the Group amounted to RMB 19.371 billion, an increase of 8.39% YoY, including interest income of RMB 41.075 billion, up by 10.74% YoY, and interest expense was RMB 21.705 billion, up by 12.92% YoY. During the reporting period, the Group's average yield of interest-earning assets was 3.95%, down by 1 bps YoY, and the average cost rate of interest-bearing liabilities was 2.18%, up by 5 bps YoY; the net interest spread was 1.77%, and the net interest margin was 1.86%, down by 6 bps and 5 bps YoY respectively.

Unit: RMB 1000

Item	2021			2020		
	Average balance ¹	Interest income/expense	Average yield/cost (%)	Average balance	Interest income/expense	Average yield/cost (%)
Assets						
Loans and advances	567,841,113	26,431,223	4.65	495,108,383	23,118,371	4.67
Financial investment	237,440,442	8,328,775	3.51	229,065,750	8,261,065	3.61
Due from and placements with banks and other financial institutions ²	135,158,073	3,166,816	2.34	123,558,166	2,886,501	2.34
Balances with Central Bank	65,631,442	942,631	1.44	62,451,697	924,590	1.48
Financing leasing ³	32,691,306	2,206,051	6.75	26,264,217	1,902,171	7.24
Total interest-earning assets	1,038,762,376	41,075,496	3.95	936,448,213	37,092,698	3.96
Liabilities						
Deposits from customers	774,543,845	15,932,325	2.06	694,110,162	14,220,769	2.05
Debt securities issued	71,304,805	2,274,931	3.19	68,996,824	2,048,419	2.97
Borrowings from Central Bank	35,336,869	916,505	2.59	18,647,752	527,188	2.83
Due to and placements from banks and other financial institutions ⁴	116,411,514	2,581,012	2.22	118,737,592	2,425,447	2.04
Total interest-bearing liabilities	997,597,033	21,704,773	2.18	900,492,330	19,221,823	2.13
Net interest income			19,370,723			17,870,875
Net interest spread (%)⁵			1.77			1.83
Net interest margin (%)⁶			1.86			1.91

Note:

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

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

Including financing lease receivables and long-term receivables;

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

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

Calculation is net interest income divided by average balance of total interest-earning assets.

(1) Interest Income from Loans and Advances

During the reporting period, the Group's interest income from loans and advances amounted to RMB 26.431 billion, up by 14.33% YoY, with an average yield of 4.65%, down by 2 bps YoY.

Unit: RMB 1000

Item	2021			2020		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	335,769,291	15,983,539	4.76	290,435,204	14,231,385	4.90
Retail loans	181,964,429	9,049,765	4.97	140,637,440	7,099,442	5.05
Discounted bills	50,107,393	1,397,919	2.79	64,035,739	1,787,544	2.79
Total loans and advances	567,841,113	26,431,223	4.65	495,108,383	23,118,371	4.67

Note: as of the end of the reporting period, the Bank's general short-term loan yield was 4.75%, and the medium and long-term loan yield was 5.01%.

(2) Interest Expenses on Deposits

During the reporting period, the Group's interest expenses on deposits were RMB 15.932 billion, up by 12.04% YoY, with an average interest payment rate of 2.06%, up by 1 bps YoY.

Unit: RMB 1000

Item	2021			2020		
	Average balance	Interest expenses	Average cost rate (%)	Average balance	Interest expenses	Average cost rate (%)
Corporate demand deposit	248,441,388	1,665,506	0.67	231,767,197	1,584,812	0.68
Corporate time deposit	144,168,231	3,824,011	2.65	127,570,849	3,659,994	2.87
Personal demand deposit	61,109,067	196,045	0.32	56,323,776	227,689	0.40
Personal time deposit	320,825,159	10,246,763	3.19	278,448,340	8,748,274	3.14
Total deposit	774,543,845	15,932,325	2.06	694,110,162	14,220,769	2.05

2. Net Non-interest Income

During the reporting period, the Group achieved net non-interest income of RMB 4.794 billion, an increase of 14.99% year-on-year, accounting for 19.84% of the operating income, an increase of 0.93 percentage points year-on-year, further optimizing the income structure.

(1) Net Fee and Commission Income

During the reporting period, the Group achieved net fee and commission income of RMB 2.166 billion, down by 7.11% year-on-year, of which: fee income from consultancy and advisory business was RMB 302 million, down by 25.61% year-on-year, mainly due to the Group's continuous fee reduction and concession policy and proactive adjustment of fee structure; fee income from agency business was RMB 1.587 billion, down by 5.63% year-on-year. However, the Group actively promoted its retail transformation strategy and increased the agency sales of wealth products, resulting in a significant increase in commission income from agency business; commission income from settlement and clearing business was RMB 205 million, a year-on-year increase of 8.25%, mainly due to the Group's increased efforts to serve the real economy in meeting the financing needs of supply chain enterprises, which resulted in a significant increase in the volume of letters of credit issuance and a certain degree of growth in issuance fees.

Unit: RMB 1000

Item	2021	2020
Fee and commission income	2,434,089	2,626,265
Including : Consultancy and advisory business	301,859	405,769
Agency business	1,587,026	1,681,623
Settlement and clearing business	204,943	189,329
E-banking business	124,730	127,682
Bank card	97,550	79,555
Guarantee and commitment business	34,762	26,123
Asset custodian business	35	38
Other business	83,184	116,146
Fee and commission expenses	-267,864	-294,117
Net fee and commission income	2,166,225	2,332,148

(2) Other Net Non-interest Income

Other net non-interest income includes investment income, gains on fair value change and exchange, other operating income, gains on asset disposal and other income. During the reporting period, the Group realized other net non-interest income of RMB 2.627 billion, representing a year-on-year increase of 43.06%. Among them: (1) investment income, gains from fair value change and exchange totaled RMB 2.363 billion, representing a year-on-year increase of 34.88%, mainly due to the improvement in operating efficiency of the Group's financial market investment business as it continued to optimize its asset and liability allocation structure; (2) gains on asset disposal of RMB 145 million, representing a year-on-year increase of RMB 137 million, mainly due to the gains on the Group's properties from compensation for expropriation.

Unit: RMB 1000

Item	2021	2020
Investment income	1,411,877	1,386,169
Profit/(loss) from fair value changes	678,404	314,707
Profit/(loss) on exchange	272,683	50,970
Other operating income	66,163	37,793
Profit/(loss) on asset disposal	144,518	7,621
Other income	53,726	39,273
Total	2,627,371	1,836,533

3. Operating and Administrative Expenses

During the reporting period, the Group incurred operating and administrative expenses of RMB 7.222 billion, a year-on-year increase of 13.84%. This was mainly due to the fact that in 2021, with the new three-year strategy as guidance, the Group strengthened its investment in human resources in areas such as Fintech and retail transformation, and employee compensation expenses rose accordingly.

Unit: RMB 1000

Item	2021	2020
Employee compensation	4,767,408	3,936,751
Depreciation, amortization and lease expense	914,238	896,658
Other general and administrative expenses	1,539,878	1,510,151
Total	7,221,524	6,343,560

4. Credit Impairment Loss

During the reporting period, the Group accrued credit impairment loss of RMB 4.498 billion, a decrease of 19.78% year-on-year, mainly due to the impact of the Covid-19 pandemic on asset quality in 2020; the Group increased the credit impairment loss accordingly, resulting in a higher basis of comparison for the same period. In 2021, the Group continued to maintain a prudent and robust risk appetite, and the risk offsetting capability was maintained at a high level.

Unit: RMB 1000

Item	2021	2020
Loans and advances measured at amortized cost	4,660,364	4,875,251
Loans and advances measured at fair value through other comprehensive income	-283,936	60,785
Debt investment	-18,710	-93,836
Other debt investment	-8,475	6,566
Financing lease receivables and long-term receivables	423,459	556,566
Off-balance sheet expected credit impairment loss	-225,884	161,605
Other	-48,359	40,839
Total credit impairment loss	4,498,459	5,607,776

5. Income Tax Expense

During the reporting period, the Group accrued income tax expense of RMB 2.131 billion, an increase of 43.82% year-on-year, mainly due to the increase in profit before tax.

Unit: RMB 1000

Item	2021	2020
Profit before tax	12,178,210	9,900,462
Income tax expense	2,131,291	1,481,889

(II) Balance Sheet Analysis

1. Assets

In 2021, based on the overall national strategy, the Group served the development of the real economy, adhered to the strategy of inclusive finance, increased credit support to key areas and accelerated the transformation of innovative finance, and the scale of the Group's assets grew steadily. At the end of the reporting period, the Group's total assets amounted to RMB 1,158.376 billion, representing an increase of RMB 101.4 billion or 9.59% from the end of the previous year. The increase in asset size was mainly due to the growth of the Group's loans and advances, due from/placements with banks and financial investments.

Unit: RMB 1000

Item	December 31, 2021		December 31, 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances	613,576,566	52.97	530,672,635	50.21
Accrued loan interest	1,054,889	0.09	908,943	0.09
Loan loss reserve ¹	-25,647,014	-2.21	-21,564,168	-2.04
Net loans and advances	588,984,441	50.85	510,017,410	48.25
Financial investment ²	322,189,506	27.81	316,609,609	29.95
Cash, and balances with Central Bank	70,275,826	6.07	66,035,061	6.25
Due from and placements with banks and other financial institutions ³	129,023,899	11.14	118,471,324	11.21
Financing leasing ⁴	31,908,964	2.75	28,344,778	2.68
Other ⁵	15,993,625	1.38	17,498,502	1.66
Total assets	1,158,376,261	100.00	1,056,976,684	100.00

Note:

Loan loss reserve includes loan loss reserve measured at amortized cost;

Financial investment includes trading financial assets, debt investment, other debt investment and other equity instrument investment;

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

Including financing leasing receivables and long-term receivables

Including precious metal, derivative financial assets, long-term equity investment, fixed assets, and construction in progress, right-of-use assets, deferred income tax assets, and other assets.

(1) Loans and Advances to Customers

The Group followed closely the guidance of the 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 at the end of the reporting period, the Group's total loans and advances amounted to RMB 613.577 billion, representing an increase of RMB 82.904 billion or 15.62% over the end of the previous year, and accounting for 52.97% of the total assets, an increase of 2.76 percentage points over the previous year. For details of the Group's loans and advances, please refer to the "Loan Quality Analysis" section.

(2) Financial Investment

In 2021, the Group actively responded to market changes and reasonably optimized its investment structure, resulting in growth in the scale of financial investments. At the end of the reporting period, the Group's total financial investments amounted to RMB 322.19 billion, an increase of RMB 5.58 billion or 1.76% compared with the end of the previous year, among which, other debt investments grew faster.

Unit: RMB 1000

Item	December 31, 2021		December 31, 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Trading financial assets	72,420,004	22.48	69,332,583	21.90
Debt investment	147,621,457	45.82	156,317,618	49.37
Other debt investment	102,036,545	31.67	90,947,908	28.73
Other equity instrument investment	111,500	0.03	11,500	0.00
Total financial investment	322,189,506	100.00	316,609,609	100.00

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

Unit: RMB 1000

Item	December 31, 2021		December 31, 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Debt investment	322,078,006	99.97	316,598,109	100.00
Equity instrument	111,500	0.03	11,500	0.00
Total financial investment	322,189,506	100.00	316,609,609	100.00

Held-for-trading Financial Assets

Held-for-trading financial assets are financial assets at fair value through profit or loss. As of the end of the reporting period, the balance was RMB 72.42 billion, mainly including fund investments, fund trust and asset management plans, and bond investments. For details, please refer to Note 7 to the financial statements.

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 147.621 billion, mainly including bond investments, fund trust and asset management plans. For details, please refer to Note 8 to the financial statements.

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 102.037 billion, mainly bond investment. Please refer to Note 9 to the financial statements for details.

Other Equity Instrument Investment

Other equity instrument investment is the equity instrument investment measured at fair value through other comprehensive income. As of the end of the reporting period, the balance was RMB 112 million, mainly non-tradable equity investment held by the Group that has no control, joint control or material impact on the investee. Please refer to Note 10 to the financial statements for details.

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

Unit: RMB 1000

Bond Name	Par value	Annual rate (%)	Maturity date	Impairment reserve
2016 policy bank bond	6,280,000	3.05	2026/8/25	-
2016 policy bank bond	4,580,000	3.18	2026/4/5	-
2019 policy bank bond	4,580,000	3.28	2024/2/11	-
2018 policy bank bond	4,580,000	4.00	2025/11/12	-
2017 policy bank bond	4,250,000	4.04	2027/4/10	-
2016 policy bank bond	3,770,000	3.33	2026/2/22	-
2015 policy bank bond	3,760,000	3.74	2025/9/10	-
2017 policy bank bond	3,290,000	3.85	2027/1/6	-
2020 policy bank bond	3,250,000	3.34	2025/7/14	-
2016 policy bank bond	2,480,000	3.37	2026/2/26	-

2. Liabilities

In 2021, the Group actively optimized its liability structure, consolidated its deposit base, broadened its sources of high-quality liabilities, flexibly used active financing tools, and achieved good growth in the scale of liabilities. At the end of the reporting period, the Group's total liabilities amounted to RMB 1,061.045 billion, representing an increase of RMB 84.54 billion or 8.66% from the end of the previous year.

Unit: RMB 1000

项目	December 31, 2021		December 31, 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Deposits	855,366,636	80.62	763,616,513	78.20
Due to and placements from banks and other financial institutions ¹	69,003,190	6.50	86,375,653	8.85
Borrowings from Central Bank	39,538,115	3.73	28,861,309	2.96
Debt securities issued	85,313,202	8.04	87,683,730	8.98
Other ²	11,823,681	1.11	9,967,583	1.02
Total liabilities	1,061,044,824	100.00	976,504,788	100.00

Note:

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

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

(1) Deposits

In 2021, the Group adhered to its core business philosophy of "customer centricity", consolidated its customer base, optimized its product system, enriched customer acquisition methods, enhanced customer stickiness and implemented the regulatory requirements on deposit rates, resulting in steady growth in the scale of deposits. At the end of the reporting period, the principal amount of deposits received by the Group was RMB 838.138 billion, representing an increase of RMB 89.149 billion or 11.90% from the end of the previous year.

Unit: RMB 1000

Item	December 31, 2021		December 31, 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate deposits	387,565,244	45.31	346,377,231	45.36
Demand deposit	247,673,131	28.96	238,782,807	31.27
Time deposit	139,892,113	16.35	107,594,424	14.09
Personal deposits	401,997,619	47.00	358,736,642	46.98
Demand deposit	65,626,233	7.67	61,053,038	8.00
Time deposit	336,371,386	39.32	297,683,604	38.98
Pledged deposits	9,090,395	1.06	7,909,948	1.04
Other	39,484,311	4.62	35,964,705	4.71
Principal amount of deposits	838,137,569	97.99	748,988,526	98.08
Accrued interest	17,229,067	2.01	14,627,987	1.92
Total deposits	855,366,636	100.00	763,616,513	100.00

(2) Liability Quality Analysis

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

During the reporting period, the Company continued to strengthen the liability quality management. Firstly, the Company promoted the safe and sound development of its liability business, focused on customer-centricity, and strengthened its customer base through refined customer segmentation, diversified product systems and comprehensive financial services, and promoted stable growth of deposit scale on the basis of dynamic balance of volume and price. Secondly, the Company continued to improve its active management capabilities, actively studied and judged market changes, optimized and adjusted its liability structure, expanded market-based financing channels, promoted reasonable matching of assets and liabilities, and dynamically managed liability costs.

At the end of the reporting period, the ratio of deposits taken by the Group to total liabilities was 80.62%, up by 2.42 percentage points from the previous year; the Group's liquidity ratio was 55.74%, liquidity coverage ratio was 247.65% and net stable funding ratio was 132.58%, all of which were higher than the regulatory requirements, with good liability quality overall.

3. Shareholders' Equity

As of the end of the reporting period, the Group's shareholders' equity was RMB 97.331 billion, an increase of RMB 16.86 billion or 20.95% over the end of the prior year.

Unit: RMB 1000

Item	December 31, 2021	December 31, 2020	+/- over the end of prior year (%)
Share capital	9,644,444	8,680,000	11.11
Capital reserve	16,495,416	8,947,939	84.35
Other comprehensive income	1,631,197	776,169	110.16
Surplus reserve	24,278,035	20,935,430	15.97
General risk reserve	11,909,737	10,207,445	16.68
Undistributed profits	29,809,274	27,663,861	7.76
Total equity attributable to shareholders of the parent company	93,768,103	77,210,844	21.44
Minority interest	3,563,334	3,261,052	9.27
Total shareholders' equity	97,331,437	80,471,896	20.95

(III) Cash Flow Statement Analysis

In 2021, the Group generated a net cash outflow from operating activities of RMB 1.147 billion, mainly due to the net increase in loans and advances from customers. The net cash inflow from investing activities of RMB 8.076 billion was mainly due to the cash received from the recovery of investments. The net cash inflow from financing activities of RMB 1.042 billion was mainly due to the increase in the issuance of negotiable certificate of deposits.

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

Unit: RMB 1000

Item	2021 end/ 2021	2020 end/ 2020	+/- from previous year- end/previous year (%)	Main reasons for change
Precious metals	46,690	20,670	125.88	Increase in precious metal assets
Investments in other equity instruments	111,500	11,500	869.57	Increase equity investment in Green Development Fund
Financing lease receivables	17,822,507	28,344,778	-37.12	Accounting changes after implementation of the new leasing standard, partially adjusted to accounting for long-term receivables
Long-term receivables	14,086,457	-	No figures for previous year	Accounting changes after the implementation of the new leasing standards, new statement items
Other assets	1,426,166	4,202,071	-66.06	Decrease in amounts to be liquidated
Right-of-use assets	706,981	N/A	N/A	New items added to the new leasing standard
Borrowing from the central bank	39,538,115	28,861,309	36.99	Increase in refinancing loans to support SME and agriculture
Deposits from banks and other financial institutions	4,927,959	7,325,906	-32.73	Decrease in domestic interbank deposits
Financial liabilities at fair value through profit or loss	46,699	20,680	125.82	Increase in held-for-trading financial liabilities
Lease liability	630,197	N/A	N/A	New items added to the new leasing standard
Estimated liabilities	339,439	565,323	-39.96	Decrease in provision for off-balance sheet credit impairment
Capital reserve	16,495,416	8,947,939	84.35	Increase in IPO proceeds
Other comprehensive income	1,631,197	776,169	110.16	Increase in the balance of changes in fair value of other debt investments
Other income	53,726	39,273	36.80	Increase in government subsidies received, such as small and micro credit incentives and employment stabilization subsidies
Gains from fair value change	678,404	314,707	115.57	Increase in fair value changes of held-for-trading financial assets
Gains from exchange	272,683	50,970	434.99	Increase in foreign exchange gains arising from foreign exchange derivatives
Other operating income	66,163	37,793	75.07	Increase in other operating income
Gains from asset disposal	144,518	7,621	1,796.31	Increase in gain on disposal of fixed assets arising from expropriation compensation
Asset impairment loss	-3,016	-	No figures for previous year	Capital reduction of associates and reversal of the corresponding provision for impairment of long-term equity investments
Non-operating income	53,756	118,517	-54.64	Decrease in recoveries from securities companies executing distributions and non-performing assets replaced upon restructuring
Income tax expense	2,131,291	1,481,889	43.82	Increase in profit before tax

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

See Note 10 to the financial statements for details.

III. Analysis of Loan Quality

(I) Loan Distribution by Five-category Classification

Unit: RMB 1000

Item	December 31, 2021		December 31, 2020		2021 +/- from previous year-end (%)
	Amount	Percentage (%)	Amount	Percentage (%)	
Normal	604,893,107	98.58	521,383,093	98.25	16.02
Special mention	2,856,477	0.47	4,044,564	0.76	-29.37
Substandard	3,121,117	0.51	2,508,155	0.47	24.44
Doubtful	1,790,509	0.29	1,819,695	0.34	-1.60
Loss	915,356	0.15	917,128	0.17	-0.19
Total loans and advances	613,576,566	100.00	530,672,635	100.00	15.62
Carrying balance of non-performing loans	5,826,982	0.95	5,244,978	0.99	11.10

(II) Loan Structure and Quality by Product Type

Unit: RMB 1000

Item	December 31, 2021			December 31, 2020		
	Loan balance	NPL balance	NPL%	Loan balance	NPL balance	NPL%
Corporate loans and advances	349,841,715	4,587,175	1.31	313,962,989	4,187,939	1.33
Personal loans and advances	198,939,260	1,232,215	0.62	161,745,564	1,057,039	0.65
Bill discounting	64,795,591	7,591	0.01	54,964,082	0	0.00
Total loans and advances	613,576,566	5,826,982	0.95	530,672,635	5,244,978	0.99

(III) Loans to the Top 10 Sectors

Unit: RMB 1000

Sector	December 31, 2021			December 31, 2020		
	Loan balance	NPL balance	NPL%	Loan balance	NPL balance	NPL%
Real estate	109,382,038	1,359,143	1.24	105,096,582	1,581,242	1.50
Leasing and commercial services	73,480,377	622,292	0.85	68,630,201	124,302	0.18
Manufacturing	66,518,728	342,476	0.51	55,183,334	469,050	0.85
Wholesale and retail	25,816,268	1,113,768	4.31	23,897,892	1,165,381	4.88
Transportation, warehousing and postal services	14,704,589	470,215	3.20	12,607,332	477,404	3.79
Construction	11,717,210	117,243	1.00	10,276,792	104,086	1.01
Information transmission, software and information technology services	11,306,480	18,321	0.16	9,670,924	66,478	0.69
Accommodation and catering	6,565,206	58,159	0.89	3,494,061	86,310	2.47
Finance	5,683,433	0	0.00	5,595,943	0	0.00
Scientific research and technical services	3,906,675	13,737	0.35	1,927,391	12,093	0.63

Note: This table is defined according to the type of sector of the borrower.

(IV) Loan Structure and Quality by Region

Unit: RMB 1000

Item	December 31, 2021			December 31, 2020		
	Loan balance	NPL balance	NPL%	Loan balance	NPL balance	NPL%
Shanghai	574,056,441	5,233,252	0.91	496,836,716	4,655,920	0.94
Non-Shanghai	39,520,125	593,730	1.50	33,835,919	589,058	1.74
Total loans and advances	613,576,566	5,826,982	0.95	530,672,635	5,244,978	0.99

(V) Loan Structure and Quality by Type of Collateral

Unit: RMB 1000

Item	December 31, 2021			December 31, 2020		
	Loan balance	NPL balance	NPL%	Loan balance	NPL balance	NPL%
Credit loans	100,605,787	760,292	0.76	74,174,000	608,995	0.82
Guaranteed loans	86,605,898	1,004,125	1.16	67,739,856	780,142	1.15
Secured loans	339,761,470	4,048,065	1.19	314,890,380	3,848,424	1.22
Pledged loans	86,603,411	14,500	0.02	73,868,399	7,416	0.01
Total loans and advances	613,576,566	5,826,982	0.95	530,672,635	5,244,978	0.99

(VI) Loan Migration Ratios

Item	December 31, 2021	December 31, 2020	December 31, 2019
Migration ratio of normal loans (%)	0.86	1.05	0.82
Migration ratio of special mention loans (%)	29.68	32.52	21.91
Migration ratio of substandard loans (%)	25.44	26.08	28.93
Migration ratio of doubtful loans (%)	11.32	16.14	11.78

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

(VII) Loans to the Top 10 Single Borrowers

Unit: RMB 1000

	December 31, 2021	
	Amount	Percentage of total loans and advances (%)
Borrower A	2,739,500	0.45
Borrower B	2,450,000	0.40
Borrower C	2,362,339	0.39
Borrower D	2,235,323	0.36
Borrower E	2,095,500	0.34
Borrower F	1,999,000	0.33
Borrower G	1,954,000	0.32
Borrower H	1,779,736	0.29
Borrower I	1,600,000	0.26
Borrower J	1,580,300	0.26
Total	20,795,698	3.39

(VIII) Loan Distribution by Overdue Period

Unit: RMB 1000

Item	December 31, 2021		December 31, 2020	
	Amount	Percentage of total loans and advances (%)	Amount	Percentage of total loans and advances (%)
1 day-90 days overdue (inclusive)	1,844,294	0.30	2,878,775	0.54
90 days-1 year overdue (inclusive)	1,950,366	0.32	1,511,935	0.28
1 year-3 years overdue (inclusive)	1,698,282	0.28	1,857,602	0.35
3 years+ overdue	1,155,216	0.19	863,665	0.16
Total	6,648,158	1.08	7,111,977	1.34

Unit: RMB 1000

Item	Amount	Percentage of total loans and advances (%)	+/- from previous year-end (%)
Restructured loan	-	-	-100
Overdue loan	6,648,158	1.08	-6.52

(IX) Changes in Loan Loss Reserve

Unit: RMB 1000

Item	Changes in expected credit loss/impairment reserve on loans and advances measured at amortized cost				Changes in expected credit loss/impairment reserve on loans and advances measured at fair value through other comprehensive income			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	14,230,678	2,921,063	4,412,427	21,564,168	421,424	-	-	421,424
Transfer:								
- to Stage 1	456,400	-381,218	-75,182	-	-	-	-	-
- to Stage 2	-1,057,467	1,060,862	-3,395	-	-	-	-	-
- to Stage 3	-47,381	-91,134	138,515	-	-	-	-	-
Accrual of the current period/(transfer back)	2,269,709	948,832	1,441,823	4,660,364	-291,585	198	7,452	-283,935
Recovery after write-off	-	-	413,492	413,492	-	-	-	-
Write-offs of the current period	-	-	-991,010	-991,010	-	-	-	-
Closing balance	15,851,939	4,458,405	5,336,670	25,647,014	129,839	198	7,452	137,489

(X) Debt Assets and Accrual of Impairment Provision

Unit: RMB 1000

Category	December 31, 2021		December 31, 2020	
	Amount	Accrual of impairment provision	Amount	Accrual of impairment provision
Houses and buildings	50,301	-12,587	43,206	-6,321

IV. Analysis of Capital Adequacy Ratio

(I) Capital Adequacy Ratio

Unit: RMB 1000

Item	December 31, 2021		December 31, 2020	
	The Group	The Bank	The Group	The Bank
Core Tier-I capital	95,780,905	92,747,218	78,825,251	76,290,937
Including: Eligible portion of paid-in capital	9,644,444	9,644,444	8,680,000	8,680,000
Eligible portion of capital reserve	16,775,026	16,775,026	9,210,500	9,210,500
Surplus reserve	23,877,675	23,877,675	20,612,301	20,612,301
General reserve	11,412,670	11,412,670	9,772,127	9,772,127
Undistributed profits	30,625,845	29,395,486	28,218,432	27,226,624
Eligible portion of minority interest	1,803,328	-	1,542,507	-
Other	1,641,918	1,641,918	789,384	789,384
Other Tier-I capital	240,444	-	205,542	-
Including: Other Tier-I capital instruments and premium	-	-	-	-
Eligible portion of minority interest	240,444	-	205,542	-
Tier-II capital	15,912,925	14,905,346	18,169,934	17,290,131
Including: Tier-II capital instruments and related premium	7,000,000	7,000,000	10,000,000	10,000,000
Excess loan loss provisions	8,436,273	7,905,346	7,755,312	7,290,131
Eligible portion of minority interest	476,652	-	414,623	-
Total capital	111,934,274	107,652,565	97,200,727	93,581,068
Deductions				
Core Tier-I capital deduction	476,638	3,031,531	421,288	2,904,663
Net core Tier-I capital	95,304,268	89,715,688	78,403,963	73,386,273
Other Tier-I capital deduction	-	-	-	-
Net Tier-I capital	95,544,712	89,715,688	78,609,505	73,386,273
Tier-II capital regulatory deduction	-	-	-	-
Net capital	111,457,637	104,621,034	96,779,439	90,676,404
Risk-weighted assets	729,584,359	683,816,367	671,905,275	632,112,983
Including: Credit risk-weighted assets	683,338,110	640,333,037	628,180,246	590,500,618
Market risk-weighted assets	3,987,735	3,987,735	4,540,731	4,540,731
Operational risk-weighted assets	42,258,514	39,495,595	39,184,298	37,071,634
Core Tier-I capital adequacy ratio (%)	13.06	13.12	11.67	11.61
Tier-I capital adequacy ratio (%)	13.10	13.12	11.70	11.61
Capital adequacy ratio (%)	15.28	15.30	14.40	14.34

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.

(2) For more capital information, please refer to the "SHRCB Annual Capital Adequacy Report 2021" disclosed on the Company's official website (<http://www.srbc.com>).

(II) Leverage Ratio

Unit: RMB 1000

Item	December 31, 2021		December 31, 2020	
	The Group	The Company	The Group	The Company
Net tier-I capital	95,544,712	89,715,688	78,609,505	73,386,273
Adjusted on-and-off-balance sheet asset balance	1,222,957,766	1,164,814,199	1,121,897,194	1,069,428,424
Leverage ratio (%)	7.81	7.70	7.01	6.86

(III) Information on Various Risk Exposures

1. Credit Risk Exposure

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

Unit: RMB 1000

Item	Pre-mitigation risk exposure	Post-mitigation risk exposure
On-balance sheet credit risk exposure	1,163,346,568	1,101,410,315
Off-balance sheet converted credit risk exposure	39,552,727	34,272,761
Counterparty credit risk exposure	3,237,120	2,537,121
Total	1,206,136,416	1,138,220,197

2. Market Risk Exposure

The Company uses the standardized approach to measure market risk capital. As of the end of the reporting period, the Group's market risk capital using standardized approach under the consolidated criteria was RMB 319 million. See the table below for the occupation of general risk capital and specific risk capital:

Unit: RMB 1000

Time	General risk capital					Specific risk capital requirement	Total
	Interest rate risk	Stock risk	Foreign exchange risk	Commodity risk	Option risk		
2021 end	205,013	-	58,552	-	240	55,213	319,019

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 3.381 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 3.237 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, 2021		
	Public trading risk exposure	Non-public trading risk exposure	Unrealized potential risk gains or losses
Banking financial institutions	-	407,345	-
Non-Banking financial institutions	-	11,500	-
Non-financial institutions	-	100,000	-
Total	-	518,845	-

Note: Public trading equity exposure refers to equity exposure where the investee is a listed company and non-public trading equity exposure refers to equity exposure where the investee is an unlisted company; 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 12.362 billion, accounting for 51.16% of the Group's operating income, with a profit before tax of RMB 4.23 billion, accounting for 34.73%. The operating income of personal banking business was RMB 7.115 billion, accounting for 29.44%, with a profit before tax of RMB 4.219 billion, accounting for 34.64%. The operating income of financial market business was RMB 1.537 billion, accounting for 6.36%, with a profit before tax of RMB 1.455 billion, accounting for 11.95%. The operating income of other business segments was RMB 3.15 billion, accounting for 13.04%, with a profit before tax of RMB 2.275 billion, accounting for 18.68%.

VI. Business Overview

(I) Corporate Finance

The Company's corporate finance business is closely focused on the national strategic layout and regional economic development, adheres to the strategic orientation of "agricultural financial service system featuring industrial chain, science and technology financial service system featuring Xindongneng, green financial service system featuring 'three wholes', and comprehensive financial service system featuring industry finance", focuses on parks, science and technology, and small and medium-sized high-quality private enterprises, continues to strengthen its services to the real economy, consolidates its customer base, innovates its business model, enhances its technological empowerment, and improves the quality of its professional operations.

During the reporting period, the Company, based on the main front of Shanghai, actively integrated into the construction of "five new towns"¹³, grasped the advantages in the suburban market of Shanghai, secured the leading market share in the suburban area, and enhanced the contribution to the GDP of suburban areas and the driving force to the regional economy. At the end of the reporting period, the Company's suburban corporate deposit balance accounted for 61% and suburban corporate loan balance accounted for 57%. At the same time, the Company precisely positioned itself in the Shanghai urban market, combined with regional characteristics, differentiated its business strategies, focused on different types of key customers such as technology-based enterprises, green finance enterprises and manufacturing enterprises, focused on the deep mining of different industries, and continuously improved its market competitiveness and market recognition with quality services and professional capabilities.

1 Corporate Customers

At the end of the reporting period, the Company had 335,000 corporate customers in total, an increase of 4.3% from the end of the previous year. The Company has established key customer segments such as strategic customers, institutional customers, new town customers, park customers, listed (to be listed)

customers and trade finance customers, and has comprehensively improved the high-quality operation and development of corporate finance business through tiered management and categorized marketing.

As for strategic customers, the Company adopted a headquarter-branch management and marketing model to form "one policy and one file for one account" exclusive integrated financial service solutions for strategic customers at the head office level, and integrated the resources across the Bank to provide brand services to achieve the common development of the Company and strategic customers.

As for institutional customers, the Company deepened cooperation with municipal institutions in all aspects, and signed strategic cooperation agreements with Shanghai Municipal Bureau of Ecology and Environment, Shanghai United Assets and Equity Exchange, Shanghai Environment and Energy Exchange, Jiangsu Chamber of Commerce and Anhui Chamber of Commerce, and participated in the "2021 Shanghai Major Industrial Project Industry-Finance Matchmaking Conference", "The 15th Time-honored Brand Expo 2021", "The 7th China Brand Economy (Shanghai) Forum 2021" and other major municipal events, facilitated people's livelihood projects and strengthened win-win cooperation between the Bank and governments relying on professional services, convenient platforms and rich products. The Company actively participated in the bidding for deposit projects of municipal institutions such as finance, social security, Green Development Fund and property maintenance fund, etc. At the end of the reporting period, the Company's market share of municipal public fiscal deposits ranked second in the city.

As for new town customers, the Company took the initiative to grasp the advantages of the suburban market, combined with regional planning, industrial upgrading, talent introduction and other policy opportunities, and made every effort to serve customers in various regional markets. The Company actively responded to Shanghai's strategy to promote development and new pattern, focused on the construction of the "five new towns", established the "five new towns" leadership working team from organizational structure, resource allocation, business system, external cooperation, team building and other aspects, opened up a "green channel", and allocated "financing quota" to facilitate the development of new towns. In 2021, the Company signed strategic cooperation agreements with Songjiang District and Qingpu District in Shanghai. At the end of the reporting period, the Company ranked first in the market share of corporate loans in Songjiang, Qingpu and Fengxian districts of Shanghai, and ranked among the top three in the market share of corporate deposits in Songjiang, Qingpu and Jiading districts.

As for park customers, the Company deepened its support to the real economy, took the park as a lever, significantly optimized the structure of park-type customers and industrial customers, built the core competitiveness of industrial clusters, improved the quality of professional operation, and released the "SHRCB Encyclopedia of Comprehensive Financial Products for Parks" to help transform development and serve the real economy. During the reporting period, the Company served more than 10,000 enterprises in the park, while providing financing services to 2,932 of them, with the number of technology-based enterprises accounting for 26.81% and the number of small and micro enterprises accounting for 84.72%.

¹³ The "five new towns" refers to the five new towns of Jiading, Qingpu, Songjiang, Fengxian and Nanhui in Shanghai.

As for listed customers, the Company seized the market development opportunities brought by deepening financial supply-side structural reform in the capital market such as the revision of the new refinancing regulations in 2020, the establishment of the Science and Technology Innovation Board and the implementation of the registration system of the Growth Enterprise Market, etc. to strengthen the all-round services for listed customers. As of the end of the reporting period, there were 274 listed enterprises which had business cooperation with the Company, a YoY increase of 140 (+104%).

As for trade finance customers, the Company supported the transformation of import and export foreign trade customers and optimized industrial structure by building a multi-party cooperation platform among banks, governments and insurance companies, improved special financial service programs and long-term working mechanisms for "stabilizing foreign investment, stabilizing foreign trade and promoting consumption". During the reporting period, the Company launched the "601825" CIE Special Financial Services Program and "One Account, One Book" Comprehensive Product Service Program for Key Trade finance Customers, etc. to help customers achieve high-quality development. By the end of the reporting period, the Company had 3,936 trade finance settlement customers, an increase of 18% compared with the end of the previous year.

2 Corporate Loans

At the end of the reporting period, the balance of corporate loans and advances of the Company was RMB 346.319 billion, an increase of 11.57% compared with the end of the previous year. The Company continued to optimize its loan structure, followed the national strategy, and strengthened loan investment in key areas such as manufacturing, "3+6" key industries¹⁴, supply chain finance and trade financing, in order to fully support the development of the real economy.

As for the manufacturing loan business, the Company further increased its financial support to the manufacturing industry and new growth drivers, actively supported the credit investment in modern agriculture, strategic emerging industries, transformation and upgrading of manufacturing industry and modern service industry, which were in line with the direction of supply-side structural reform, and improved the relevance and effectiveness of financial services to promote the development of the real economy. At the end of the reporting period, the Company's manufacturing loan balance was RMB 65.481 billion, an increase of 21.18% compared with the end of the previous year; manufacturing loans accounted for 18.91%, an increase of 1.50% compared with the end of the previous year.

As for the business of "3+6" key industries, the Company cultivated industry finance, conducted detailed research around the "3+6" key industrial customers, focused on industrial clusters, based on industry characteristics, dug deeper into customer needs, and formed comprehensive industry financial services that can be replicated and promoted, created a new mode of serving "3+6" industries, and continued to support the layout and development of strategic emerging industries.

¹⁴ The "3+6" key industry refers to taking the integrated circuit, biomedicine and artificial intelligence as three leading industries, vigorously develop six key industries including electronic information, life and health, automotive, high-end equipment, advanced materials, fashion consumer goods, build "3 + 6" new industrial system, and create a high-end industrial clusters with international competitiveness.

In the supply chain business, the Company deepened its supply chain business customer base, accelerated product innovation, optimized business processes, and gave full play to the characteristics of online supply chain services. During the reporting period, based on the supply chain management system, the Company carried out supply chain business models such as reverse factoring, forward factoring, electric bill factoring and "N+1+M" supply chain financial services for building materials etc., and achieved a total investment amount of RMB 1.393 billion in online supply chain finance for the year, with 4,046 investments serving 8 core enterprises and 107 chain enterprises, with an average ticket size of RMB 344,400. As an important means of supporting the real economy and practicing inclusive finance, the Company provided strong support to the development of small and medium-sized enterprises.

As for trade financing business, the Company thoroughly studied the needs of customers and the market situation, and created value for customers by relying on innovative local and foreign currency product combinations, rational use of interbank credit lines and clearing channels, and strengthening capital transaction capabilities. During the reporting period, the Company's on-and-off-balance sheet assets rapidly expanded and the volume of financing increased significantly. At the same time, the Company accelerated its integration into the construction of the new area in Lingang national development zone, supported key infrastructure projects and key industries in the new area, explored the headquarters economy and new international trade-related institutions in the new area, expanded cross-border financial service functions, and facilitated multinational enterprises to develop their onshore and offshore businesses in an integrated manner.

3 Corporate Deposits

At the end of the reporting period, the balance of the Company's corporate deposits (including margin deposits and other corporate deposits) was RMB 425.103 billion, an increase of 12.43% from the end of the previous year. During the reporting period, the Company adhered to its service orientation and relied on fiscal account management, product optimization, digital transformation, full business linkage and trade finance innovation etc. to drive the quantitative and qualitative growth of corporate deposits. In terms of fiscal accounts, the Company continued to strengthen the refined management of fiscal accounts at all levels in Shanghai, focused on town and village financial services, consolidated the Company's dominant position in fiscal marketing services at all levels, especially in town and village level in suburban markets, and supported business development marketing and value creation with quality services and professional capabilities.

In terms of product optimization, the Company actively promoted the upgrade of account service products such as coordinated pool, corporate settlement card and Xin Ledger, and accelerated the construction of corporate UnionPay payment and settlement and ACS account recharge, which won the 2021 UnionPay Business Cooperation Award in Shanghai issued by China UnionPay, and was awarded the third place in the annual evaluation of single-use prepaid consumer card professional service providers in Shanghai in 2021.

In terms of digital transformation, the Company insisted on promoting the online business process, launched the "Smart Supply Chain Finance Platform", added a new online banking

channel for large-value certificates of deposit, and promoted the construction of an online transfer platform for large-value certificates of deposit in an orderly manner, shortened the end-to-end business process time by using online operations, improved customer experience, and contributed to the steady growth of corporate deposits.

In terms of business linkage, the Company innovated its thinking and promoted "commercial bank + investment bank", "local currency + foreign currency", "personal + corporate", and "in-balance sheet + off-balance sheet" business integration, focused on customer-centricity and value creation, provided customers with comprehensive financial services and achieved the synergistic effect of "1+1>2".

In terms of trade finance innovation, the Company continued to serve local enterprises in Shanghai, deepened cooperation with the industry, and carried out trade finance innovation in an orderly manner under the premise of policy compliance and risk control, provided customers with diversified and comprehensive trade finance services covering domestic and foreign currencies, domestic and overseas regions, settlement, financing, exchange and guarantee. As of the end of the reporting period, the Company's trade finance business settlement volume reached USD 32.038 billion, an increase of 46.13% compared with the end of the previous year, exceeding the USD 30 billion mark for the first time. At the same time, the Company insisted on promoting trade and investment facilitation and preventing cross-border capital flow risks in parallel, and actively cooperated with the State Administration of Foreign Exchange to carry out exchange rate risk-neutral management and other related work. In the assessment of the compliance and prudent operation of banks' foreign exchange business by the Shanghai branch of the State Administration of Foreign Exchange in 2021, both the Company's head office and Shanghai regional institutions received an A rating, leading in the industry.

4 Science and Technology Innovation Finance

With the direction of "earlier stage in science and innovation, wider coverage of science and technology, and more advanced scientific research", the Company focused on the construction of Shanghai Science and Technology Innovation Center, facilitated independent growth of high-tech, actively supported "early to mid-term" science and technology-based enterprises, and built up an exclusive "double Xin service" strategy for science and technology finance. Involved with start-up and early stage technology enterprises that have core technology and high growth potential with debt-equity combined financing through exclusive mechanism, professional technology and expert team; provided comprehensive financial services through our "Xinkedai" technology finance products and service solutions, which covers the whole life cycle of credit services for technology enterprises, and our "Xindongneng" strategic emerging customer cultivation program, and explored to become a one-stop integrated service provider for empowering science and technology innovation enterprises.

At the end of the reporting period, the Company's technology-based corporate loan balance was RMB 52.576 billion, an increase of RMB 17.199 billion or 48.62% from the end of the previous year, with faster growth in scale; there were 1,938 technology-based corporate loan customers, an increase of 600 from the end of the previous year, serving over 5,000 technology-based enterprises accumulatively, of which 80% were certified high-tech, specialized

new technology, and small and medium-sized technology enterprises; The Company's loan balance for technology-based enterprises accounted for more than 12% of the corporate loan balance, with a market share of over 11% in Shanghai, an increase of over 1 percentage point from the end of the previous year. By deepening the brand building of "Xindongneng" customer cultivation program and the "Xinkedai" life cycle product system, the market share was further expanded.

The Company deepened the "Xindongneng 2.0" cultivation program. During the reporting period, the Company successfully held the "Xindongneng 2.0" launch and signing ceremony, and organized the "Xindongneng" biomedical science and technology financial salon, AI industry salon and other events, innovated tiered cultivation system ranging from "silver seed", "gold seed", "Xin seed", "to be listed" and "matured", formulated "Xindongneng" Strategic Emerging Customer Cultivation Plan Comprehensive Service, provided 8 comprehensive financial services including inclusive science and innovation, investment banking, cross-border trade, wealth management, payment and settlement, and policy support, continued to strengthen brand promotion through various channels, increasing the market awareness and brand influence of the "Xindongneng" incubation program. At the end of the reporting period, the Company had 530 enterprises in its "Xindongneng" pool, with a credit line of over RMB 45 billion. During the year, we successfully cultivated 9 enterprises to go public, and 56 key incubated enterprises entered the counseling and filing stage, an increase of 23 compared with the end of the previous year; 37 fund-raising accounts were opened among the 530 incubated enterprises. The incubation role for science and innovation enterprises and the capital market service capability for high-growth enterprises were more and more obvious.

The "Xinkedai" full life cycle product system was continuously improved. During the reporting period, the Company actively built the product system of "Xinkedai" for science and technology enterprises, covering the whole life cycle of the enterprises' financial services, and took the lead in launching "Credit Loan for High-tech Enterprises" in Shanghai. With the service concept of "science and innovation, credit, precision and high efficiency", the Company precisely served the science and innovation enterprises in Lingang Park and launched the special program of "Science and Innovation Loan in Lingang Park"; focusing on enterprises with "professional, specialized and new technology", the Company launched credit loans, financing program, and special marketing program for "small giant enterprises with professional, specialized and new technology" accordingly to fit their growth cycle. The company also joined hands with Shanghai Science and Technology Commission, Shanghai Science and Technology Innovation Center and Shanghai Technology Entrepreneurship Foundation for Graduates to take the lead in implementing Shanghai's first "No. 01" "Science and Technology Innovation Facilitation Loan".

The "One Xin Four Wings"¹⁵ science and technology innovation financial ecosystem was initially formed. During the reporting period, the Company strengthened cooperation with various institutions, and more than 200 enterprises in the park received special loans totaling RMB 2.586 billion, of which about 70 were first-time loan borrowers from banks.

¹⁵ The "One Xin" refers to the "Xindongneng" enlisted enterprises, and the "Four Wings" refers to the government-appointed platform, risk-sharing institutions, professional service institutions and the Bank's departments at all levels.

The ecosystem of private equity investment funds gradually took shape. During the reporting period, the Company established a credit model with "venture capital gene" through in-depth cooperation with industrial guidance funds and private equity funds, and supported the development of science and innovation enterprises in a safer, more accurate and more efficient way with the help of the funds' professional investment decision mechanism, risk control methods and professional teams. By standardizing, systematizing and normalizing the channels of PE, VC and other professional investment institutions, we provided comprehensive financial services beyond debt financing for early and mid-stage science and technology start-ups. We set up private equity fund scenarios, coordinated the head office and branches to reach more high-potential SMEs, and established the ecosystem consisting of "core cooperation", "value expansion", "information interaction" and "advantage incubation" for equity and debt financing of science and innovation enterprises. At the end of the reporting period, there were 109 private equity funds in the Company's database.

The "Six Special Mechanisms" of science and technology innovation finance were formally implemented. During the reporting period, the Company adhered to the concept of "small amount diversification, industry concentration and long-term cultivation", combined with the "six special principles" of the venture capital credit model, and formally implemented the debt-equity combined financing program with dedicated team featuring the Company. We set up a professional organizational structure to lead the Bank's financial services for technology-based enterprises; established a "1+5+N"¹⁶ professional management team to serve science and technology-based enterprises; used professional risk management system and technical means to understand the financing needs and risk characteristics of technology-based enterprises; improved risk identification and control capabilities through special information management system; and developed a special incentive assessment system to implement differentiated assessment, NPL accountability and virtual follow-up for the debt-equity combined financing; set up exclusive credit standards for customers and established an investment banking committee to specifically review the debt-equity combined financing projects.

The Company built a specialized support triangle featuring "Specialized operation + specialized personnel + specialized capability". The Company strengthened industry research and talent cultivation. We set up a part-time research team for the science and technology innovation finance industry, focused on the key industries for science and technology innovation finance across the Bank, focused on medical and health care, intelligent manufacturing, green and environmental protection, artificial intelligence and innovative consumption, etc., and dug deeper in sub-sectors. We invited experts from investment institutions and external professional institutions to systematically train and build a team of industry experts. The research results of science and technology innovation finance industry were applied to marketing and underwriting, providing technical support for science and technology transformation, and forward-looking vision for the Company's industrial layout.

5 Agricultural Finance

At the end of the reporting period, the balance of the Company's agriculture-related loans was RMB 64.913 billion, an increase of RMB 3.981 billion from the end of the previous year, and the incremental growth of agriculture-related loans exceeded RMB 3 billion in the past three years, continuing to maintain a leading position in the regional market for agricultural financial services. In 2021, the Company issued a total of RMB 1.056 billion in loans to agricultural-related business entities under the Shanghai Small, Medium and Micro Enterprise Policy Financing Guarantee Fund Management Center, ranking first in the industry in Shanghai.

During the reporting period, the Company's brand feature as the main force in supporting agriculture in the Yangtze River Delta region was highlighted. We signed strategic cooperation agreement with the Shanghai Municipal Agriculture and Rural Affairs Commission, established a leading team and working team for financial services for rural revitalization strategy, and formulated and issued implementation opinions on further deepening financial services for rural revitalization to support the modernization of agriculture and rural areas. The Company launched personal loans for family farms, added agricultural batch guarantee business, created "Xinsurong"- the financial service scenario for B&B, launched the financial service scenario for Nanhui Peach Brand Cooperative Society, and landed the first pledge financing loan for "geographical indication" empowered trademark in the city. The first mortgage loan for rural land management rights in Chongming District was disbursed, and the construction of integrity villages was promoted with 24 integrity villages evaluated, and over RMB 100 million was granted to over 500 villagers.

Agricultural industry chain began to bear fruits. The Company carried out the agricultural industry chain model of "finance + enterprise + base + cooperative + farmers" with the core leading enterprises as the fulcrum, took the digital transformation of business as the grip, optimized the credit structure, increased efforts to develop accounts, and improved the total number of customers and market share of the agriculture and rural affairs-related business. The first online personal business loan product related to agriculture - Xinnongledai (for personal customers) was launched with an annual credit line of RMB 219 million, serving 345 accounts, with an average ticket size of RMB 630,000 and a weighted average interest rate of 5.58%.

6 Small and Micro Finance

At the end of the reporting period, the balance of the Company's inclusive small and micro loans was RMB 55.3 billion, an increase of RMB 14.6 billion over the end of the previous year, with a growth rate of 36%, ranking among the top in Shanghai in terms of balance and increase in inclusive small and micro loans; there was 24,000 inclusive small and micro loan accounts, an increase of 4,100¹⁷ over the end of the previous year; the interest rate for inclusive small and micro loans issued during the year was 4.51%. During the reporting period, the Company used the refinancing policy of the People's Bank of China to issue loans of RMB 19.6 billion to over 5,800 enterprises, focused on supporting

¹⁶ "1" is a debt-equity combined investment business center set up by the head office to specialize in exploring, evaluating and serving early-stage science and technology innovation enterprises; "5" refers to five specialized debt-equity combined investment institutions, which combine with regional science and technology development priorities and refine their own science and technology finance teams to serve science and technology innovation enterprises at multiple points; "N" refers to non-specialized debt-equity combined investment institutions, which cooperate with the head office's debt-equity combined investment business center to involve earlier in "science and technology innovation" and jointly realize professional research and quality service.

¹⁷ In 2021, CBIRC adjusted the definition of the evaluation of inclusive finance to small and micro enterprises, and the adjusted definition does not include bill financing.

the development of small and micro enterprises, "agriculture, rural areas and farmers" and the private sector, and precisely supported the real economy; the Company also used a total of RMB 4 billion of sub-loan funds from the China Development Bank and the Export-Import Bank of China during the year to jointly provide high-quality financial services to small and micro enterprises, expanded the coverage of inclusive financial services, and increased the quantity, quality while reducing the cost.

During the reporting period, the Company vigorously developed its inclusive online business, strengthened the use of big data, optimized and improved the risk control model, launched products such as "Yinshuidai" and "Xinnongledai", established three additional business E loan centers with over RMB 7 billion in business E loan incremental growth; prepared to establish the inclusive microfinance center to effectively cover the gaps for small and micro enterprises. We actively promoted the construction of scenario-based products, developed "government procurement loan" and "hotel franchise loan", and improved the efficiency of capital turnover of small and micro enterprises; continued to engage in livelihood projects such as elevator retrofitting project, breakfast cart project, aging-friendly renovation, veterans' entrepreneurship, and comprehensive financial services for individual entrepreneurs etc. to empower social governance. By the end of the reporting period, the Company had connected with nearly 50 elevator companies, provided financial services to nearly 200 residential communities, issued nearly RMB 30 million in "elevator loans", opened over 300 residents' self-governance accounts, and provided management services for over RMB 100 million of elevator funds. We issued "Jijixinli" products to meet the short-term wealth management needs of our customers, effectively enhanced the stickiness of customers' payment and settlement, and continuously improved the effectiveness of financial services for the general public. We continuously deepened business cooperation with Shanghai Small, Micro and Medium-sized Enterprise Policy Financing Guarantee Fund Management Center, with the loan balance under the guarantee fund exceeding RMB 11.8 billion at the end of the reporting period, ranking first in the industry in Shanghai for many years.

7 Green Finance

The Company upholds the strategic positioning of "building the greenest bank in the Yangtze River Delta" and is committed to building a green financial service system featuring the "Three Wholes", promotes the development of green finance in a comprehensive and systematic manner, improves the all-round strategic target of green finance, and has formulated the green financial vision for 2035 and the Green Financial Development Strategy for 2021-2025 of SHRCB.

During the reporting period, the Company actively implemented the green finance strategy and continued to increase its support for green finance, with green loans mainly invested in energy-saving and environmental protection, clean energy and green infrastructure upgrading industries; carried out a series of work such as industry research, policy streamlining, list promotion and product support services for green building and green energy sectors; participated in the first "carbon neutral" and "Yellow River Basin Ecological Protection and High Quality Development" green bonds underwriting and over-the-counter offering of the China Development Bank, and innovatively used the green asset collateral pool of China Bond Corporation. At the end of the reporting period, the balance of green loans of the Company was

RMB 17.19 billion, an increase of 161% compared with the end of the previous year; the investment balance of green bonds was RMB 3.6 billion; and the annual underwriting scale of green bonds was RMB 2.18 billion.

During the reporting period, the Company continued to consolidate the foundation of green finance development, improved the green finance management mechanism, promoted green business development through credit investment policy guidance, green approval channel and special assessment and incentive measures; used technology to enable business management, actively carried out the construction of green finance business management system, improved the quality of basic green credit data and promoted the intelligent identification of green business; strengthened the green financial service network, took the Yangtze River Delta financial headquarters as the core, gave full play to the Group's advantages, and fully served the integrated ecological and green development of the Yangtze River Delta; actively explored environmental information disclosure, participated in the first batch of pilot environmental information disclosure work of the People's Bank of China Shanghai Branch, organized the preparation of SHRCB's 2021 Semi-Annual Environmental Information Disclosure Report, and strengthened its own environmental risk analysis and management capabilities; increased innovation in green finance products and services, created and launched the "Rural Eco-Loan" product, and issued the first CCER (China Certified Emission Reduction) pledge loan on future income rights in China.

8 Investment Banking

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

In terms of bond underwriting business, the Company has adhered to the key objectives of "increasing market share, expanding the number of customers, and improving product innovation". During the reporting period, the lead underwriting amounted to RMB 31.021 billion, a year-on-year increase of 23.49%. In terms of underwriting value of non-financial corporate debt financing instruments, the Company ranked first among Class B underwriters in China and 11th among lead underwriting banks in Shanghai, up by two places from the end of the previous year. In terms of customer development, the Bank insisted on the continuous marketing of mature debt issuing customers and the exploration and cultivation of potential debt issuing customers. The Company issued 46 bonds for 24 issuers, with a year-on-year increase of 14.29% in the number of issuers and 24.32% in the number of bonds issued. In the "2021 Wind Best Investment Bank" competition, the Company won the "Rapid Progress Award for Bond Underwriting" and the "Best Interbank Debt Financing Instrument Underwriter Excellence Award for Rural Commercial Banks". In terms of product innovation, the Company insisted on keeping up with policy hotspots, focused on personalized corporate characteristics, established social demonstration effects of innovative products, and successfully landed six innovative bond projects, including the first green ultra-short-term financing bond lead underwriting project for national rural commercial banks, the first rural revitalization note lead underwriting project

in Shanghai, and the first full cash offer transaction management project for national rural commercial banks and Class B lead underwriters.

In terms of M&A business, the Company is committed to building a comprehensive financial service of "M&A financing + M&A advisory + M&A brokering", focusing on the three target customer segments of science and technology innovation enterprises, industrial leaders and listed companies, and laying emphasis on industrial M&A business with good results. During the reporting period, the M&A financing amounted to RMB 10.484 billion, a year-on-year increase of 19.98%, covering industrial integration, cross-border M&A, asset restructuring, management buyout, founder and core staff increase in shareholding, etc., mainly in advanced manufacturing industries, including optical communications, integrated circuits, new materials, biomedicine and high-end equipment. The Company continued to innovate and breakthrough in the field of M&A of science and technology innovation enterprises, provided comprehensive financial services for the increase in holdings of founders' teams and employees of science and technology innovation enterprises, continuously accumulated experience in financial support for science and technology innovation enterprises, and fully supported the building of Shanghai Science and Technology Innovation Center.

During the reporting period, the Company launched innovative business models such as agency referral, dug deeper into the complex and special financing needs of customers, expanded the development and maintenance of capital channels such as insurance capital management, leasing and trust etc., empowered the development of light capital and gathered strength for profit generation.

(II) Retail Finance

The Company accelerated the transformation of its retail financial business, completed the initial top-level design and overall layout of the comprehensive deepening transformation, gradually established nine support systems, and fully promoted the implementation of the "3-2" core strategy. Through "specialized operation" and "network transformation", the Company focused on the two key businesses of "wealth management" and "personal credit", leveraged the support of "talent" and "technology", deepened the cultivation of the three major customer segments of "payroll, pension and union cards", empowered the customer operation network and enhanced core service capabilities. During the reporting period, the Company's retail customer base expanded rapidly, customer value increased significantly, the structure of retail AUM was further optimized, agency sales revenue grew rapidly, the scale of retail loans grew rapidly, and the contribution of retail revenue and profit continued to increase, laying a good foundation for high-quality and sustainable development of retail business.

At the end of the reporting period, the Company's total retail AUM was RMB 619.84 billion, up by RMB 91.657 billion or 17.35% from the end of the previous year; the balance of personal deposits (including other personal deposits) was RMB 385.909 billion, up by RMB 40.276 billion or 11.65% from the end of the previous year; the balance of retail loans reached RMB 183.692 billion, up by RMB 34.201 billion or 22.88% from the end of the previous year.

1 Retail Clients and Clients' Total AUM

At the end of the reporting period, the Company had 19,672,600 individual customers (excluding credit card customers), an increase of 3,478,600 or 21.48% from the end of the previous year. Among them: 92,056 customers with financial assets under management (AUM) of over RMB 1 million, an increase of 20,351 or 28.38% from the end of the previous year; total financial assets under management (AUM) of RMB 619.84 billion, an increase of RMB 91.657 billion or 17.35% from the end of the previous year. The total number of debit cards issued was 20,199,500, including 5,494,800 Labor Union Membership Service Cards, 1,078,900 Seniority Cards and 2,160,400 new Social Security Cards.

During the reporting period, the Company deepened the segmented operation of customers and entered a new stage of "improving quality and efficiency" of customer development from large to strong. Firstly, we established a dedicated post mechanism focusing on payroll, pension, union card, wealth and zero loan customer groups to optimize exclusive services; deepened brand building, and set up three key customer service brands, namely "Anxiangxin Life", "Yuexiangxin Life" and "Kaxiangxin Life"; established a sound customer management strategy of "multi-faceted and multi-level circulation, multi-frequency and multi-scenario connection, and multi-dimensional and multi-platform linkage. Second, improved the whole life cycle of customer products, rights and interests system, launched the Xinedai special customer product marketing program, organized the health on cloud event and other benefit activities, etc., positioned product specialization, constantly enriched product supply, created advantageous products, integrated product resources, and enhanced the allocation capacity. Thirdly, continuously improved digital marketing tools, focused on "five online", launched the retail customer label application platform, online marketing center, mobile business development platform, cloud-based service store, and WeChat mini-program for retail business, which opened up the basic service capacity of internal data center and business center as a whole, and linked up online channels including mobile banking and WeChat banking, empowered offline marketing teams and built a systematic capability framework for our omni-channel customer management. The mobile business development platform filled the gaps of online business tools and external business development tools, enhanced the digital operation capability of the whole life cycle of customers, built mobile and digital process management tools, gradually formed a digital management closed loop, enhanced refined management capability, and improved management efficiency.

2 Retail Loans

At the end of the reporting period, the Company's retail loan balance (excluding credit cards) was RMB 172.626 billion, an increase of RMB 34.858 billion or 25.30% from the end of the previous year. The balance of housing mortgage loans was RMB 111.304 billion, of which: the balance of personal housing mortgage loans was RMB 101.79 billion, an increase of 9.03% compared with the end of the previous year; the balance of non-housing mortgage loans was RMB 61.322 billion, an increase of 76.41% compared with the end of the previous year. The asset quality of retail loans was continuously optimized. The balance of retail non-performing loans (excluding credit cards) was RMB 874 million, up by RMB 154 million from the end of the previous year; the non-performing ratio was 0.51%, down by 0.02 percentage

points from the end of the previous year. The non-performing balance of housing mortgage category was RMB 356 million, of which: the non-performing balance of personal housing mortgage loans was RMB 282 million; the non-performing balance of non-housing mortgage category was RMB 518 million.

During the reporting period, the Company adhered to digitalized whole process operation to boost the development of retail loan business. The structure of retail loan business continued to be optimized, and new forms of offline and online business marketing were effectively expanded. For housing mortgage loans, we continued to strictly implement the differentiated housing credit policy to support residents' reasonable demand for housing ownership; for non-housing mortgage loans, we launched a variety of marketing programs and product categories to meet customers' growing diversified credit needs. We used big data risk control as a carrier to realize online whole-process risk management. The company carried out algorithm training and model fusion, actively consolidated the risk control foundation for the increasingly complex digital credit business model, and realized the full lifecycle management of customers at all stages before, during and after lending.

3 Wealth Management

During the reporting period, the Company strived to build a large wealth management service system featuring pension finance and solidly promoted its wealth management business with the core of diversified asset allocation for customers, resulting in rapid growth of non-savings AUM and continuous structural optimization.

At the end of the reporting period, the Company's non-savings AUM balance was RMB 233.931 billion, an increase of RMB 51.39 billion or 28.15% compared with the end of the previous year, and the percentage of non-savings increased by 3.2 percentage points compared with the end of the previous year. We realized rapid growth in wealth business such as agency sales of fund and insurance, and agency sales of non-monetary non-ultra-short bond funds increased nearly 10 times compared with the end of the previous year. According to the relevant data published by Asset Management Association of China, the Company ranked 56th in the agency ranking of equity and hybrid fund AUM at the end of 2021, 29 places higher than the end of the first quarter of 2021, and income from agency fund business increased by more than 5 times compared with the end of the previous year; the structural transformation of agency insurance business was effective, with regular-premium insurance sales increasing by 38% and the income from agency insurance sales increasing by 6% compared with the end of the previous year.

The integrated wealth management platform for customer segments was gradually improving. Based on customer preferences and needs, the Company focused on target customers, market trends and core partner institutions, and continuously enriched and improved its product lines, forming a wealth product system with medium- and long-term net worth wealth management, "fixed income +" funds and asset management with mainly pension insurance products. The company launched nearly 300 new public funds, nearly 20 trust and asset management products and 18 insurance products.

The pension financial service solution for customer segments was gradually taking shape. Relying on our comprehensive financial account service system and rich wealth product lines, the Company focused on customers' needs for pension wealth

management in the process of promoting the third pillar of pension system, the cultivation of the wealth management concept of long-term value investment and broad asset class allocation, head managers with sound management style and excellent long-term operation performance, and medium- and long-term bank wealth management, commercial pension insurance, pension FOF funds and other stable assets with pension attributes, and explored the use of individual pension product portfolio accounts as a carrier to continuously create comprehensive, differentiated and one-stop pension wealth management service solutions for the entire life cycle of our individual customers, with pension wealth planning and asset allocation as the core.

Specialized service capability for customer segments continued to improve. The Company actively built a professional management system, improved the post sequence of wealth managers, the post responsibility system and evaluation standards of retail managers in branches, and greatly strengthened the staffing of front-line wealth managers and special posts in branches/sub-branches, promoted network transformation and optimized customer account management rules to enhance the coverage of account management and the professionalism of customer service.

The ability to create value for customer segments continued to be solidified. The number of customers with two or more wealth products among customers with AUM of RMB 200,000 and above increased by 35% compared with the end of the previous year, of which the average AUM per account increased by 5% compared with the end of the previous year. The wealth asset allocation was more balanced and the average account AUM of customers continued to improve, creating value for customers while driving the growth of wealth management business revenue.

The scale of asset management continued to rise and the market influence of wealth management products continued to expand. The total scale of the Company's wealth management products was RMB 166.913 billion, an increase of RMB 25.415 billion or 17.96% compared with the end of the previous year, ranking the first among rural financial institutions nationwide in terms of wealth management scale. The Company implemented the concept of "being entrusted with the management of clients' wealth" and focused on providing quality wealth management services for clients to achieve asset preservation and appreciation. First, we fully transformed our wealth management business into net worth. Against the backdrop of changes brought by the pandemic and uncertainties in the economic environment, the Company strictly complied with the requirements of the new regulations, orderly downsized old products and disposed of existing assets, actively laid out a net-worth product system, and cultivated investment concepts such as value investment and long-term investment. At the end of the reporting period, we completed downsizing and clearing of old products and the rectification of corresponding allocated assets, with 100% net worth financial products. Second, we established and improved the investment research system covering macro, strategy, industry and enterprise, built a professional investment research team, improved market analysis and research capabilities, maintaining sound investment while improving asset allocation and trading capabilities. Third, we actively created special products and hit products to meet diversified customer needs. The Company focused on the characteristics of customer segments, refined target profiles, and issued exclusive financial products for core retail customer segments such as payroll,

pension, union cards and new wealth management customers, effectively increasing the fund retention rate of pension payroll customers and significantly improving the overall activity and value creation of retail customers; issued thematic products around ESG, and co-branded with peer institutions to create special products, providing customers with differentiated and high value-added comprehensive financial services.

During the reporting period, the Company was awarded the "Golden Bull Award for Wealth Management Bank" by China Securities Journal and the "2021 China Asset Management Golden Shell Award" by the 21st Century Business Herald, ranked first among rural commercial banks in the net-worth bank wealth management comprehensive capability evaluation by CSJ Golden Bull Financial Research Center, and was awarded the honorary title of "Excellent Bank in Banking Wealth Management Registration" by the Banking Industry Wealth Registration and Custody Center for three consecutive years, with increasing brand awareness and recognition of "Xinyi Wealth Management".

4 Credit Card

At the end of the reporting period, the Company's issued 2.07 million credit cards cumulatively, up by 23% from the end of the previous year; 390,000 new credit cards were issued during the reporting period, up by 1% year-on-year; credit card consumption transactions were RMB 10.2 billion, up by 18% year-on-year; credit card non-performing rate was 2.39%, up by 0.42 percentage points from the end of the previous year.

During the reporting period, faced with the complex external environment of the normalization of the pandemic, the Company's credit card business focused on the management of existing customers and key customer segments, formulated supporting programs, promoted the interactive integration among channels and technology empowerment of risk management to achieve high-quality and steady development of credit card business. In terms of customer management, based on customer profiling, we formed a risk pricing mechanism with customer qualification as the core to achieve differentiated customer management. In terms of intelligent risk control, we accelerated the iteration and upgrade of risk control models and continuously improved the system support capability for risk strategy deployment. In terms of channel integration, we deepened Fintech empowerment, promoted service interoperability between online and offline channels through digital transformation of business processes, and continuously optimized customer experience.

(III) Financial Market and Financial Institutional Business

During the reporting period, the Company's financial market business focused on the theme of high-quality organic development, the construction of "trading center + agency center", the strategic line of "light assets, light scale and light capital", continued to deepen trading transformation, optimized business structure, strengthened risk management, and strived to improve investment and trading capabilities, achieving steady growth in operating efficiency; adhering to "customer-centricity" and value-oriented drive, the Company promoted the integrated development of "financial institution+" as a grip, effectively linking the corporate and retail businesses, and providing customers with value-based integrated financial services.

1 Investment Trading

During the reporting period, the Company followed the policy guidance and market dynamics, insisted on capability building and innovative exploration, and continuously strengthened its financial market investment and trading business. First, faced with the "post-pandemic era" when market interest rate was hovering at a low level and the credit market clearing was accelerating, the Company made an in-depth study of the macro situation and policy trends, seized market opportunities, flexibly deployed investment and trading strategies, effectively shifted among bond, interbank, notes and precious metals etc., dynamically optimized the portfolio structure and allocation duration, reduced the comprehensive cost of liabilities through diversified financing, strengthened all-round risk control and effectively increased operating income. Secondly, we followed the innovative development of the factor market and promoted the innovation of business varieties and trading models. During the reporting period, the Company successfully obtained the qualification of market maker in the local currency spot market, expanded investment channels in the exchange bond market, deepened the research and application of quantitative trading strategies for bonds and precious metals, and realized the first batch of innovative businesses in the market, such as forward physical delivery contracts of standard bonds and RMB private bond investment in the free trade zone.

During the reporting period, the Company's trading activity and market influence continued to increase to a leading position in the market. The trading volume of money market and bond market exceeded RMB 28 trillion, and the transaction volume of Chinese bonds ranked 17th in the market and topped the list of rural financial institutions; the trading volume of interest rate swaps, interest rate options and other derivatives was about RMB 250 billion, an increase of about 31% year-on-year; the balance of foreign currency bond investment was about RMB 2.4 billion, an increase of about 28% year-on-year; and the trading volume of RMB foreign exchange on the Foreign Exchange Trade System was about USD 337.5 billion, an increase of about 76% year-on-year, ranking among the top 40 in the interbank market. During the reporting period, the Company won various honorary awards such as the Core Dealer Market Influence Award and X-Repo Market Innovation Award in the interbank local currency market, the Potential Emerging Institution and Outstanding Underwriter in OTC Negotiable Bond Business by China Central Depository and Clearing Company, the Best Foreign Currency Pair Member Award and the Best RMB Foreign Exchange Currency Swap Member Award by China Foreign Exchange Trade System, and the Outstanding Collateral Business Institution of Shanghai Clearing House, reflecting the market's wide recognition and affirmation of the quality of the Company's financial market business development.

2 Agency Business

During the reporting period, the Company adhered to "customer-centricity" in its agency business, practiced the concept of "serving the real economy", actively responded to diversified customer needs, continuously improved product features and processes, and promoted the upgrade of "products + services".

In terms of RMB agency business, the Company continued to improve the product system of RMB agency business, innovated the liability product category from underlying target and structure, responded to the market-oriented reform of

interest rate, actively promoted the interest rate swap business in local currency, continuously improved product features and transaction channels by relying on professional trading and service capabilities, provided customers with rich product options and quality service experience, and grew together with customers and the market. During the reporting period, the number of customers signed up for RMB agency business increased by nearly 50% year-on-year.

As for foreign exchange agency business, the Company actively implemented the concept of risk-neutral exchange rate, promoted corporate clients to cover their exchange rate exposure through foreign exchange derivative products, provided various hedging products according to clients' needs, and assisted clients to effectively manage market risks and control financial costs. During the reporting period, the Company's foreign exchange derivative product transactions amounted to approximately USD 1.4 billion.

3 Financial Institutional (FI) Business

During the reporting period, the Company adopted "three common and three increase" as the concept of FI customer service, and promoted the growth of customer base, value-added services and customer stickiness through resource sharing, scenario building and shared responsibility for results. The Company built a multi-dimensional cooperation network covering securities companies, fund companies, finance companies and other institutions and comprehensive FI scenario solutions, continuously widened the radius of customer service, improved comprehensive cooperation experience of FI customers, helping to form an integrated development trend of "bank-wide synergy and scenario-based business".

In the foreign exchange agency business, the Company continued to expand the breadth and depth of FI cooperation, actively carried out FI visits, and maintained and expanded the global agency network. At the end of the reporting period, the Company had a total of 579 correspondent banks worldwide, continuing to maintain its leading position in the domestic rural financial system.

(IV) Fintech

The Company has always focused on the strategic positioning of "firm digital transformation", strengthened top-level design and overall arrangement, identified breakthrough areas, deepened external cooperation, promoted the close and deep integration of data, technology and business, advocated digital culture, cultivated digital talents, improved the digitalization of customer service, business operations and management decisions, and created the image of "smart finance, digital bank, quality service".

During the reporting period, the Company continued to increase investment in Fintech, strengthened technology team building and paid attention to IPR protection. The Company invested RMB 883 million in technology, representing a year-on-year increase of 22.30%. The Company had 484 full-time Fintech personnel, accounting for 6.28% of the total number of employees, an increase of 29.41% from the end of the previous year. The Company had 6 software copyrights and 5 national patents, 3 of which were invention patents. The Company won 9 special awards at municipal level and above, and several Fintech innovation awards including the "2021 5th Outstanding Case of Science

and Technology Innovation in Rural Small and Medium-sized Financial Institutions" issued by Rural Credit Banks Funds Clearing Center, "2021 Outstanding Contribution Award for Innovation of New Technology Application in Financial Industry" by Financial Computerizing, "2021 China Fintech Financial Institution Best Innovation Award" etc.

1 Technology Empowerment

During the reporting period, the Company continued to deepen the integration of business and technology and achieved good results in technology-empowered business.

In terms of empowering retail business, the Company built an intelligent data search and analysis system to empower business decisions with data; built a retail mobile business platform to create an Omni-channel retail customer management system, and helped grid-based outbound marketing to effectively explore business opportunities and reach customers.

In terms of empowering corporate business, the Company improved the functions of corporate products, added pledge credit business and multi-account purchase function for corporate structured deposits, and issued new products such as large certificates of deposit with one-time repayment of principal and interest at maturity and frequent interest payment to enhance customers' sense of access to financial products.

In terms of empowering inclusive finance, the Company launched two platforms, namely, inclusive online business and intelligent supply chain system, and a series of high-quality financial products, such as "Bank Tax Express Loan", "Xinongledai" and "Commercial Auto Insurance Loan" etc., effectively enhancing the business scale and market competitiveness related with agriculture, small and micro enterprises, and technology enterprises.

In terms of empowering operation service, the Company reshaped the operation process to realize online self-service, solving the pain points of corporate customers such as cumbersome documents and long waiting time, and effectively improving customer experience.

In terms of empowering intelligent risk control, the Company built an anti-fraud risk control platform and put into operation intelligent auxiliary decision-making modules and anti-money laundering suspicious monitoring models to achieve real-time early warning and efficient processing of transaction risks and maximize the safety of customer funds.

In terms of empowering public services, the Company provided self-service instant application and replacement services for new social security cards, becoming the first bank in Shanghai to provide such services; connected to the big data center to provide 48 government functions in the "Government Online-offline Shanghai", realized deep integration of financial services and government services, helping residents to realize "multiple businesses with one visit" and enhancing their happiness.

In terms of empowering human resources management, the Company launched the new human resources efficiency and resource optimization system, realized the whole life cycle management of human resources, integrated the strategic concept of human resources management relying on technical support and services, built an HR IT system featuring information

sharing, connectivity, integration and innovation, and value creation, and supported the digital transformation of HR management.

2 Infrastructure Construction

During the reporting period, the Company continued to promote the "FOCUS" project and put the main functions of Phase I into operation, completed the commissioning of three major technology platforms, namely the Cloud Platform, Mobile Development Platform and Open Banking Platform, as well as three major competence centers, namely the Shared Competence Center, Intelligent Competence Center and Data Competence Center, to further enhance the hard power of science and technology.

The Company continued to improve the efficiency and quality of technology R&D, upgraded the R&D process of technology projects, adjusted the resource allocation strategy, optimized the R&D process management system, and at the same time, established a project classification and management mechanism to prioritize the allocation of technology resources to projects with strategic value and key business development, and further improved the management mechanism of key projects and project clusters to enhance project management capabilities. During the reporting period, the number of development requests put into production increased by 18% year-on-year, serving various fields such as retail, corporate finance, FI, operations and risk control, and public livelihood etc., among which, the number of projects put into operation in corporate finance increased by as much as 68% year-on-year.

3 Data Governance

The Company continued to strengthen the construction of data governance system and created a six-step data quality closed-loop management mechanism to spirally improve bank-wide data quality. During the reporting period, the Company integrated strategic key projects, continued to promote the implementation of data standards, and consolidated the management of customer master data. Focusing on the digital transformation "FOCUS" project, the Company integrated data from inside and outside the Bank, focused on strengthening data foundation management capabilities, provided data support for marketing, risk control, operations and other business scenarios, enhanced data application and service capabilities, and released the value of data assets.

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. The Company built an e-banking usability research laboratory and set up special zones such as artificial intelligence zone, variable scenario zone and online experience zone; carried out verification of new technologies for scenarios such as virtual digital human product incubation and inclusive mobile banking. Based on the pilot agile

R&D of retail finance and online finance, we further explored the agile mechanism for integrating business and technology. During the reporting period, the Company applied robotic process automation (RPA) technology to replace 74 manual processes, increasing processing efficiency by up to 90% or more.

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 and Shenzhen including Shanghai Zhangjiang, Shanghai Taopu and Shenzhen, and established a production and operation management system and team correspondingly, providing basic support for digital transformation. During the reporting period, the operation of the Company's information systems was stable and reliable, and the availability rate of the core financial system during business hours was 100%.

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

(V) Channel Development

Focusing on the strategic vision of building a service-oriented bank, the Company firmly established the transformed position with the network as the main body of operation and profit center, promoted network transformation in an orderly manner, boosted the upgrade of offline channels, accelerated the construction of online channels, promoted the online and offline interaction of customer operation as well as channel integration, realized channel synergy, and made the Omni-channel customer experience efficiently connected.

1 Network Operation

During the reporting period, the Company continued to optimize the network layout, accelerated the coverage of blank areas and the deployment in areas with development potential, focused on optimizing the planning of urban areas and "five new towns", accelerated the standardization of network construction and deepened the transformation of network.

At the end of the reporting period, the Company had 366 branches, including 359 branches in Shanghai and 7 branches outside Shanghai. During the reporting period, the Company completed 16 institutional adjustments, including 14 relocations and 2 downgrades. See the table below for details:

Name	Business address	No. of outlets	No. of employees	Asset scale (RMB million)
Headquarters Business Department	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai, China	1	102	88,987.51
Pudong Branch	1F, Building 4, No.58 Yaoyuan Road, Pudong New District, Shanghai	43	671	119,861.71
Shanghai Pilot Free Trade Zone Branch	Room 103, No.8 Yincheng Zhong Road, Pudong New District, Shanghai, China	1	45	4,790.14
Minhang Branch	1-2/F, No. 670, Qixin Road, Minhang District, Shanghai	26	418	63,465.61
Jiading Branch	No. 386, Tacheng Road, Jiading District, Shanghai	26	407	52,352.70
Baoshan Branch	No. 1198, Mudanjiang Road, Baoshan District, Shanghai	27	414	64,997.36
Songjiang Branch	No. 405, North Renmin Road, Songjiang District, Shanghai	25	400	48,935.14
Jinshan Branch	No. 505, West Weiqing Road, Jinshan District, Shanghai	20	391	43,201.25
Qingpu Branch	No. 399, Gongyuan Road, Qingpu District, Shanghai	22	358	46,730.76
Fengxian Branch	No. 2251, 2259, 2263, 2267, Wangyuan South Road, Fengxian District, Shanghai	26	367	43,561.01
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	446	67,750.68
Chongming Branch	No. 188, Beimen Road, Chengqiao Town, Chongming County, Shanghai	31	315	42,954.91
Putuo Branch	No. 599, Xincun Road, Putuo District, Shanghai	19	226	33,297.09
Changning Branch	No. 8, Lane 555, Gubei Road, Changning District, Shanghai	9	157	19,176.93
Xuhui Branch	No. 3-7, Lane 9, Zhaojiabang Road, Xuhui District, Shanghai	17	240	26,578.37
Hongkou Branch	No.399 East Changzhi Road, Hongkou District, Shanghai	10	151	12,628.53
Yangpu Branch	No. 1599, Huangxing Road, Yangpu District, Shanghai	9	162	19,206.48
Huangpu Branch	1F, East Annex Building, No.29 Jianguo Middle Road, Huangpu District, Shanghai	5	117	14,102.85
Jing'an Branch	No. 770, West Beijing Road, Jing'an District, Shanghai	11	185	14,530.54
Zhangjiang Science and Technology Branch	Room 103-108, No. 8, Zone B, Lane 500, Zhangheng Road, Pudong New District, Shanghai	1	54	10,719.14
Zhejiang Yangtze River Delta Integration Demonstration Zone Sub-branch	No. 67-63, Jiashan Avenue, Luoxing Sub district, Jiashan County, Zhejiang Province	2	42	8,016.71
Xiangtan County Branch	No. 598, Jingui South Road, Yisuhe Town, Xiangtan County, Hu'nan Province	3	55	5,447.45
Kunshan Branch	Room 1-5, Building 18, Jiulongwanhuayuan, No. 388, Chezhan Road, Kunshan Development Zone, Jiangsu Province	2	53	8,955.30

The Company continued to promote the construction of network standardization system, increased the configuration of intelligent facilities, replaced furniture, optimized functional partitions, enhanced visual image, improved the branch environment and enhanced customer experience, and completed the renovation and transformation of 42 new standard outlets during the reporting period. The Company deepened the creation of thematic characteristics, completed the personalized renovation and construction of 8 institutions, including Shanghai Jiading Nanxiang Sub-branch and Pudong Zhangjiang Sub-branch with pension finance; Huangpu Bund Sub-branch, Yangpu Wujiaochang Sub-branch and Xuhui Garden Sub-branch with union card; Qingpu Liantang Sub-branch with ancient town characteristics; Jiading Xiyunlou Sub-branch with shared bookstore; and Pudong Caolu Sub-branch with accessible facilities.

At the end of the reporting period, the Company had a total of 782 intelligent teller machines, with 156 business functions, which diverted about 85% of personal businesses. During the reporting period, the average daily transaction volume of the Company's core account system was 6,210,100, representing a year-on-year increase of 11.27%.

2 Online Channels

At the end of the reporting period, the Company had 4,590,400 registered mobile banking users, up by 14.24% from the end of the previous year; 3,923,300 registered Internet banking users, up by 2.89% from the end of the previous year; and 1,292,400 registered WeChat banking users, up by 40.33% from the end of the previous year.

As for the construction of electronic channels, the Company continued to promote the upgrade of mobile banking and optimized the construction of corporate internet banking to improve the overall capacity of channels, which carried 97% of the Bank's wealth management and 90% of fund transactions. During the reporting period, the Company launched the "Inclusive" version of mobile banking to provide exclusive mobile financial services for small and micro enterprise customers.

For remote banking, the Company actively promoted intelligent development and launched AI intelligent customer service to enrich the means of remote access; telephone banking launched elderly-friendly exclusive manual services to facilitate timely access to financial services for elderly customers. At the end of the reporting period, the satisfaction rate of the Company's remote banking manual service reached 99.5%.

(VI) Major Subsidiaries

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

1 SHRCB Rural Bank

SHRCB 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. Since we opened Shanghai's first rural bank in Chongming, Shanghai in 2009, the Company has opened 35 SHRCB rural banks in Shandong, Hunan and Yunnan provinces and in Beijing and Shenzhen, forming a regional layout of "organic integration of the East, Middle and West, one in the South and one in the North". At the end of the reporting period, the registered capital of the 35 SHRCB rural banks totaled RMB 2.878 billion, of which the Company held 1.778 billion shares.

During the reporting period, the 35 SHRCB rural banks continued to promote the construction of scientific control system, small and micro financial service system and talent cultivation system around the goal of "Group service, refined management and featured operation", insisted on small and dispersed businesses, devoted to serving "agriculture/rural areas/farmers", accelerated structural optimization, and strengthened the risk management and control, striving to build "small but beautiful and excellent" rural banks.

At the end of the reporting period, the 35 rural banks achieved a total net profit of RMB 294 million, total assets of RMB 32.630

billion, total net assets of RMB 3.426 billion, deposit balance of RMB 27.125 billion, loan balance of RMB 18.771 billion, and the proportion of loans to farmers and small and micro enterprises reached 86.36%.

2 Yangtze United Financial Leasing Co., Ltd

Founded in June 2015, Yangtze United Financial Leasing Co., Ltd. is one of the first financial leasing companies under banking system in China to implement the mixed ownership reform of state-owned enterprises under the State Council and comprehensively implement the market-oriented operation mechanism. The Leasing Company headquarters in China (Shanghai) pilot free trade zone. As of the end of the reporting period, the registered capital of Yangtze Financial Leasing Co., Ltd. was RMB 2.45 billion, and the Company controlled 51.02% of its equity¹⁸.

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", and the vision of "building a leading financial leasing brand with distinctive professional features and convenient customer service capabilities", the Yangtze Financial Leasing Company has taken 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 SHRCB 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 32.964 billion; the net assets, RMB 3.97 billion. During the reporting period, Yangtze Financial Leasing Company realized an operating income of RMB 1.176 billion and a net profit of RMB 441 million.

(VII) Major Participating Companies

At the end of the reporting period, the Company's major participating companies included Jiangsu Haimen Rural Commercial Bank Co., Ltd. During the reporting period, the Company further optimized the strategic layout of the Yangtze River Delta integration and strengthened the business synergy with Jiangsu Haimen Rural Commercial Bank Co., Ltd. to jointly realize the Yangtze River Delta regional strategy and business development.

At the end of the reporting period, other major participating companies included Rural Credit Banks Funds Clearing Center Co., Ltd. and National Green Development Fund Co., Ltd., with shareholdings of 5.76% and 1.13% respectively.

¹⁸ During the reporting period, the Company acquired 80 million shares of Yangtze Financial Leasing Company through a public auction. The shareholder qualification is pending regulatory approval, and upon approval, the Company's shareholding will increase to 54.29%.

VII. Key Focuses in Operation

(I) Net Interest Margin

In 2021, the Group's net interest margin was 1.86%, a decrease of 5 bps from the previous year.

In terms of assets, the Group implemented the policy guidance of benefiting the real economy. Under the influence of multiple factors such as the continued marketization of interest rates and loan repricing, the yields of both corporate and personal loans showed a downward trend. In the face of the downward pressure on asset yields, the Group increased its efforts in asset restructuring and actively responded to market changes. On the one hand, we vigorously expanded credit allocation, strengthened credit support to key areas and optimized the loan investment structure. At the end of the reporting period, the growth rate of the Company's inclusive small and micro loans exceeded 30%, the growth rate of loans to technology enterprises exceeded 40% and the growth rate of green loans exceeded 160%, all of which far exceeded the growth rate of other loans. On the other hand, we accelerated the retail transformation and increased the proportion of personal loans with higher yields. At the end of the reporting period, the proportion of the Group's loans to interest-earning assets increased by 1.79 percentage points compared with the previous year, while the proportion of personal loans in all loans increased by 3.64 percentage points compared with the previous year, which to a certain extent hedged the impact of the decline in asset yields.

In terms of liability, the Group's liability cost ratio rose slightly due to the upward pivot in market interest rates and increased competition in the deposit market. As for FI liabilities, the market interest rate pivot rose significantly in 2021 as compared to 2020. The Company proactively studied the changes in the market, seized favorable opportunities such as the lowering deposit reserve ratio, dynamically planned the liability structure, broadened market-based financing channels and stabilized the cost of FI liabilities. In terms of deposits, as a local corporate bank serving the regional economy, the Company's personal time deposits accounted for a high percentage and the cost of time deposits is relatively rigid. In order to cope with the competitive environment in the deposit market, the Company, firstly, insisted on optimizing the liability structure and consolidating the deposit base. Deposits, as a core business with strong stability, saw a steady increase in proportion. At the end of the reporting period, deposits accounted for 77.64% of the Group's interest-bearing liabilities, an increase of 0.56 percentage points compared with the previous year; secondly, the Company actively stabilized deposit costs, promoted the transformation of the Company's customer structure, and improved its comprehensive service capability and customer stickiness. While the scale of corporate demand deposits grew steadily, the Company strengthened the management of high-cost deposit pricing, and the cost rate of time deposits for corporate customers dropped significantly. In order to enhance the stability of liability sources and consolidate the customer base, the holding rural banks increased efforts in deposit expansion, and the proportion of personal time deposits in liabilities increased, resulting in a slight increase in overall deposit costs. At the end of the reporting period, the Group's deposit interest payment rate increased slightly by 1 basis point, while the Company's deposit interest payment rate remained unchanged from the previous year.

Looking into 2022, the external environment will be more severe and uncertain; macro policies will be the guide for stabilizing growth, adjusting structure and reducing costs; interest rate market reform will continue to advance; and the impact of successive LPR cuts will gradually reflect. While on the liability side, the cost of deposits expects to decline after the reform of deposit rate pricing, releasing a buffer for the downward movement of asset returns. In the future, the Company will continue to strengthen forward-looking research and evaluation, follow the policy guidance, and support the development of the real economy. Meanwhile, the Company will strengthen refined management, further optimize and adjust the asset and liability structure, proactively and flexibly respond to market changes, and maintain the level of interest margin.

(II) Net Non-interest Income

Under the trend of continuous narrowing of net interest margin for banks, the Group continued to optimize its business structure and income structure, and the contribution of non-interest business improved. During the reporting period, the Group achieved a net non-interest income of RMB 4.794 billion, a year-on-year increase of 14.99% and accounting for 19.84% of the operating income, an increase of 0.93 percentage points year-on-year. In the investment business, the Group strengthened macro analysis and market research, grasped trading opportunities and flexibly adjusted asset and liability allocation, resulting in a higher year-on-year increase in related non-interest income, which supported the growth of net non-interest income; in the intermediary business, fee and commission income decreased year-on-year due to factors such as fee reduction and profit concession, and transformation towards net worth etc. However, as the Group's retail business transformation continued to deepen, the scale of agency business and wealth management business both achieved fast growth. Meanwhile, the Group actively promoted the transformation of its business structure to capital-light and asset-light, and the scale of innovative businesses such as bond underwriting grew significantly, further consolidating its customer base and providing protection for the subsequent development of intermediary business.

Looking into 2022, the Group's net non-interest income growth will face certain challenges due to the uncertainty of market price fluctuations under the complicated internal and external situations and the continued promotion of fee reductions and concessions. In order to promote the high-quality development of the Group's non-interest business, the Group will continue to deepen its retail transformation, improve its wealth product supply, as well as sales and asset allocation capabilities, build a "wealth + asset management + investment banking" business model, and provide customers with differentiated, high value-added comprehensive financial services. On the other hand, the Group will focus on the construction of "trading center" and "agency center", continue to promote the transformation of investment trading, and take the path of light capital and organic development.

(III) Capital Management

The Company's capital management focuses on "strengthening capital restraint and enhancing capital efficiency", and continues to improve its capital management mechanism, optimize internal capital resource allocation and enhance capital returns

by deepening the use of economic value added (EVA), capital efficiency and other value assessment indicators. At the end of the reporting period, the ratio of the Company's risk-weighted assets to total assets was 62.98%, a decrease of 0.59 percentage points compared with the previous year, and capital consumption improved year-on-year.

The Company continues to optimize and implement the Internal Capital Adequacy Assessment Process (ICAAP), dynamically balance capital supply and demand, and prospectively formulates capital replenishment plans to ensure adequate and reasonable capital levels. The Company adheres to endogenous accumulation as the main method of capital replenishment, while studying and reserving diversified capital replenishment tools to replenish capital at all levels in a timely manner. During the reporting period, the Company redeemed the existing Tier-II capital bonds of RMB 3 billion and the application for issuing a new round of RMB 10 billion Tier-II capital bond was approved by the People's Bank of China and CBIRC. For details, please refer to the relevant announcements issued by the Company on the Shanghai Stock Exchange and the Company's website.

Looking into 2022, the Company will continue to improve its capital management mechanism, optimize the allocation of internal capital resources and further enhance the level of capital return.

(IV) Asset Quality

In recent years, the Company continuously strengthens risk control and increases the disposal of non-performing loans, and the asset quality indicators have remained stable for a long time. At the end of the reporting period, the Company's non-performing loan balance was RMB 5.62 billion, an increase of RMB 678 million compared with the end of the previous year; the non-performing loan ratio was 0.94%, a decrease of 0.02 percentage points compared with the end of the previous year. Among them, the balance of substandard loans was RMB 3.047 billion, an increase of RMB 691 million compared with the end of the previous year; the balance of doubtful loans was RMB 1.691 billion, a decrease of RMB 21 million compared with the end of the previous year; and the balance of loss loans was RMB 883 million, an increase of RMB 8 million compared with the end of the previous year.

Since the spread of the Covid-19 pandemic globally, market concerns have intensified and the external economy has entered a recessionary period with a significant increase in risk points. With the introduction of the vaccine, the global economy expects to repair gradually and macroeconomic growth will probably return to the trend trajectory before the pandemic, but there are still huge uncertainties. In the face of the complex and changing external environment, the Company focused on high-quality transformation and development, promoted the digital transformation and strengthened credit process management. During the reporting period, the Company orderly pushed forward the construction of the new generation of credit management information system cluster for corporate credit, launched the business capability analysis platform, OCR intelligent identification of financial reports and other functions; strengthened the concentration control of real estate loans and formulated a plan to reduce the concentration over the next

four years; optimized inspection means with technology and carried out special inspections online and offline; optimized the standardized process of non-performing assets disposal and took multiple measures to strictly control the non-performing rate; developed the risk information reporting function for key corporate customers and continuously improved the function of risk warning system; further improved the risk management system of credit business and deepened business risk control; made every effort to ensure the quality of data acquisition for PBOC's second-generation credit system and various regulatory statistics reporting; and continuously improved the risk monitoring of online retail loan business.

Looking into 2022, the Company will follow the core objective of maintaining and sustaining stable credit asset quality, take the launch and application of the new CMIS system as an opportunity to optimize and improve institution and operational processes, deepen and upgrade the early warning system, refine the post-loan management and risk resolution work, and strengthen the means and strength of non-performing accountability, so as to continuously empower the front-office business departments under the premise of risk control and facilitate the Bank's efforts on small and dispersed businesses, and maintain the asset quality at a stable level.

(V) Impact of the Real Estate Loan Concentration Management System on the Company

On December 31, 2020, the People's Bank of China and CBIRC jointly issued the Notice on the Establishment of a Concentration Management System for Real Estate Loans of Banking Financial Institutions, deciding to establish a concentration management system for real estate loans of banking financial institutions, which, on the one hand, implemented graded supervision according to the type of banks and specified the concentration indicators of each grade; on the other hand, specified a four-year transition period for business adjustment. According to this regulation, the Company fell into the third grade of banking financial institutions, with the upper limits of 22.5% and 17.5% for real estate loans and personal housing loans, respectively.

In order to actively implement the regulatory policy requirements, during the reporting period, the Company formulated a four-year transition plan for business adjustment and reduction, carried out systematic and comprehensive control in terms of system regulations, daily monitoring, system optimization and regular reporting, implemented total control, classification management, list management, closed operation and strict risk prevention for real estate loans, and completed the current year's reduction plan reported to the regulatory authorities as scheduled.

Looking into 2022, the Company will actively implement the latest requirements of the regulatory authorities on real estate loans while actively deploying other high-quality assets, continuously expand the scale of non-real estate loan business, continuously optimize the credit structure, further support green finance, serve the development of technology-based enterprises, inclusive micro and small enterprises and other real economy enterprises, facilitating a better life for the people.

(VI) Regional Layout Positioning

The Company is a corporate bank headquartered in Shanghai, formerly known as Shanghai Rural Credit Cooperative. Since its establishment, the Company has been rooted in Shanghai, especially in the suburban areas, with high network coverage, high customer sedimentation rate and high loyalty. At the end of the reporting period, the Company had deployed 359 business outlets in Shanghai, which is one of the banks with the largest number of business outlets in Shanghai. Among them, 239 outlets (over 65%) were located outside the Outer Ring. Among the 108 townships in the city, the Company's presence covered 106 townships, with a coverage rate of 98.1% and 250 outlets.

Shanghai is one of the most important and developed economic and financial centers in China, with a strong economic foundation, reasonable industrial structure, vigorous market vitality and open social culture, a good credit and legal environment, abundant human capital, accessible information network and other infrastructures, laying a solid foundation for the continuous improvement of the Company's performance. During the reporting period, the Company actively participated in the construction of Shanghai's modern economic system while promoting its own business development, actively dovetailed with the 14th Five-Year Plan of the city and district, and provided comprehensive financial support for Shanghai's infrastructure construction, key engineering projects, strategic emerging industries and cultural industry development.

During the reporting period, the Company closely followed the national strategy of Yangtze River Delta integrated development and relevant policy requirements, and deeply engaged into the Yangtze River Delta integration process. We strengthened the layout of institutional network in the Yangtze River Delta region, studied the establishment of a new specialized institution in the Shanghai Yangtze River Delta Integration Demonstration Zone, and renamed the Jiashan Sub-branch as SHRCB Zhejiang Yangtze River Delta Integration Demonstration Zone Sub-branch. We strengthened the development of Group-based integrated operation, optimized the equity structure of Yangtze Financial Leasing Company, focused on the leasing business in the Yangtze River Delta, and continuously strengthened the business synergy between Yangtze Financial Leasing and the Group. We strengthened business synergy with the Haimen Rural Commercial Bank in which the Company has equity participation, operated the "circle of friends" in Yangtze River Delta rural financial field, expanded the capital, fund, business and brand penetration to the Yangtze River Delta, and promoted the realization of the Yangtze River Delta regional strategy and business development.

Looking into 2022, the Company will actively grasp the regional market opportunities, continue to take advantage of Shanghai's home turf, actively serve the construction of Pudong New District, "five types of economy"¹⁹, "five new towns" and the digital transformation of the city, actively integrate into the Yangtze River Delta integration, accelerate the innovation drive, create featured operations to achieve stable business performance and quality improvement, as well as steady development of various businesses.

¹⁹ The "five types of economy" refer to innovative economy, service-oriented economy, open economy, headquarters economy and flow economy.

VIII. Risk Management

In 2021, faced with the Covid-19 pandemic and the complex and ever-changing domestic and international economic environment, the Company adhered to the concept of "enhancing risk management capability and creating value through risk management", insisted on a prudent risk appetite, promoted the comprehensiveness, independence, foresight and specialization of risk management, took digital risk control as a grip, adhered to the bottom line of 0 systemic risk, continued to improve the comprehensive risk management system and enhanced the comprehensive risk control capability.

(I) Credit Risk Management

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

During the reporting period, the Company actively innovated, transformed itself to adhere to the lifeline of sustainable asset quality strictly, and accelerated the enhancement of risk management capabilities. First, with system construction as the leader, we continued to improve rules and regulations, and promoted the full-coverage management of key areas, key businesses and key projects; second, with digital transformation as the goal, we continued to promote the construction and implementation of the new-generation CMIS system project, integrated internal and external information to develop risk profiling functions, and improved risk warning capabilities; third, with full-process management as the lever, we improved the approval mechanism, moved risk management earlier, and strengthened multi-dimensional review; fourth, with technology empowerment as support, we continued to explore the application of risk measurement technology and tools, improved the internal rating system and risk-weighted asset measurement, and upgraded the post-loan management inspection to a model combining on-site visits and off-site inspections with technical support; fifth, with business development as guidance, we conducted in-depth industry research, and focused on building a green financial system.

(II) Market Risk Management

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

During the reporting period, the Company further improved the market risk limit system for 2021 in accordance with domestic and international economic and financial development trends, business development plans and its own risk tolerance, refined and enriched the three-tier market risk limit monitoring and

surveillance indicators, and conducted daily monitoring, measurement and reporting. The Company continued to optimize market risk management methods and systems, improved market risk measurement models and gradually enhanced market risk management techniques; identified and assessed new product and new business risks, established new product risk management systems and processes; continuously improved foreign exchange trading limits and authorization management systems, strengthened monitoring and analysis of foreign exchange exposures and strictly controlled the scale of foreign exchange exposures; established a front and middle office multi-dimensional trading book and trading behavior analysis and revenue attribution mechanism to improve the level of refined market risk management; carried out validation of market risk management system, kept the market risk indicators and stress test results within the management target continuously, and controllable overall risk level.

1. Interest Rate Risk Management

(I) Interest Rate Risk Management of Trading Book

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

During the reporting period, the Company mainly adopted value-at-risk (VaR), stress testing, sensitivity analysis, exposure analysis, profit and loss analysis, price monitoring and other methods to measure and manage the interest rate risk of the trading book. We continued to optimize the market risk limit management system based on trading portfolios, improved the limit indicator system and dynamic management mechanism to meet the timeliness requirements of new products and new businesses, and realized fast and flexible limit monitoring and dynamic adjustment by relying on the market risk management system.

(2) Interest Rate Risk Management of Banking Book

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

During the reporting period, the Company mainly measured the interest rate risk of the banking book by repricing gap analysis, scenario analysis and stress test etc., closely monitored changes in the external environment and internal interest rate repricing gap, improved scenario analysis and stress test programs, regularly assessed the impact of different interest rate shock on net interest income and economic value, dynamically adjusted risk management strategies, and used such means as controlling the repricing term of loans and the duration of investment business to maintain the interest rate risk of the banking book within the control target.

2. Exchange Rate Risk Management

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

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

(III) Liquidity Risk Management

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

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

During the reporting period, the Company maintained sound and moderate liquidity position. Based on the macro, market environment and business development requirements, the Company set annual liquidity risk appetite indicators; fully utilized internal fund transfer pricing and other tools to optimize asset and liability maturity allocation; strengthened liquidity risk management of business lines and reasonably set liquidity risk limits; built a new fund position management system, continuously improved daily liquidity management, strengthened fund control at key points, and maintained reasonable provision level; smoothened market financing channels, carried out active liability business flexibly, actively participated in the capital market, and listed on the main board of the Shanghai Stock Exchange to enhance market competitiveness and risk resistance; strengthened liquidity risk indicator management, monitored and tracked dynamically and coordinated in a timely manner to ensure the stability of indicators on the basis of compliance with various indicators; conducted regular emergency drills and stress tests to improve the response to unexpected liquidity risk events;

continuously optimized the management information system, improved monitoring, measurement and control capabilities, and strengthened the level of technological support.

At the end of the reporting period, the Group's liquidity ratio was 55.74%, liquidity coverage ratio was 247.65% and net stable fund ratio was 132.58%, all of which were higher than regulatory requirements and in line with the Group's annual liquidity risk appetite.

Liquidity Coverage Ratio

Unit: RMB 1000

The Group	December 31, 2021
Liquidity coverage ratio (%)	247.65
High-quality liquid assets	130,033,474
Net cash outflow in the next 30 days	52,507,226

Net Stable Fund Ratio

Unit: RMB 1000

The Group	December 31, 2021	September 30, 2021
Net stable fund ratio (%)	132.58	129.09
Stable fund available	783,674,461	743,689,576
Stable fund needed	591,089,692	576,090,684

(IV) Operational Risk Management

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

During the reporting period, the Company continued to improve its risk management with the goal of preventing significant operational risks. The Company continued to optimize the operational risk management structure, institution and system, improved the operational risk assessment and evaluation mechanism, strengthened operational risk identification, assessment, monitoring and rectification; benchmarked and learned from good practices in the industry to continuously improve risk prevention and control capabilities; strengthened risk assessment in the evaluation of new products and rectification of loss events, improved key risk indicators, strengthened loss data collection and verification, and continuously deepened the three major tools of operational risk to enhance the effectiveness and timeliness of risk prevention and control; enhanced anti-fraud risk management and deepened the concept of operational risk; promoted the improvement of the institution and system of consolidated subsidiaries, and carried out the collection of operational risk loss data and monitoring of key risk indicators. 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 comprehensively deployed the "Year of Internal Control and Compliance Management" activities, focused on the development goal of creating a "model bank for compliance management", and comprehensively carried out self-correction and special rectification actions for "repeated violations" in the areas of internal control and compliance governance structure, group consolidated management and dynamic system of internal control evaluation and supervision; strengthened the management of rules and regulations, carried out the cleaning of rules and regulations, further clarified the requirements of process control, monitoring and evaluation, data empowerment and other aspects of drafting and revising rules and regulations, and tried out the mechanism of licensed regulation management personnel; continuously improved the system construction, enriched the system of rules and regulations, and improved the system of internal control management, changed from horizontal product dimensions to vertical responsibilities and other dimensions, solidified the management foundation, and enhanced the initiative and effectiveness of compliance risk management.

(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, and established a sound organizational structure for money laundering risk management to ensure the effectiveness of money laundering risk management. The Company's money laundering risk management initiatives included, but not limited to streamlining and improving the AML internal control system and initiating the self-assessment of institutional money laundering risks; optimizing the money laundering risk classification index system for business and customers and incorporating money laundering risk management requirements and results into the comprehensive risk management system; promoting comprehensive rectification of issues identified in law enforcement inspection around business mechanism optimization, system transformation and existing customer rectification, and conducting in-depth self-investigation and self-correction; strengthening awareness and management supervision of affiliated institutions to ensure consistency in the Group's money laundering risk management; strengthening financial technology empowerment and building an intelligent anti-money laundering platform; continuously optimizing suspicious transaction monitoring standards, continuously bringing into play the effectiveness of centralized processing, and doing a good job in anti-money laundering key tasks such as customer due diligence and list monitoring; organizing and carrying out various anti-money laundering themed training and education activities, and fulfilling the obligations of staff training and public education.

(VII) Legal Risk Management

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

reasons; the commercial bank may be liable for administrative liabilities or criminal liabilities for its business activities in violation of laws or administrative regulations etc.

During the reporting period, the Company attached great importance to legal risks and prevented them through various means. Firstly, the Company made every effort to enhance the business capability of our in-house legal advisors, and appropriately expanded and exchanged personnel in the legal compliance line and ensured relevant resources. Secondly, the Company did its best to prevent legal risks of new products and new business, and actively assisted the business departments to communicate with regulators; issued special opinions by the general counsel on major decision-making matters and major project arrangements, and completed the revision of model texts of relevant lines in a timely manner in accordance with the Civil Code and changes in judicial interpretations. Third, in accordance with the requirements of the "8th Five-Year Plan" for the popularization of law issued by the Publicity Department of China and other departments, the Company formulated the 8th Five-Year Plan for the popularization of the law, continued to promote the rule of law and education, organized legal training for employees, recorded the Civil Code and other courses for broadcast, cooperated with the Shanghai Bar Association to hold the "Seminar on Arbitration for Corporate Lawyers ", and actively participated in the "Legal Skills Competition" of Shanghai SASAC and other special activities for the promotion of the rule of law.

(VIII) Reputation Risk Management

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

During the reporting period, the Company focused on capability building for reputation risk management, systematically improved the level of reputation risk management and the whole process management mechanism of reputation risk, emphasized and strengthened the prior assessment and prevention mechanism of reputation risk, continuously strengthened the coordination of institutions at all levels, and continuously enhanced the effectiveness of publicity work. Themed publicity was carried out around national strategies, regional priorities, and in conjunction with highlights and hot spots such as the Company's landing on the capital market, inclusive finance strategy, and service to the real economy, in order to enhance the brand's ability to withstand reputation risks. During the reporting period, the Company's reputation risk was stable without major reputation incidents.

(IX) Strategic Risk Management

Strategic risk is the risk arising from inappropriate business strategies or changes in the external business environment of commercial banks.

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.

During the reporting period, the Company strictly followed regulatory requirements on IT risk management, established the "three lines of defense" mechanism for IT risks, continuously improved the IT risk management mechanism, strengthened risk control in key areas, carried out IT risk monitoring and analysis, strengthened risk review of major IT projects, improved the on-site risk assessment mechanism of important IT outsourcing providers, and carried out in-depth IT risk assessment on data security, outsourcing management, business continuity management, etc. to continuously improve the ability and level of IT risk prevention and promote the safe, sustainable and sound operation of the Company's information systems. During the reporting period, the Company's information systems operated well and the overall risks were controllable, providing solid technological support and guarantee for the business development across the Bank.

(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, faced with the continuing Covid-19 pandemic and international trade friction, the Company strictly followed regulatory requirements, continuously strengthened country risk management, monitored changes in country risk and regularly updated the country risk level. Based on the results of country risk assessment, the Company classified country risk into five levels: low country risk, relatively low country risk, medium country risk, relatively high country risk and high country risk, and implemented corresponding limit control for each level. During the reporting period, the Company's overall country risk was manageable and did not have a significant impact on the Company's business operations.

IX. Company's Future Development Outlook

(I) External Environment, Industry Pattern and Trends

In 2022, the global economy is still full of uncertainties, and domestic economic development is facing the triple pressure of demand contraction, supply shock and weakening expectations, but the fundamentals of China's resilient and long-term positive economy will not change. The post-pandemic era and the evolution of the new development pattern bring new opportunities and challenges to the development of the banking industry. Under the general keynote of "prioritizing stability while pursuing progress", the State will continue to encourage banking financial services to

follow its original aspiration, strengthen financing support in key areas and weak links, persistently resolve and prevent financial risks, continue to deepen the reform and capital replenishment of small and medium-sized banks, focus on liability costs and asset quality, and accelerate digital transformation.

On the other hand, in 2022, under the guidance of the new development pattern of "dual circulation", "dual carbon" target, common prosperity, science and technology innovation source, deepening reform and opening up and other medium and long-term strategic plans, Shanghai will accelerate into a new development stage. As a regional bank deeply engaged in the Shanghai region and facing the integrated development of the Yangtze River Delta, the Company will seize the strategic opportunity of Shanghai accelerating the development of Pudong as a leading area for socialist modernization and the Yangtze River Delta as a strong and active growth pole for national development, and plan around Shanghai's "five types of economy", focus on strengthening the "four functions", promote the digital transformation of the city and the construction of the "five new towns", and cultivate green development foundations at the same time, further expand the development space for the Yangtze River Delta in the context of promoting the spatial and industrial layout of green and low-carbon development, and promote its own high-quality development.

(II) 2022 Business Plan

In 2022, the Company will be guided by three core strategies, closely focus on "small and dispersed businesses", adhere to the ideal of inclusive finance for the people, deepen the concept of customer centricity, strengthen digital transformation thinking, continue to optimize the top-level design, accelerate structural adjustment, promote innovation and transformation, further improve the level of refined management, make every effort to build a market-oriented and professional operation system, continuously improve operation quality, conclude the current round of strategic planning, and continue to build a service-oriented bank that creates value for our customers.

First, we will adhere to the positioning of inclusive finance. Combine the Company's suburban advantages with the rural revitalization strategy, consolidate and deepen financial services for the agricultural industry chain, strengthen the extension of the agricultural industry chain, and enhance the overall value creation capacity across the chain. We will promote the construction of a new rural integrity system, build a financial service system for the agriculture/rural areas/farmers featuring industrial chains, and connect the upstream and downstream of the industrial chain of "enterprises + cooperatives + farmers" to help achieve the goal of "common prosperity".

Secondly, we will firmly establish the features of science and technology innovation finance. Deeply engage in science and technology innovation industry, increase the support for early and mid-term science and technology-based enterprises based on the four industries of advanced manufacturing, biopharmaceutical, green environment protection and innovative consumption, vigorously promote the application of Xindongneng 2.0 program, serve the comprehensive demand of "equity + debt + listing" of enterprises with rich financial product system for technology innovation, and create a science and technology financial service system featuring Xindongneng and support the development of the real economy.

Third, we will deepen the retail business transformation. Systematically promote the construction of "nine systems" for retail transformation, focus on the wealth management needs

of middle-aged and elderly customers, and build a large wealth management service system featuring pension finance. Invest in customer specialization, continuously optimize retail customer structure, business structure and revenue structure, enhance network capacity and value creation, and promote high-quality development.

Fourth, we will build a closed loop of the wealth management value chain. Adhere to customer centricity, focus on the diversified wealth appreciation needs and financing needs of customers, strengthen the integration of resources, coordinate to play the advantages of capital and assets in various regions of Shanghai, create a comprehensive financial service system featuring industry finance, realize the effective matching with customers' investment needs and financing needs with differentiated, high value-added comprehensive financial services, and extend financial services to "high value-added" and high-end wealth management services to further create value for customers.

Fifth, we will enhance professional risk management capabilities. Guided by business development, we will deepen industry research, establish a sound risk monitoring system for the whole process before, during and after the event, build a risk appetite indicator system to support inclusive finance, finance for science and technology innovation and green finance, and build a firewall for business operation.

Sixth, we will adhere to the road of digital transformation. Promote data governance, consolidate the data foundation, build a unified indicator platform, a panoramic retail visualization and analysis management platform and a big data risk monitoring and early warning platform, form an architecture system for the integration of technology and business, and empower business management, business development and risk prevention and control with solid technological strength.

(III) Possible Risks

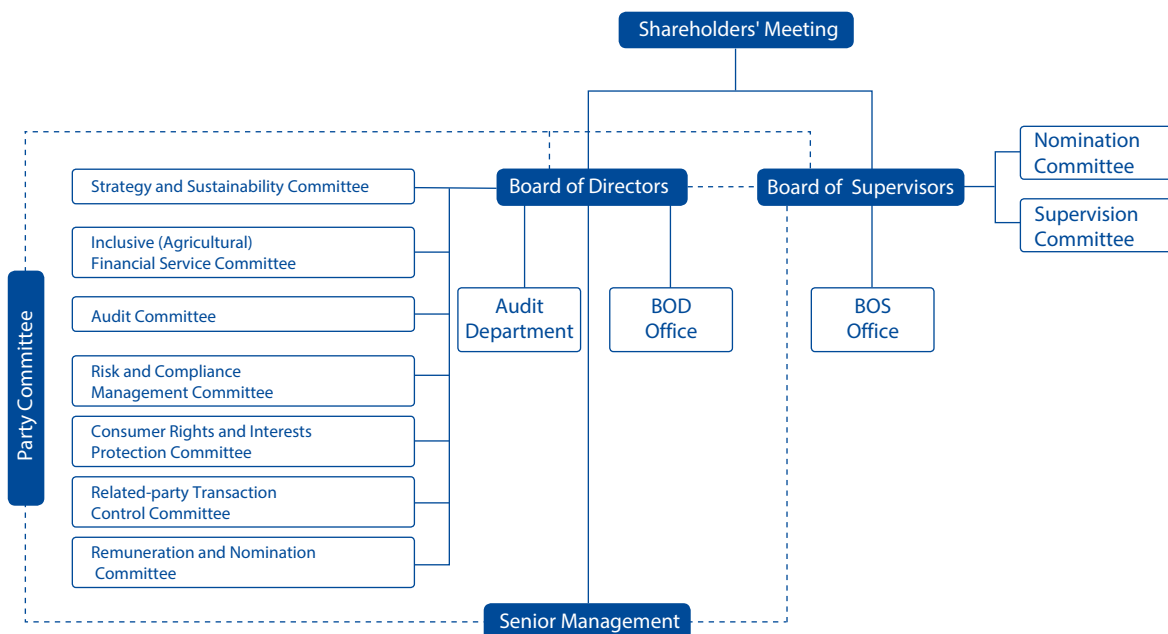
In 2022, the domestic market environment is generally tightening, and the slow recovery of consumption and investment is expected to be difficult to improve significantly. The growth rate of per capita disposable income has not yet recovered to the pre-pandemic level, and the interruption brought by the multi-point spread of the pandemic has suppressed urban residents' consumption ability and willingness. The lack of demand is also reflected in the weak endogenous impetus of investment, and the foundation of subsequent growth in manufacturing investment is not firm. In addition, due to the complexity and uncertainty of the international environment, commodity prices remain at a high level, increasing the pressure on manufacturing enterprises, especially small and micro enterprises to digest the cost, increasing the production and operation difficulties of real economy enterprises.

As the domestic and international environment becomes more complex and volatile, the general keynote of "prioritizing stability while pursuing progress" has not changed, and stable growth has been placed in a more prominent position. In the government's tasks for 2022, it is once again mentioned that financial institutions should help stabilize the macro economy and relieve the real economy through measures such as lowering actual loan interest rates and reducing fees. Therefore, it is expected that the loan prime rate (LPR) will have some room for downward adjustment, and the spread between deposits and loans of commercial banks will be further narrowed.

Corporate Governance

I. Overview of Corporate Governance	054
II. Shareholders' Meeting	055
III. Directors, Supervisors and Senior Management	056
IV. Board of Directors	063
V. Board of Supervisors	069
VI. Employees of the Parent Company and Major Subsidiaries	072
VII. Organization Chart of the Company	074
VIII. Profit Distribution of Ordinary Shares or Conversion of Capital Reserve to Share Capital	075
IX. Independence of the Company in Terms of Assets, Personnel, Finance, Organization, Business, etc. Relative to the Controlling Shareholder	075
X. Establishment and Implementation of Evaluation and Incentive Mechanism for the Senior Management	076
XI. Internal Control	076
XII. Internal Audit	077
XIII. Information Disclosure and Insider Information Management	077
XIV. Investor Relations Management	077





I. Overview of Corporate Governance

During the reporting period, the Company was committed to further improving its corporate governance structure and corporate governance system in accordance with the provisions of the Company Law, the Securities Law, the Commercial Bank Law and other laws and regulations, as well as the regulatory requirements of CBIRC and CSRC. The Company has established a number of corporate governance systems including the Articles of Association, rules of procedure of the Shareholders' Meeting, the Board of Directors, the Board of Supervisors, and special committees, management systems of information disclosure, investor relations, insider information and informed persons, and evaluation methods for the performance of duties of directors and supervisors.

The Company has established a governance structure consisting of the Party Committee, the Shareholders' Meeting, the Board of Directors, the Board of Supervisors and the Senior Management, forming a mechanism of mutual coordination and checks and balances among the bodies of authority, decision-making, supervision and the execution.

During the reporting period, the Company integrated the Party's leadership and construction into all aspects of corporate governance and strived to transform the Party's advantages into competition and development advantages in corporate governance, with the Party Committee playing a leading role in setting the direction, managing the overall situation and promoting implementation. The Company clarified in its Articles of Association the procedures and system implementation requirements of the Party Committee, deepened and improved the chain of "three major and one big decisions" by the Party Committee and the supervision of major decisions, sorted out the list of matters to be studied and discussed by the Party Committee first, and strengthened the intelligent and systematic development of the decision-making process.

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

During the reporting period, the Board of Directors of the Company effectively protected the legitimate rights and interests of shareholders, paid attention to and safeguarded the interests of depositors and other stakeholders, and effectively performed its fiduciary duties in strict compliance with the Company Law, the Articles of Association and corporate governance procedures.

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

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

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

II. 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) Convening of Shareholders' Meetings

During the reporting period, the Company convened four shareholders' meetings to approve or review 29 proposals. The convening and holding of the shareholders' meetings, the qualifications of the persons attending the meetings and the voting procedures complied with the laws, regulations and the Articles of Association of the Company, and the resolutions passed at the shareholders' meetings were legal and valid.

No. of meetings	Meeting date	Search index of the designated website where the resolution is published	Disclosure date of the publication of the resolution	Resolutions
2021 1 st Ad-hoc Shareholders' Meeting	February 19, 2021	N/A	/	The Meeting reviewed and approved two proposals including the Proposal to Extend the Validity of the Resolution Related to the SHRCB's Application of IPO and listing of Domestic RMB Ordinary Shares (A-Share), and Proposal on Formulating SHRCB's Delegation of Authority to the Board of Directors by the Shareholders' Meeting.
2020 Annual Shareholders' Meeting	May 28, 2021	N/A	/	The Meeting reviewed and approved 7 proposals including the Proposal on the 2020 Annual Work Report of SHRCB's Board of Directors, Proposal on the 2020 Annual Work Report of SHRCB'S Board of Supervisors, Proposal on the Implementation of the 2020 Operating Budget and the 2021 Operating Budget Plan of SHRCB, Proposal on the 2020 Profit Distribution Proposal of SHRCB, Proposal on the Appointment of Accounting Firm for the Year 2021, Proposal on the Purchase of D&O Insurance by SHRCB, Proposal on the Granting of Credit Lines and Allocation of Non-Principal Guaranteed Financial Products to CPIC and its Subsidiaries (Including Product Accounts).
2021 2 nd Ad-hoc Shareholders' Meeting	September 24, 2021	http://www.sse.com.cn	September 25, 2021	The Meeting reviewed and approved 9 proposals including the Proposal on the Election of Ms. Wang Juan as Non-Executive Director of the Company, Proposal on the Related-party Transaction with Shanghai International Group, Proposal on the Related-party Transaction with COSCO Shipping Co., Ltd. Proposal on the Related-party Transaction with China Baowu Group, Proposal on the Related-party Transaction with Shanghai Jiushi (Group) Co., Ltd., Proposal on the Related-party Transaction with China Taiping Insurance Group, Proposal on the Related-party Transaction with Zhejiang Communications Investment Group Co., Ltd., Proposal on the Related-party Transaction with China Merchant Securities.
2021 3 rd Ad-hoc Shareholders' Meeting	November 19, 2021	http://www.sse.com.cn	November 20, 2021	The meeting reviewed and approved 5 proposals including the Proposal on the Company's Profit Distribution for the First Three Quarters of 2021, Proposal on the Selection and Appointment of the Accounting Firm for the Year 2022, Proposal on the Amendment of the Articles of Association and Annexes of SHRCB, Proposal on the Related-party Transaction with Shanghai Guosheng Group, Proposal on the Related-party Transaction with China Taiping Life Insurance Co., Ltd.

III. Directors, Supervisors and Senior Management

(I) Current Directors, Supervisors and Senior Management

Name	Position	Gender	Year of birth	Term of office	No. of shares at the beginning of the period (share)	No. of shares at the end of the period (share)	Change of shares during the reporting period	Remuneration before tax from the Company during the reporting period (RMB 10,000)	Remuneration from the Company's related parties
Xu Li	Chairman of the Board of Directors, Executive Director	Male	1967	2019.1-2023.11	-	-	-	105.15	No
Gu Jianzhong	Vice Chairman of the Board of Directors, Executive Director, President	Male	1974	2019.1-2023.11	-	200,000	+200,000	110.02	Yes
Li Jin	Non-executive Director, Employee Director	Male	1963	2019.3-2023.11	480,000	480,000	-	96.88	No
Zhou Lei	Non-executive Director	Male	1978	2017.3-2023.11	-	-	-	-	Yes
Huang Jian	Non-executive Director	Male	1969	2018.4-2023.11	-	-	-	-	Yes
Wang Juan	Non-executive Director	Female	1972	2021.9-2023.11	-	-	-	-	Yes
Zhang Chunhua	Non-executive Director	Female	1972	2020.9-2023.11	-	-	-	-	Yes
Ye Peng	Non-executive Director	Male	1972	2020.11-2023.11	-	-	-	-	Yes
Ha Erman	Non-executive Director	Female	1975	2017.3-2023.11	-	-	-	-	Yes
Ruan Liya	Non-executive Director	Female	1983	2020.11-2023.11	-	-	-	-	Yes
Zhang Zuoxue	Non-executive Director	Male	1972	2020.11-2023.11	-	-	-	-	Yes
Shao Xiaoyun	Non-executive Director	Female	1961	2019.4-2023.11	-	-	-	-	Yes
Wang Kaiguo	Independent Director	Male	1958	2017.3-2023.3	-	-	-	30.00	No
Zhu Yuchen	Independent Director	Male	1961	2017.3-2023.3	-	-	-	28.00	No
Chen Jiwu	Independent Director	Male	1966	2017.3-2023.3	-	-	-	28.00	No
Sun Zheng	Independent Director	Male	1957	2017.3-2023.3	-	-	-	30.00	No
Chen Naiwei	Independent Director	Male	1957	2017.3-2023.3	-	-	-	28.00	No
Chen Kai	Independent Director	Male	1970	2017.3-2023.3	-	-	-	28.00	No
Mao Huigang	Independent Director	Male	1972	2017.3-2023.3	-	-	-	30.00	No
Li Jianguo	Chairman of the Board of Supervisors, External Supervisor	Male	1963	2018.4-2023.11	-	-	-	105.15	Yes
Xu Peiqi	Shareholder Supervisor	Male	1989	2020.5-2023.11	-	-	-	-	Yes
Lian Bolin	External Supervisor	Male	1958	2020.9-2023.11	-	-	-	30.00	No

Name	Position	Gender	Year of birth	Term of office	No. of shares at the beginning of the period (share)	No. of shares at the end of the period (share)	Change of shares during the reporting period	Remuneration before tax from the Company during the reporting period (RMB 10,000)	Remuneration from the Company's related parties
Nie Ming	External Supervisor	Male	1960	2020.9-2023.11	-	-	-	28.00	No
Guo Rufe	Employee Supervisor	Male	1976	2021.10-2023.11	-	-	-	156.27	No
Yang Yuanjun	Employee Supervisor	Male	1966	2017.3-2023.11	240,000	240,000	-	212.86	No
Xu Jingfen	Employee Supervisor	Female	1969	2017.3-2023.11	-	-	-	155.37	No
Jin Jianhua	Vice President	Male	1965	2010.9-2023.11	480,000	647,000	+167,000	96.03	No
Yu Minhua	Vice President	Male	1976	2018.6-2023.11	96,000	269,000	+173,000	99.96	No
	Secretary to the Board of Directors			2019.2-2023.11					
Zhang Hongbiao	Vice President	Male	1968	2020.11-2023.11	320,000	340,000	+20,000	98.65	Yes
Gu Xianbin	Vice President	Male	1979	2020.11-2023.11	96,000	103,000	+7,000	96.03	No
	Chief Risk Officer			2017.10-2023.11					
Ying Changming	Vice President	Male	1972	2020.11-2023.11	-	30,000	+30,000	98.65	No
Shen Dong	Vice President	Male	1980	2021.9-2023.11	-	-	-	42.50	No

Notes:

1. 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.
2. During the reporting period, the directors and senior management bought A shares of the Company from the secondary market with their own funds and the shares changed accordingly.
3. On 24 September 2021, the 2021 2nd Ad-hoc Shareholders' Meeting of the Company elected Ms. Wang Juan as a non-executive director for the same term of office as the fourth Board of Directors.
4. On 28 September 2021, the Company held the ninth meeting of the fourth Board of Directors and appointed Mr. Shen Dong as the vice president of the Company for the same term as the fourth Board of Directors.
5. On October 21, 2021, the second meeting of the Fourth Staff Congress of the Company elected Mr. Guo Rufe as a employee supervisor for the same term as the Fourth Board of Supervisors.
6. On 24 November 2021, CBIRC Shanghai approved the appointment of Ms. Wang Juan as a director of the Company; on 27 January 2022, CBIRC Shanghai approved the appointment of Mr. Shen Dong as a vice president of the Company.
7. On 12 April 2022, Mr. Zhang Zuoxue resigned as a non-executive director of the Company due to job transfer.
8. The total pre-tax remuneration of directors, supervisors and senior management received from the Company includes the remuneration received from the Company during the reporting period attributable to the current year and the Company's contribution portion of social insurance, provident fund, enterprise annuity and supplementary medical insurance.
9. The final remuneration of the Company's executive directors, chairman of the Board of Supervisors, employee directors and senior management for 2021 is subject to confirmation by the competent authorities, and the remainder will be disclosed upon confirmation.
10. 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.
11. 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.
12. 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
Wu Kunzong	Non-executive Director	Male	1971	2018.2-2021.8	-	-	-	-	Yes
Cai Zehua	Shareholder Supervisor	Male	1978	2020.5-2021.9	-	-	-	-	Yes
Wu Zhenlai	Shareholder Supervisor	Male	1950	2005.8-2021.10	640,000	640,000	-	-	Yes
Lu Wenjuan	Employee Supervisor	Female	1969	2019.9-2021.12	400,000	400,000	-	163.84	No

Notes:

1. 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.
2. The total pre-tax remuneration of directors, supervisors and senior management received from the Company includes the remuneration received from the Company during the reporting period attributable to the current year and the Company's contribution portion of social insurance, provident fund, enterprise annuity and supplementary medical insurance.

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

1. Directors

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

Now, he is the Secretary of SHRCB Party Committee, Chairman and Executive Director of SHRCB, Deputy Director of the 6th Rural Cooperative Financial Working Committee of China Banking Association, Executive Director of Shanghai Financial Association, Deputy Chairman of the council of Shanghai Banking Association, and Board Member of Shanghai Guozi. 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 SHRCB.

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

Now, he is the Deputy Secretary of the Party Committee, Vice Chairman and President of SHRCB, and Vice Chairman of the 3rd Shanghai Youth Federation of Finance, Executive Chairman of the 8th Shanghai Youth Entrepreneurs Association, Vice Chairman of Shanghai Financial Association, 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, EMBA, senior economist.

Now, he is the Deputy Secretary of the Party Committee, Employee Director and Chairman of the Trade Union of SHRCB, 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 CBIRC Shanghai, Director of the Supervision Division and Chief Supervisor of Bank of Communications (Deputy Inspector), member of the Party Committee and Vice President of SHRCB.

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

Now, he is Vice President and member of the Party Committee of Shanghai International Group Co., Ltd., Chairman of Shanghai International Group (Hong Kong) Limited, Chairman of Shanghai Science Innovation Center Capital, Director of Shanghai Insurance Exchange Company Limited, Director of Shanghai Hua Hong (Group) Company Limited, Non-Executive Director of SHRCB. He was General Manager of Financing Department and Deputy Director of Project Development of SIG Asset Management Co., Ltd., Deputy

General Manager and Head of Compliance Risk of Shanghai Aijian Trust Investment Co. Ltd., Deputy Party Secretary, Board Director, and General Manager of Shanghai Aijian Trust Co. Ltd., Party Committee Member, Deputy General Manager (managed as principal title of subsidiaries), Deputy Party Secretary, Vice Chairman, President, Party Secretary, and Chairman of Shanghai State-owned Assets Management Co., Ltd.

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 SHRCB. 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).

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

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

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

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

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

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

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

She is currently Party Committee member and Vice President of Shanghai Guosheng Group, Chairman of Guosheng Overseas Holding (Hong Kong) Co., Ltd., Supervisor of AECC Commercial Aircraft Engine Co., Ltd., Non-executive Director of Haitong Unitrust International Leasing Co., Ltd., Chairman and General Manager of Shanghai Shengpu Jianglan Cultural Development Co., Ltd., Director of China Culture Industry Investment Fund, and Non-executive Director of SHRCB. She was Director Assistant of Shanghai Xuhui District Foreign Trade and Economic Commission, Deputy Director of Xuhui District Hunan Sub-district Office, Deputy Director of Xuhui District Commission of Commerce, Director of Xuhui District Food Bureau, Deputy Party Secretary, Party Secretary, and Vice Chairman of Shanghai State-owned Assets Management Co., Ltd., Party Secretary and Chairman of SIG Asset Management Co., Ltd.

Ruan Liya, female, born in January 1983, master's degree, master's degree in science, and 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 SHRCB. She was the Head of Investment of Zhejiang Jinji Real Estate Co., Ltd., Head of Investment Development Department, Assistant Manager, Assistant General Manager of Strategic Development and Legal Affairs Department, and Deputy General Manager of Strategic Development and Legal Affairs Department of Zhejiang Communications Investment Group Co., Ltd.

Zhang Zuoxue, male, born in July 1972, bachelor's degree, MBA, and senior economist.

He is currently Director of Taiping Investment Holdings Co., Ltd., General Manager of Investment Management Department of China Taiping Insurance Group Co., Ltd. and Director of Taiping Capital Asset Management 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 Taiping &

Sinopec Financial Leasing Co., Ltd., Director of WZ Group Co., Ltd., and Non-executive Director of SHRCB (as of the end of the reporting period). 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, Senior Vice President of Zhongnan Holding Group Co., Ltd., and a member of the Party Committee and Investment Director of Taiping Life Insurance Co., Ltd.

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

She is currently Director of Shanghai State-owned Capital Investment Co., Ltd., and Non-executive Director of SHRCB. 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., Party Committee member and Vice President of Shanghai Shendi (Group) Co., Ltd., Chairman of Shanghai Wild Animal Park Development Co., Ltd, Director of Shanghai International Theme Park Co., Ltd. and Shanghai International Theme Park Facilities Co., Ltd., and Director of Shanghai Shendi Development 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, Vice President of China Academy of Productivity Science, Director of Shanghai Kingstar Software Technology Co., Ltd., Independent Director of Shanghai Dazhong Public Co., Ltd., Independent Director of Caitong Fund Management Co., Ltd., Independent Director of Anxin Trust Co., Ltd., Executive Director and Manager of Ningbo Zhongping Enterprise Management Co., Ltd., Independent Director of Zhongliang Holding Group Co., Ltd., Independent Director etc. of Greenland, and Independent Director of SHRCB. He was Deputy Director of State-owned Asset Management Bureau Research Institute, Division Head of the Department of Policies and Laws, State-owned Asset Management Bureau, Vice President, President, Party Secretary and Chairman of Haitong Securities.

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

He is currently CEO of Asia Pacific Exchange, Executive Director and General Manager of Shanghai Yaling Technology Co., Ltd., Executive Director and General Manager of Shanghai Yaling Zunhong Trading Co., Ltd., Director of ASIA PACIFIC FUTURES PTE LTD, Independent Director of Greentown China Holding Co., Ltd., and Independent Director of SHRCB. He was Deputy Director of National Food Wholesale Market Manager Office, Ministry of Commerce, Chairman and President of Shanghai CIFCO Futures, President of Dalian Commodities Exchange, Chairman of China Futures Association, President of China Financial Futures Exchange, President of SPDB, Chairman and CEO of Shanghai Zunhong Investment Co., Ltd., Independent Director of TaxChina Co., Ltd., Vice Chairman of TaxChina Consultation Co., Ltd., Member of the of the 12th CPPCC National Committee and Representative of the 10th and 11th National People's Congress.

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

He is currently Chairman of Vstone Fund Management Co., Ltd., Chairman and General Manager of Shanghai Vstone Wealth Fund Sale Co., Ltd., Executive Director and President of Vstone, Executive Director of Shanghai Kaihui Investment Management Co., Ltd., Executive Director of Vstone Investment Management Co., Ltd., Director of Bengbu Wangsheng Supply Chain Management Co., Ltd., Director of Beijing October Inn Technology Co. Ltd., Supervisor of Shanghai Kaiying Catering Co., Ltd., Chairman of Shanghai Yuanlukang Vegetable and Fruit Cooperative, Independent Director of Infinity Bidco, and Independent Director of SHRCB. He was Deputy General Manager of Investment Banking Department, Zhejiang International Trust Investment Co., Ltd., Fund Manager of Nanfang Fund Co., Investment Director of Fund Investment Department, China Life Fund Operation Center, Investment Director and Vice President of Fullgoal Fund Management Co., Ltd.

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

He is currently Legal representative of Shanghai Xuankai Corporate Management Firm, Vice Chairman of Accounting Society of China, and Independent Director of Bank of Shanghai Co., Ltd., Industrial Securities Co., Ltd., COFCO Capital Holdings Co., Ltd., China Eastern Airline and SHRCB, and Director of SHUFE Software Co., Ltd. etc. 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, Executive Vice Chairman of China Law Association on Science and Technology, Vice Chairman of Shanghai Arbitration Association, Vice President of Shanghai Modern Service Industry Federation, Director of Shanghai Song Qing Ling Foundation, Arbitrator of China International Economic and Trade Arbitration Commission, Shanghai Arbitration Commission, Shanghai International Arbitration Centre, Hong Kong International Arbitration Centre, International Chamber of Commerce Court of Arbitration, and Court of Arbitration for Sport, Mediator of WIPO Arbitration and Mediation Centre, External Director of Donghao Lansheng (Group) Co., Ltd., Zhejiang Medicine Co., Ltd., SAIC Motor, Spring Airlines Co., Ltd., Everbright Jiabao Co., Ltd., and SHRCB. He was Director of Law School, and Intellectual Property Research Centre, Shanghai Jiaotong University, Vice Chairman of the 8th and 9th Shanghai Lawyers Association, Founding and Senior Partner of Oriental Lawyer and Shanghai Jintiancheng Law Firm.

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

He is currently Vice Chairman and Deputy General Manager of Eastmoney.com, Executive Director of Shanghai Eastmoney Network Technology Co., Ltd., Executive Director of Shanghai Eastmoney Real Estate 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 and General Manager of Chengdu Jinghe Enterprise Management Co., Ltd., Executive Director and General Manager etc. of Chengdu Eastmoney Information Technology Co., Ltd., and Independent Director of SHRCB. He was General Manager of second-level department, Vice President, and Deputy Chief Engineer of Shanghai Changjiang Computer (Group) Co., Ltd., President of Shanghai Changjiang Science and Technology Development Co., Ltd., Deputy Secretary of Shanghai CPC Youth League, Chairman of Shanghai Youth Federation, President of Shanghai Youth Administration Cadre Institute, Deputy Director of Shanghai Municipal Government Foreign Affairs Office, Secretary General of IBLAC, Executive Director of Shanghai Huyue Information Technology Co., Ltd., and Executive Director and General Manager of Shanghai Eastmoney Financial Data Service Co., Ltd.

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

He is now the Legal Representative of Shanghai Jinmao P.R.C. Lawyers, Legal Advisor to United Front Department, Shanghai Municipal Party Committee and the Municipal Government of Huangpu District, Shanghai, Member of Shanghai Huangpu District NPC Law Committee and Supervision and Justice Committee, Arbitrator of Shanghai International Economic and Trade Arbitration Commission, Vice Chairman of New Social Stratum Association in Huangpu District, Independent Director of Bright Dairy Co., Ltd., 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, and Independent Director of SHRCB. He was Director, and Executive Partner of Shanghai Jinmao P.R.C. Lawyers.

2. Supervisors

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

He is currently the Chairman of SHRCB Board of Supervisors. He was the Deputy Director of the Hong Kong and Macao Affairs Office of the Foreign Investment Department of the People's Bank of China, Deputy Director of the Hong Kong and Macao Affairs Management Department, Deputy General Manager of SAFE Investment Company Limited, Chief Representative of the People's Bank of China in Tokyo, Director-level official of the International Department of the People's Bank of China, Deputy Director of the International Department of the Shanghai Headquarters of the People's Bank of China, 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) .

Xu Peiqi, male, born in September 1989, master's degree, Master of Science 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 SHRCB. 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, senior economist, and a representative of the 15th Shanghai People's Congress.

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

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

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

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

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

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

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

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

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

3. Senior Management

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

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

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

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

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

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

He is currently the Vice President of SHRCB and President of Yangtze River Delta Financial Headquarters. 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 SHRCB. He was the Secretary of the Party Committee and President of Chongming Sub-branch of SHRCB, the Director of the Head Office, General Manager of the Corporate Finance Department, Director of Corporate Business, 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.

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

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

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

(IV) Remuneration of Directors, Supervisors and Senior Management

Decision-making procedures for remuneration of directors, supervisors and senior management	The remuneration of non-executive directors, shareholder supervisors and external supervisors paid by the Company is subject to the review and approval by the shareholders' meeting. The remuneration of the Company's legal representative is subject to the review and confirmation by the superior competent authorities and the approval by the Board of Directors. The remuneration of the Company's Senior Management is subject to the review by the Board of Directors.
Basis for determining the remuneration of directors, supervisors and senior management	The remuneration of non-executive directors (including independent directors), shareholder supervisors and external supervisors paid in the Company follows Proposal on Adjusting the Remuneration of External Directors and Supervisors of Shanghai Rural Commercial Bank approved by the shareholders' meeting. The salary distribution standard of the Company's legal representative is determined by the competent authorities according to the salary management system and the annual assessment results of leaders in state-owned enterprises. The salary distribution of the Company's Senior Management follows the Performance Assessment and Salary Distribution Plan for Leaders Other Than the Legal Representative of SHRCB, SHRCB Professional Managers' Assessment and Management Measures and SHRCB Professional Managers' Remuneration Management Measures approved by the Board of Directors.
Actual payment of remuneration to directors, supervisors and senior management	The actual payment of remuneration to directors, supervisors and senior management during the reporting period is in (i) and (ii) of this section.
Total remuneration actually received by all directors, supervisors and the senior management at the end of the reporting period	During the reporting period, directors, supervisors and senior management of the Company received total remuneration from the Company attributable to the year of RMB 18,973,600. The final total remuneration of directors, supervisors and senior management paid by the Company has yet to be confirmed by the competent authorities and will be disclosed when it is determined.

(V) Changes of Directors, Supervisors and Senior Management

Date	Name	Position	Change	Reason for change
August 26, 2021	Wu Kunzong	Non-Executive Director	Resignation as a Non-Executive Director of the Company	Personal reason
September 24, 2021	Wang Juan	Non-Executive Director	Elected as a Non-executive Director of the Fourth Board of Directors by the Second Ad-hoc Shareholders' Meeting in 2021 and approved by CBIRC Shanghai	Election by the general meeting of shareholders
September 7, 2021	Cai Zehua	Shareholder Supervisor	Resignation as a Shareholder Supervisor of the Company	Work reason
October 8, 2021	Wu Zhenlai	Shareholder Supervisor	Resignation as a Shareholder Supervisor of the Company	Personal reason
December 2, 2021	Lu Wenjun	Employee Supervisor	Resignation as an Employee Supervisor of the Company	Personal reason
October 21, 2021	Guo Rufe	Employee Supervisor	Elected by the Second Meeting of the Fourth Staff Congress as the Employee Supervisor of the Fourth Board of Supervisors	Staff Congress election
September 28, 2021	Shen Dong	Vice President	The appointment of Mr. Shen Dong as Vice President of the Company was reviewed at the ninth meeting of the fourth Board of Directors and approved by CBIRC Shanghai	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.

IV. Board of Directors

The Board of Directors of the Company is the executive body of the Shareholders' Meeting and is responsible to the Shareholders' Meeting for strictly implementing its resolutions and assuming ultimate responsibility for the operation and management of the Company. During the reporting period, the Board of Directors 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; 1 employee director, namely Mr. Li Jin; 9 non-executive directors, namely Mr. Zhou Lei, Mr. Huang Jian, Ms. Wang Juan, 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. 2 executive directors have been engaged in financial management for a long time and have rich experience in banking management; 1 employee director holds the position of Deputy Secretary of the Party Committee and Chairman of the Labor Union of the Company and has rich working experience in protecting the personal interests of employees; 9 non-executive directors come from large state-owned enterprises and hold the positions of chairman, general manager, deputy general manager and head of finance etc., with rich experience in corporate management and finance etc.; 7 independent directors have diversified backgrounds, with strong professionalism and social influence in financial management, finance and accounting, auditing, law and information technology etc.

(II) Board of Directors' Meetings

During the reporting period, the Board of Directors of the Company held 9 meetings and reviewed or listened to 126 proposals.

No. of meetings	Meeting date	Resolutions
3 rd Meeting of the 4 th Board of Directors	January 22, 2021	The meeting reviewed and approved 1 proposal, namely the Proposal on SHRCB 2020 Q4 Financial Statements and Review Report.
4 th Meeting of the 4 th Board of Directors	February 2, 2021	The meeting reviewed and approved 17 proposals including the Proposal on SHRCB's 2020 Operation and 2021 Business Plan and Focuses, Proposal on SHRCB's Strategy Implementation Assessment Report for 2020, Proposal on SHRCB's 2020 Board of Directors' Work Report and 2021 Work Plan, Proposal on SHRCB's 2020 Corporate Governance Self-Assessment Report, Proposal on SHRCB's 2020 Self-Assessment Report on Comprehensive Risk Management, Proposal on the SHRCB's 2020 Self-Assessment Report on Compliance Risk Management, Proposal on SHRCB's 2020 Internal Control Evaluation Report, Proposal on SHRCB's 2020 Internal Audit Report, Proposal on the Appointment of Ms. Li Weisha as Securities Representative of SHRCB, Proposal on the Renaming and Upgrading of SHRCB Qingpu Sub-branch Xi Hongqiao Sub-branch to Shanghai Yangtze River Delta Integration Demonstration Zone Branch, Proposal on the Upgrading of SHRCB Shanghai Pilot Free Trade Zone Lingang New Area Sub-branch to Branch, Proposal on SHRCB's Work on Consumer Rights Protection in 2020 and Work Plan in 2021, Proposal on the Amendment of SHRCB's Management Measures for the Protection of Consumer Rights and Interests, Proposal on the 2021 Development Plan and Business Strategy of SHRCB's Rural Banks, Proposal on Formulating the Management Measures for Liquidity Support from SHRCB to Controlled Rural Banks, Proposal on SHRCB Jing'an Sub-branch's Purchase of Office and Business Premises, Proposal on the Granting of Credit to the Unincorporated Entity of CPIC Fund Co., Ltd.
5 th Meeting of the 4 th Board of Directors	March 26, 2021	The meeting reviewed and approved 3 proposals, namely, Proposal on Reviewing SHRCB's 2020 Financial Statements and Audit Report, Proposal on SHRCB's Audit Report and Various Special Reports for the IPO Reporting Period (2018-2020), and Proposal on the Confirmation of SHRCB's 2020 Related-party Transactions.
6 th Meeting of the 4 th Board of Directors	April 29, 2021	The Meeting reviewed and approved 25 proposals, namely the Proposal on the Implementation of SHRCB's 2020 Operating Budget and 2021 Operating Budget Plan, Proposal on SHRCB's 2020 Profit Distribution Plan, Proposal on 2021 Appraisal Indicators and Tenure Appraisal Targets for SHRCB's Professional Managers, Proposal on SHRCB's 2021 Strategic OKR Task Breakdown Plan, Proposal on the Evaluation of the Performance of Directors of SHRCB for 2020, Proposal on the Annual Report of SHRCB, Proposal on SHRCB's 2020 Annual Social Responsibility Report, Proposal on SHRCB's 2021 Q1 Financial Statements and Review Report, Proposal on the Appointment of External Auditors for the Year 2021, Proposal on SHRCB's 2020 Consolidated Management Report, Proposal on SHRCB's 2020 Report on Internal Capital Adequacy Assessment, Proposal on Formulating <Management Measures on Internal Capital Adequacy Assessment of SHRCB>, Proposal on Formulating < SHRCB's 2021 Risk Appetite Strategy >, Proposal on Formulating <SHRCB Internet Loan Risk Management Measures>, Proposal to Amend <SHRCB's Management Measures for Impairment Measurement of Financial Instruments>, Proposal to Amend <SHRCB's Money Laundering Risk Management Policy>, Proposal to Amend <SHRCB's Reputation Risk Management Measures>, Proposal to Amend <SHRCB's Management Measures for External Donations >, Proposal to Amend <SHRCB's Investment Management Measures >, Proposal to Amend <SHRCB's Investment Management Measures > (applicable after listing), Proposal on SHRCB's Purchase of D&O Insurance, Proposal to Approve the Single Limit of Material Related-party Transactions of Financial Market Business between the Bank and Four Financial Institutions including Orient Securities etc., Proposal to Grant Credit Line and Allocation of Non-Principal Guaranteed Financial Products to CPIC and its Subsidiaries (Including Product Accounts), Proposal to Grant Credit Line and Allocation of Non-Principal Guaranteed Financial Products to Yangtze United Financial Leasing Co., Ltd., Proposal to Convene the 2020 Annual General Meeting of Shareholders of SHRCB.
7 th Meeting of the 4 th Board of Directors	August 12, 2021	The meeting reviewed and approved 1 proposal, namely the Proposal on SHRCB's 2021 Semi-Annual Financial Statements and Review Report.

No. of meetings	Meeting date	Resolutions
8 th Meeting of the 4 th Board of Directors	August 27, 2021	The Meeting reviewed and approved 29 proposals, namely the Proposal on the Operation of the First Half of 2021 and Focuses of the Second Half of the Year, Proposal on the Issuance of Green Financial Bonds, Proposal on the Nomination of Ms. Wang Juan as a Candidate for Non-executive Director of the Company, Proposal on Adding the Independent Director Chen Jiwu as a Member of the Risk and Compliance Management Committee (Consumer Rights Protection Committee) of the 4th Board of Directors of the Company, Proposal on Amending the <SHRCB's Measures on the Evaluation of Directors' Performance, Proposal on Formulating <SHRCB's Liability Quality Management Measures>, Proposal on Amending <SHRCB's Outsourcing Risk Management Policy>, Proposal on Amending <SHRCB's Information Technology Risk Management Policy>, and Proposal on Amending <SHRCB's Non-Credit Asset Risk Management Policy>, Proposal on Related-party Transaction with Shanghai International Group Co., Ltd., Proposal on Related-party Transaction with COSCO Shipping Corporation Ltd., Proposal on Related-party Transaction with China Baowu Steel Group Co. Ltd., Proposal on Related-party Transaction with Shanghai Jiushi (Group) Co., Ltd., Proposal on Related-party Transaction with China Pacific Insurance (Group) Co., Ltd., Proposal on Related-party Transaction with Zhejiang Communications Investment Group Co., Ltd., Proposal on Related-party Transaction with China Cinda Asset Management Co. Ltd., Proposal on Related-party Transaction with Guotai Junan Securities Co., Ltd., Proposal on Related-party Transaction with China Merchants Securities Co., Ltd., Proposal on Related-party Transaction with Orient Securities Co., Ltd., Proposal on Related-party Transaction with AXA SPDB Investment Management Co., Ltd., Proposal on Related-party Transaction with China Orient Asset Management Co., Ltd., Proposal on Related-party Transaction with Industrial Securities Co., Ltd., Proposal on Authorization to Participate in the Equity Transfer of Yangtze United Financial Leasing Co., Ltd, Proposal on Capital Increase to Linqing SHRCB Rural Bank, Proposal on the Results of the Disposal of the Head Office Property on Yincheng Middle Road and the Subsequent Disposal Plan, Proposal on the Disposal Plan of the Head Office Property on Hongqiao Road, Proposal on Establishing a New Shanghai Yangtze River Delta Integration Demonstration Zone Branch, Proposal on the Convening of the Second Ad-hoc General Meeting of Shareholders in 2021.
9 th Meeting of the 4 th Board of Directors	September 28, 2021	The meeting reviewed and approved 6 proposals, namely, Proposal on the Company's Share Price Stabilization Plan, Proposal on the Appointment of Mr. Shen Dong as Vice President of the Company, Proposal on the Remuneration and Evaluation Indicators of the Company's Professional Managers, Proposal on the 2020 Annual Performance Evaluation Results of the Company's Leadership Personnel Other than the Legal Representative, Proposal on Related-party Transaction with Shenwan Hongyuan Securities Co., Ltd., Proposal on Related-party Transaction with AXA SPDB Investment Management Co., Ltd.
10 th Meeting of the 4 th Board of Directors	October 28, 2021	The Meeting reviewed and approved 17 proposals, namely the Proposal on the Company's 2021 Q3 Report, Proposal on the Company's Profit Distribution Scheme for the First Three Quarters of 2021, Proposal on the Selection and Appointment of the Accounting Firm for the Year 2022, Proposal on Amending <SHRCB's Articles of Association> and Related Annexes, Proposal on the 2020 Assessment Report of the Company's Major Shareholders, Proposal on the Renaming of the Strategy Committee of the Board of Directors and Adjustment of Related Duties, Proposal on the Addition of Director Wang Juan as a Member of the Risk and Compliance Management Committee (Consumer Rights Protection Committee) of the 4th Board of Directors of the Company, Proposal on the Adjustment of the 2021 Strategic OKR Tasks of the Bank Leaders, Proposal on Formulating the <Code of Ethics for Directors, Supervisors and Senior Management of SHRCB> Proposal to Amend the <Code of Conduct for Employees of SHRCB>, Proposal to Amend the <SHRCB's Trial Measures for the Management of Deferred Payment and Recourse to Withholding Performance Remuneration >, Proposal on Related-party Transaction with Shanghai Guosheng (Group) Co., Ltd., Proposal on Related-party Transaction with China Pacific Life Insurance Co., Ltd., Proposal on Related-party Transaction with Shenergy Co., Ltd., Proposal to Approve the Pledge of the Bank's Shares Held by Lanhai Holdings (Group) Co., Ltd., and Proposal to Hold the Third Ad-hoc General Meeting of Shareholders in 2021.
11 th Meeting of the 4 th Board of Directors	December 27, 2021	The meeting reviewed and approved three proposals, namely, Proposal on Formulating the <Recovery Plan of SHRCB> and <SHRCB Disposal Plan Suggestion>, Proposal on the Adjustment Plan of the Forward-Looking Parameters for the Impairment of Financial Instruments of SHRCB in 2021, and Proposal on the Non-Performing Assets Bad Debt Write-off of SHRCB in 2021.
No. of Board of Directors' meetings in 2021		9
Including: On-site meetings		1
Meetings on correspondence		4
Meetings on-site+ correspondence		4

(III) Implementation of Resolutions of Shareholders' Meetings 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 2020 profit distribution plan, management budget plan, appointment of accounting firm for 2021 and purchase of D&O insurance etc.

(IV) Performance of Duties of Directors

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

During the reporting period, all directors of the Company performed their duties in good faith, diligently, professionally and efficiently, and the attendance of directors at shareholders' meetings, meetings of the Board of Directors and special committees of the Board of Directors was as follows:

Name of director	BOD Meeting attendance						General Meeting of Shareholders attendance
	Number of meetings to be attended during the year	Number of meetings attended in person	Number of meetings attended by correspondence	Number of meetings attended by proxy	Number of absence	Not attending two consecutive meetings in person	Number of meetings attended / Number of meetings during tenure
Executive Director							
Xu Li	9	8	4	1	0	否	4/4
Gu Jianzhong	9	9	4	0	0	否	3/4
Non-Executive Director							
Li Jin	9	8	4	1	0	否	4/4
Zhou Lei	9	9	4	0	0	否	1/4
Huang Jian	9	9	5	0	0	否	0/4
Wang Juan	1	1	1	0	0	否	0/0
Zhang Chunhua	9	8	4	1	0	否	2/4
Ye Peng	9	9	4	0	0	否	0/4
Ha Erman	9	8	4	1	0	否	1/4
Ruan Liya	8	7	7	1	0	否	0/4
Zhang Zuoxue	9	9	4	0	0	否	1/4
Shao Xiaoyun	9	8	4	1	0	否	1/4
Independent Director							
Wang Kaiguo	9	9	4	0	0	否	1/4
Zhu Yuchen	9	8	4	1	0	否	0/4
Chen Jiwu	9	9	5	0	0	否	1/4
Sun Zheng	9	9	4	0	0	否	1/4
Chen Naiwei	9	8	4	1	0	否	1/4
Chen Kai	9	8	4	1	0	否	3/4
Mao Huigang	9	8	4	1	0	否	4/4
Outgoing Director							
Wu Kunzong	5	4	4	1	0	否	0/2

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

2. Directors' Objection to Relevant Matters of the Company

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

3. Adoption of Directors' Recommendations

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

4. Performance of Duties of Independent Directors

During the reporting period, the Board of Directors of the Company had 7 independent directors, accounting for over one third of the Board of Directors of the Company. The chairs of three of the seven special committees under the Board of Directors were independent directors, and the independent directors accounted for more than half of the members of the three special committees. The independent directors actively participated in the meetings of the Board of Directors and each special committee, 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 20 working days.

During the reporting period, independent directors expressed objective and impartial independent opinions on matters discussed by the Board of Directors, and provided opinions on matters such as strategic management, remuneration incentives, group management, risk compliance and related-party transactions of the Company, and were able to express written opinions on the fairness of material related-party transactions and the fulfillment of internal approval procedures, the selection and appointment of accounting firms, the appointment of senior management and the profit distribution plan, so as to provide strong support for the scientific decision-making of the Board of Directors and dutifully safeguard the rights and interests of depositors and small and medium shareholders.

(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 and Sustainability Committee, Audit Committee, Risk and Compliance Management Committee, Consumer Rights and Interests Protection Committee, Related-party Transaction Control Committee, and Remuneration and Nomination Committee. During the reporting period, the special committees under the Board of Directors had earnestly performed their duties, given full play to the supporting role of professional research and decision-making, put forward professional opinions and suggestions, and effectively supported the scientific decision-making of the Board of Directors. 31 meetings were held, which reviewed or listened to 149 proposals.

1. Strategy and Sustainability 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 and Sustainability Committee include: review the Company's strategic development plan and make recommendations to the Board of Directors; 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 Company'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 Company's cooperation plans with strategic investors; follow up and evaluate the Company's planning and fulfillment of responsibilities in the areas of green finance, ESG and other sustainable development; other matters as stipulated by laws, administrative regulations, rules and regulations, the Company's Articles of Association, securities regulatory authorities and as authorized by the Board of Directors.

During the reporting period, in order to further implement the national decision and deployment, improve the ideological understanding and political stance of sustainable development, strengthen the top-level design of ESG, green finance and other sustainable development areas at the corporate governance level, better utilize the professional role of the special committees of the Board of Directors, and help the Board of Directors make scientific decisions, the Company passed a relevant resolution at the 10th meeting of the 4th Board of Directors to formally rename the "Strategy Committee" as the "Strategy and Sustainability Committee".

During the reporting period, the Strategy Committee held 5 meetings to review or approve 31 proposals. The Strategy and Sustainability Committee 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 major matters such as green financial bond issuance, foreign investment, major asset disposal and acquisition.

2. Inclusive (Agricultural) Finance Service Committee

As of the end of the reporting period, there were 7 directors in the Inclusive (Agricultural) Finance 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) Finance Service Committee include: 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 as prescribed by laws, administrative regulations, rules and regulations, the Company's Articles of Association, securities regulatory authorities and as authorized by the Board of Directors.

During the reporting period, the Inclusive (Agricultural) Finance Service Committee held 2 meetings to review or listen to 6 proposals. The Inclusive (Agricultural) Finance 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 Company's inclusive business and financial service for rural revitalization, and promoted the sustainable development of the Company's inclusive financial business.

3. Audit Committee

At the end of the reporting period, the Audit Committee consisted of 5 directors, including Mr. Sun Zheng (Chairman), Ms. Zhang Chunhua, Mr. Ye Peng, Mr. Chen Naiwei and Mr. Mao Huigang.

The main duties and responsibilities of the Audit Committee include: examine the Company's risk and compliance status, accounting policies, financial reporting procedures and financial position; supervise and evaluate the work of external auditors and propose the engagement or replacement of external auditors; supervise and evaluate the work of internal audit and coordinate internal audit with external audit; review and express opinions on the Company's financial reports; supervise and evaluate the Company's internal control; coordinate the communication between the management, internal audit department and relevant departments and the external auditors; other matters as stipulated by laws, administrative regulations, rules and regulations, the Company's Articles of Association, securities regulatory authorities and as authorized by the Board of Directors.

During the reporting period, the Audit Committee held 7 meetings to review or listen to 22 proposals. The Audit Committee supervised the conduct of external audits, strengthened communication and exchange of external audits, paid attention to the implementation of audit management recommendations, carefully guided internal audits, strengthened internal control audits, regularly reviewed audit reports, review reports and various special reports for the listing reporting period in accordance with the arrangements for the listing process of the Company, and supervised and verified the truthfulness, accuracy and completeness of financial reporting information.

4. Risk and Compliance Management Committee

As of the end of the reporting period, the Risk and Compliance Management Committee consisted of 6 directors, including Mr. Gu Jianzhong (Chairman), Ms. Wang Juan, Ms. Ha Erman, Ms. Ruan Liya, Mr. Chen Jiwu and Mr. Chen Kai.

The main responsibilities and authorities of the Risk and Compliance Management Committee include: 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, risk tolerance 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 as prescribed by laws, administrative regulations, rules and regulations, the Company's Articles of Association, securities regulatory authorities and as authorized by the Board of Directors.

During the reporting period, the Risk and Compliance Management Committee held 5 meetings to review or listen to 37 proposals. The Risk and Compliance Management Committee studied and reviewed various risk and compliance policies and systems, actively responded to the "two-line compliance" requirements after the listing of the Company, improved the comprehensive risk management system, gave full play to the role of professional evaluation and analysis, increased supervision and evaluation, urged the senior management to strengthen the construction of financial technology to enhance the big data risk control capability, paid close attention to the reputation risk after the listing, and enhanced the ability to proactively respond to risks, strictly reviewed the non-performing assets bad debt write-off, and supervised and strengthened the management of bad debt write-off.

5. Consumer Rights and Interests Protection Committee

At the end of the reporting period, the Consumer Rights and Interests Protection Committee consisted of 6 directors, including: Mr. Gu Jianzhong (Chairman), Ms. Wang Juan, Ms. Ha Erman, Ms. Ruan Liya, Mr. Chen Jiwu and Mr. Chen Kai.

The main responsibilities and authorities of the Consumer Rights and Interests Protection Committee include: 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; study the annual audit reports, regulatory circulars and internal assessment results related to the Company's consumer rights and interests protection work, and urge senior management and relevant departments to implement timely rectification and improvement of various issues identified; other matters as stipulated by laws, administrative regulations, rules

and regulations, the Company's Articles of Association, securities regulatory authorities and as authorized by the Board of Directors.

During the reporting period, the Consumer Rights and Interests Protection Committee held 1 meeting to review or listen to 3 proposals. The Consumer Rights and Interests Protection Committee focused on the implementation of consumer rights and interests protection, the effective implementation of the "eight rights" of financial consumers, promoted standardized operations and compliance with the law to protect the legitimate rights and interests of financial consumers and pursue the best customer experience; implemented regulatory requirements, optimized the management mechanism of consumer rights and interests protection, and monitored the implementation of consumer rights and interests protection work

6. Related-party Transaction Control Committee

At 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 include: review the internal regulations and management system on related-party transactions and submit them to the Board of Directors for approval; determine the criteria for identifying related parties (including related parties as defined by the CBIRC and related parties as defined by the CSRC); responsible for the filing of general related-party transactions; review significant related-party transactions and exceptionally material related-party transactions and submit them to the Board of Directors or the general meeting of shareholders for approval; listen to the cases of failure to report on related parties, violations by carrying out related-party transactions and other situations of accountability; report to the Board of Directors on the implementation of the related-party transaction system and related-party transactions; and other matters prescribed by laws, administrative regulations, rules and regulations, the Company's Articles of Association, the securities regulatory authorities and authorized by the Board of Directors.

During the reporting period, the Related-party Transaction Control Committee held 6 meetings to review or listen to 37 proposals. The Related-party Transaction Control Committee strengthened the dynamic management of related parties, updated the list of identified related parties in a timely manner; improved the system construction, enhanced the control of related-party transaction by system; strengthened the review and report of related-party transactions, standardized the conduct of related-party transactions, and effectively assumed the responsibility of related-party transaction management around the development strategy and risk control requirements of the Bank.

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 duties and responsibilities of the Remuneration and Nomination Committee include: make recommendations to the Board of Directors on the size and composition of the Board of Directors based on the Company's business activities, asset size and shareholding structure; study and formulate criteria

and procedures for the selection and appointment of directors and senior management and make recommendations; select and propose qualified candidates for directors and senior management, conduct preliminary reviews of director candidates and senior management candidates' employment qualifications and make recommendations to the Board of Directors; study and formulate the appraisal standards for directors and senior management of the Company, implement the appraisal and make recommendations; review the basic remuneration management system and policies of the Company; study and formulate remuneration packages for directors and senior management based on the results of the appraisal and evaluation of directors and senior management, make recommendations to the Board of Directors on remuneration packages and supervise the implementation of the remuneration packages; other matters as prescribed by laws, administrative regulations, rules and regulations, the Company's Articles of Association, securities regulatory authorities and as authorized by the Board of Directors.

During the reporting period, the Remuneration and Nomination Committee held 5 meetings to review or listen to 13 proposals. The Remuneration and Nomination Committee further deepened the reform of professional managers, combined the strategic mission objectives with the indicators of professional managers, and promoted the market-based selection and assessment of professional managers; optimized the evaluation of directors' performance and strengthened the management of performance in accordance with regulatory requirements and the Company's system; focused on the promotion and implementation of sound remuneration management of the Company, further improved the construction of the remuneration and performance management system, and strengthened the effectiveness and management execution level of the remuneration assessment and management mechanism.

V. Board of Supervisors

The Board of Supervisors is the supervisory body of the Company, responsible to the Shareholders' Meeting, 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 7 supervisors on the Company's Board of Supervisors, including 1 shareholder supervisor, namely Mr. Xu Peiqi; 3 external supervisors, namely Mr. Li Jianguo, Mr. Lian Berlin and Mr. Nie Ming; and 3 employee supervisors, namely Mr. Guo Rufe, Mr. Yang Yuanjun and Ms. Xu Jingfen. The proportion of employee supervisors and external supervisors among the members of the Board of Supervisors complies with the regulatory requirements. The members of the Board of Supervisors of the Company have the professional ethics and professional ability required for the performance of their duties and are able to ensure that the Board of Supervisors can effectively perform its supervisory functions.

(II) Meetings of the Board of Supervisors

The Board of Supervisors of the Company held 5 meetings to review or listen to 31 proposals.

No. of meeting	Date	Resolutions
2 nd meeting of the 4 th Board of Supervisors	April 30, 2021	The meeting reviewed and approved 11 proposals, namely, the Proposal on SHRCB's 2020 Supervisory Evaluation Report of the Board of Supervisors, Proposal on SHRCB's 2020 Work Report of the Board of Supervisors, Proposal on the Performance Evaluation of SHRCB's Directors for 2020, Proposal on the Performance Evaluation of SHRCB's Supervisors for 2020, Proposal on the Performance Evaluation of SHRCB's Senior Management for 2020, Proposal on the Appointment of the Secretary of SHRCB's Board of Supervisors for 2020, Proposal on SHRCB's 2020 Annual Report, Proposal on SHRCB's 2020 Corporate Social Responsibility Report, Proposal on SHRCB's 2020 Profit Distribution Proposal, Proposal on the Appointment of External Auditor for 2021, and Proposal on Report on the Annual Consolidated Management of SHRCB for 2020. The meeting listened to 5 proposals, namely the Report on Implementing the Supervisory Opinions of CBIRC Shanghai for 2019, the Report on SHRCB's Self-Assessment of Data Governance for 2020, the Report on the Special Audit of SHRCB's Related-party Transactions and Internal Transactions for 2020, Report on the Special Audit of the Consolidated Management of SHRCB, and Special Audit Report on the Management of Remuneration and Performance.
3 rd meeting of the 4 th Board of Supervisors	July 30, 2021	The meeting reviewed and approved 1 proposal, namely the Proposal on SHRCB's Evaluation Measures of Supervisors' Performance (Trial), and listened to 2 proposals, namely the Report on the Performance of the Board of Supervisors of SHRCB's Subsidiaries and Report on the Management of SHRCB's Rural Banks in the First Half of 2021.
4 th meeting of the 4 th Board of Supervisors	August 12, 2021	The meeting reviewed and approved 1 proposal, namely the Proposal on SHRCB's 2021 Half-Year Financial Statement and Review Report.
5 th meeting of the 4 th Board of Supervisors	August 27, 2021	The meeting reviewed and approved 1 proposal, namely the Proposal to Amend the <Evaluation Measures for the Performance of Directors of SHRCB, and listened to 5 proposals, namely the Report on the Evaluation of the Strategy Implementation in the Half Year of 2021, Report on Formulating SHRCB's Management Measures for the Quality of Liabilities, Report on the Implementation of the Operating Budget in the Half Year of 2021, Report on the Implementation of the Annual Management Rectification Recommendations from the External Audit and Report on the Audit of the Company's Liquidity Risk Management.
6 th meeting of the 4 th Board of Supervisors	October 28, 2021	The meeting reviewed and approved 6 proposals, namely the Proposal on the Company's 2021 Q3 Report, Proposal on the Company's Profit Distribution Proposal for the First Three Quarters of 2021, Proposal on the Selection and Appointment of Accounting Firm for the Year 2022, Proposal on Amending <SHRCB's Articles of Association>, Proposal on <Rules of Procedure of SHRCB's Board of Supervisors, Proposal on Formulating <Code of Ethics for Directors, Supervisors and Senior Management of SHRCB>. The meeting listened to 5 proposals, namely the Report on the Completion of SHRCB's Corporate Legal Representative's Tenure Goals for 2021 and Corporate Finances, Report on the Implementation of the CBIRC Shanghai's 2020 Annual Supervisory Opinions, Report on the Implementation of SHRCB's Main System for Preventing and Resolving Major Risks, Report on the Management of SHRCB's Remuneration, and Report on the Management of Remuneration for SHRCB's Senior Management.

(III) Performance of Duties of Supervisors

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

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

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

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

Name of supervisor	BOS Meeting attendance						Shareholders' Meeting attendance
	Number of meetings to be attended during the year	Number of meetings attended in person	Number of meetings attended by correspondence	Number of meetings attended by proxy	Number of absence	Not attending two consecutive meetings in person	Number of meetings attended / Number of meetings during tenure
External Supervisor							
Li Jianguo	5	4	1	1	0	No	3/4
Lian Bolin	5	5	1	0	0	No	1/4
Nie Ming	5	5	1	0	0	No	3/4
Shareholder Supervisor							
Xu Peiqi	5	5	1	0	0	No	3/4
Employee Supervisor							
Guo Rufei	1	1	0	0	0	No	1/1
Yang Yuanjun	5	5	1	0	0	No	3/4
Xu Jingfen	5	5	1	0	0	No	3/4
Outgoing Supervisor							
Cai Zehua	4	4	1	0	0	No	1/2
Wu Zhenlai	4	4	1	0	0	No	0/2
Lu Wenjun	5	5	1	0	0	No	2/4

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

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

1. Nomination Committee

At the end of the reporting period, the Nomination Committee consisted of 2 supervisors, including: Mr. Lian Bolin (Chairman) and Mr. Xu Peiqi.

The main responsibilities of the Nomination Committee include: 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. The Nomination Committee is responsible to the Board of Supervisors and the proposals of the Committee are submitted to the Board of Supervisors for review and decision.

During the reporting period, the Nomination Committee of the Board of Supervisors held 2 meetings to study and review matters such as the performance evaluation of the Board of Directors and senior management for 2020, revision of the Supervisor's Performance Evaluation Method (Trial) and other matters

2. Supervision Committee

At the end of the reporting period, the Supervision Committee consisted of 4 supervisors, including Mr. Li Jianguo (Chairman), 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 Supervision Committee of the Board of Supervisors held 2 meetings to study and review matters such as the 2020 Supervision Evaluation Report of the Company's Board of Supervisors and the 2020 Annual Report, and listened to reports on the implementation of the external audit's annual management rectification recommendations and the liquidity risk management audit.

VI. Employees of the Parent Company and Major Subsidiaries

(I) Employees

	Unit: Person
Total number of employees in the parent Company and major subsidiaries	9,325
Number of employees in the parent Company	7,705
Number of employees in major subsidiaries	1,620
Number of outgoing and retired employees of parent Company and major subsidiaries	2,842
Professional composition of employees in the parent Company	
Management	1,431
Bank business personnel	5,589
Technical personnel	436
Administrative personnel	249
Education level of employees in the parent Company	
College degree or below	902
Undergraduate degree	5,239
Graduate degree and doctor's degree	1,564

(II) Remuneration Policy

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

The Company reasonably determined total wages combining wages and efficiency, taking into account the constraint standards on remuneration by risk cost control indicators as stipulated in the Supervisory Guidelines on Sound Remuneration of Commercial Banks, while taking into account labor productivity, labor cost input-output ratio, market benchmarking of employee wage levels, etc., as well as the guideline for corporate wages. The Company's implementation plan for total wage management, total wage budget and settlement were reported to the supervising authorities in accordance with regulations. The remuneration of the Company's employees consists of fixed remuneration, variable remuneration and benefit income. Fixed remuneration includes basic salary, allowance and transportation subsidy, variable remuneration includes all kinds of current and deferred performance-based salary, and benefit income includes social insurance premium and housing provident fund, etc. During the reporting period, the total amount of remuneration for employees in positions that have a significant impact on the Bank's risk and other risk-related positions considered by the Company was RMB 2.064 billion.

During the reporting period, the Company's net profit attributable to shareholders of the parent company was RMB 9.698 billion. At the end of the reporting period, the Group had a capital adequacy ratio of 15.28%, a non-performing loan ratio of 0.95%, a provision coverage ratio of 442.50% and a leverage ratio of 7.81%. The Company actively fulfilled its social responsibility, strictly complied with the risk management policy requirements of national and local regulators, implemented the latest regulatory requirements and regularly published social responsibility reports.

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

The Company has formulated the SHRCB's Trial Measures for the Management of Deferred Payment and Recourse to Withholding of Performance-based Remuneration, and established a mechanism for deferred payment and recourse of employees' performance-based compensation. The remuneration payment term is reasonably determined according to the performance and risk change of business activities involved in the post. In case of any disciplinary punishment or major risk event, the leading group or working group meeting for deferred payment and recourse of performance-based compensation will be held every year to propose the accountability and punishment plan, deduct the deferred payment, and recover with recourse. During the reporting period, the amount of deferred pay for performance of the Company's employees was RMB 330 million and RMB 2,797,700 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

During the reporting period, the Company continued to adhere to the business philosophy of "rejuvenating the Bank with talents", combined with strategic focuses, and continued to transform and upgrade training. Firstly, management first, training for management personnel at all levels was carried out. The training for middle-level managers was focused on change-driven, synergy across business lines and digital transformation; training for division-level managers was focused on corporate-personal business synergy, operational synergy and responsibility for inclusive finance; training for grass-roots cadres was focused on empowering "small and scattered businesses" and operational transformation. Secondly, we selected and nurtured the best talent by continuing to carry out a series of training for the growth of the reserve talents. We further optimized and consolidated the training courses for middle-level and division-level reserve talents, and carried out three sessions of training courses for middle and young-aged cadres (middle-level reserve of the head office) and "Xinhua Plan" high potential course (division-level reserve), as well as unified online training and localized offline training for new graduate employees. Focused on including corporate culture, and strategic promotion courses such as "small and scattered businesses" to stimulate the motivation of trainees and accelerate the integration and transformation. Thirdly, we improved the quality of internal training across the Bank to nurture talents through the whole growth cycle. We revitalized and made good use of the internal trainers' team, did a good job of personnel training management and construction of training resources such as courses, cases and teaching materials, focused on allocation of lecturers in key business lines, and adjusted and optimized the team structure. On the premise of consolidating the basic internal trainers' team, on the one hand, we strengthened the certification training for various special functional instructors (facilitators, assessors, etc.) and broadened the modes and scenarios for internal trainers' participation in training; on the other hand, we developed learning paths for business line positions, and established a system of standard courses, case experiences and teaching materials manuals in support, so as to strengthen the proactivity and relevance of talent training in the head office, and focused on the qualification and capability training of professional teams in corporate finance, retail, operation and other business lines.

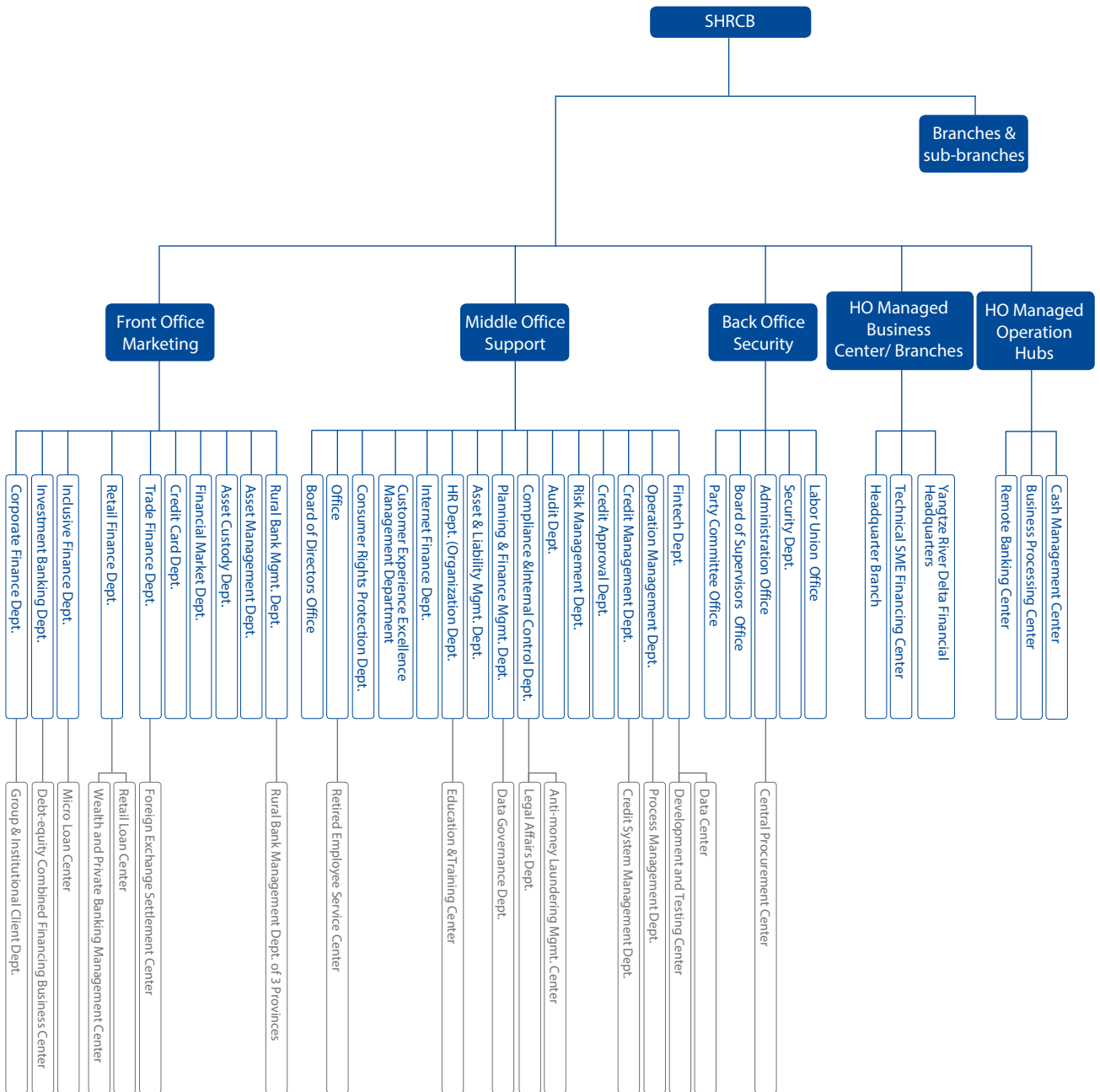
During the reporting period, the Company added 879 online courses, organized about 180 various online learning activities with 234,161 person-times participation, and carried out the annual grading certification assessment for internal trainers, and the total number of internal trainers of the Company reached 253 at the end of the reporting period.

(IV) Labor Outsourcing

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

Total number of working hours for labor outsourcing	8,661 person-months
Total compensation paid for labor outsourcing	RMB 177 million

VII. Organization Chart of the Company



VIII. 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 profit distribution plan for the first three quarters of 2021 was strictly in accordance with relevant provisions of the Articles of Association and was reviewed and approved by 2021 3rd Ad-hoc Shareholders' Meeting. The criteria and ratio of cash dividends were clear and explicit, the relevant decision-making procedures and mechanisms were complete, the independent directors performed their duties and responsibilities, expressed clear opinions on the profit distribution plan and played their due roles, and the small and medium shareholders had the opportunity to fully express their opinions and demands and their legitimate rights and interests were fully protected. The Board of Directors of the Company has implemented the profit distribution plan.

(II) 2021 Profit Distribution Proposal

1. Statutory surplus reserve is accrued at 10% of the Company's audited net profit of RMB 9.396 billion for 2021, amounting to RMB 940 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 850 million.
3. As a result of the above profit distribution, the Company's balance of undistributed profit as of December 31st, 2021 was RMB 27.355 billion. The discretionary surplus reserve of RMB 2.735 billion was provided at 10% of this amount.
4. Based on the total share capital registered on the date of registration for the implementation of equity distribution, a cash dividend of RMB 3.00 (including tax) per 10 ordinary shares will be distributed, totaling RMB 2.893 billion (including tax). After the above-mentioned distribution, the remaining undistributed profits are carried forward to the next year. In 2021, the Company will not issue bonus shares and will not convert capital reserve to share capital.

The above-mentioned profit distribution proposal is subject to the review by the 2021 Annual General Meeting of Shareholders.

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

Unit: RMB 1000

Year of dividend distribution	Number of bonus shares per 10 shares (shares)	Dividends per 10 shares (yuan) (tax included)	Number of conversions per 10 shares (shares)	Amount of cash dividends (tax included)	Net profit attributable to ordinary shareholders of the listed company in the consolidated statements for the year of dividend distribution	Ratio of net income attributable to ordinary shareholders of the listed company in the consolidated statements (%)
2021	-	5.60	-	5,400,889	9,697,866	55.69
2020	-	-	-	-	8,160,671	-
2019	-	1.90	-	1,649,200	8,845,647	18.64

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

The Company has no controlling shareholder.

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

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

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

XI. Internal Control

During the reporting period, the Company established and improved the internal control system, deepened the creation of "Model Bank for Compliance Management", steadily promoted the "Year of Internal Control and Compliance Management", focused on key areas, targeted weak links, strengthened rectification, made up for shortcomings, and built a solid "firewall" for internal control and compliance, continuously strengthened the foundation for high-quality development.

First, we established and continuously improved the internal control evaluation system. Revised the system related to the implementation rules of the Company's internal control, focused on the goal of "based on the requirements of listed banks, continue to promote the construction of model bank in compliance management", further clarified the standard requirements of internal control evaluation, improved internal control evaluation indicators, so as to enhance the accuracy, effectiveness and systemic nature of internal control evaluation.

Secondly, we strengthened the Fintech empowerment and continued to optimize and improve the system construction. Promoted the mid-term upgrade of CIS system and gradually built an integrated online compliance and internal control management platform integrating internal regulation management, legal risk, compliance risk monitoring and reporting, inspection and rectification, and accountability management. We actively promoted the construction of internal control cluster and completed the connection of four interfaces, namely, risk, correlation, intelligence and public opinion of Rongan Exin, so as to effectively improve the digital and intelligent level of internal control and compliance management.

Thirdly, we strengthened the management of internal control personnel, established and optimized the vertical and independent management structure. Carried out research on the topic of "construct the midfield of internal control", established a broad internal control governance vision, and constructed a long-term mechanism for internal control management. We explored the mechanisms of qualification access, relocation, regular rotation and dual reporting for the heads of compliance and internal control departments of branches, strengthened the performance management of internal control lines, and established a professional team of internal control with in-depth management, so as to continuously contribute to sound business development.

Fourth, we continued to explore internal control evaluation of the Group's consolidated institutions. During the reporting period, the Company engaged an external consulting firm to carry out a pilot sampling evaluation of consolidated institutions to further improve the effectiveness of internal control management at the Group level.

During the reporting period, the Board of Directors of the Company reviewed and approved SHRCB's 2021 Annual Internal Control Evaluation Report. The Company maintained effective internal controls in all material aspects of financial reporting and non-financial reporting, and the internal control was generally operating well and in compliance with the relevant requirements for information disclosure by listed companies, and there were no material or significant internal control deficiencies. For the general internal control deficiencies identified in the internal control evaluation, the Company has taken active measures for rectification. In the next year, the Company will continue to deepen the construction of the internal control system, enhance the early warning capability of business risks, improve the internal control system and authorization system, strengthen the internal control measures in key business areas, and enhance the process management and evaluation and verification of rectification to promote the sustainable and sound development of the Company.

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

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

XII. Internal Audit

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

During the reporting period, the Company strengthened audit coverage of national policy implementation, strategy implementation, risk prevention and control, emerging business, group management, employee management and internal control, deepened supervision and synergy, and continued to expand the depth and breadth of audit; formulated the overall construction target framework of the new generation audit platform and continued to promote audit digital transformation; opened a new mode of agile audit to enhance audit sensitivity and foresight; shifted from risk audit to value audit, demonstrated the value of internal audit consulting, and provided management suggestions for the high-quality development of the Company; strengthened audit rectification and reform, and played an important role in supervising and guaranteeing the Company to strengthen risk management, improve internal control and enhance the level of refined management.

XIII. Information Disclosure and Insider Information Management

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

During the reporting period, the Company strictly complied with the relevant laws and regulations on information disclosure, disclosed all material information truthfully, accurately, completely, timely and fairly, and disclosed 66 documents on the Shanghai Stock Exchange, including periodic reports, interim announcements and corporate governance documents, etc., without information disclosure errors. In addition to the regular disclosure channels, the Company actively explored and adopted forms such as H5 and WeChat long charts to display the core data indicators of periodic reports to enhance the reading experience of investors.

The Company has established systems for information disclosure management, material information reporting and insider information management, and strengthened information disclosure and insider trading management by conducting listing promotion training and sending reminder notices from time to time, etc., strived to improve the timeliness and accuracy of material and sensitive information reporting, and continuously strengthened the awareness of confidentiality and compliance responsibilities of insider information informants.

XIV. Investor Relations Management

By establishing an efficient, professional and collaborative investor relations management system, the Company actively connects the three key links of value creation, value enhancement and value realization, and establishes various forms of investor consultation telephone, fax and email to answer questions from investors, securities analysts and other capital market participants regarding the Company's strategic operation situation, business development and other related issues, and establishes a multi-channel and multi-frequency two-way interactive bridge.

During the reporting period, the Company held four shareholders' meetings, received more than 100 calls from small and medium-sized investors, responded to 62 SSE E interactions, and organized Guotai Junan Securities and Guoxin Securities to conduct on-site research for the Company; established an investor relations management liaison team covering all major departments of the Bank, enhanced the professional level of investor services, and promoted the effective integration of investor concerns and business management across the Bank.

Environmental and Social Responsibility

I. Environmental Information	079
II. Fulfillment of Social Responsibility	079

05

I. Environmental Information

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

II. Fulfillment of Social Responsibility

The Company is committed to cultivating an excellent view of social responsibility and integrating corporate social responsibility into its Bank-wide development strategy and business management practices, and has released its social responsibility report for the 15th consecutive year since 2007. For details of the Company's social responsibility performance in 2021, please refer to the SHRCB Annual Social Responsibility Report 2021 published on the Shanghai Stock Exchange and the Company's official website.

(I) Consolidating and Expanding the Achievements of Poverty Alleviation

The company conscientiously implements the important instructions of General Secretary Xi Jinping on deepening East-West collaboration and targeted assistance work, as well as the relevant requirements of the Party Central Committee and the State Council on consolidating and expanding the results of poverty alleviation, adheres to the people-centered development ideology, insists on the direction of common prosperity, effectively implements the concept of "shaking off poverty is not the finish line, but the starting point of a new life and new endeavor", conscientiously implements the corporate mission of "facilitating better life with inclusive finance", prioritizes the consolidation and expansion of the poverty alleviation results, makes comprehensive arrangements to orderly promote the development of the areas removed from poverty, the comprehensive rural revitalization, and the improvement of people's lives.

During the reporting period, in order to further focus on consolidating and expanding the achievements of poverty alleviation and promoting rural revitalization effectively, the Company continued to help Yangwenshan Village in Bazhai Town, Laozhai Village in Jihanji Town and Mula Village in Renhe Town in Maguan County, Wenshan Prefecture, Yunnan Province, according to the deployment requirements of the supervising party committee, and made the rural planning and construction and social governance in the counterpart areas as the focus of the new round of assistance, donating a total of RMB 981,500. First, continued to improve the infrastructure conditions in the areas lifted out of poverty, supported the areas lifted out of poverty to promote the rural toilet revolution, village appearance improvement, and the construction of hardened roads according to local conditions. Secondly, further improved the public service level in the areas lifted out of poverty, continued to improve the conditions of compulsory education and strengthen the construction of rural schools. In addition, the Company continued to implement health assistance policies, helped improve disease prevention conditions, and donated RMB 600,000 to carry out public welfare health projects to effectively serve the poverty-removal areas with high-quality medical resources and enhance the health concept of the population lifted out of poverty.

The Company has supported the development and growth of rural specialty industries to improve the ability of relatively economically weak areas to develop on their own, raise farmers' income and improve their living standards. During the reporting period, the Company continued to carry out a new round of comprehensive rural assistance projects with Chongming District, donating RMB 5 million for the investment and construction of comprehensive rural assistance projects; continued to vigorously implement consumption assistance, completing the purchase of more than RMB 8.5 million of assistance products, effectively helping people in poverty-stricken areas to increase their income.

In 2022, the Company will be guided by Xi Jinping's thought of socialism with Chinese characteristics in the new era, earnestly implement the decision and deployment of the Party Central Committee and the State Council, further implement the "100 enterprises helping 100 villages" and comprehensive rural assistance on the basis of consolidating and expanding the results of poverty alleviation, empower social governance and facilitate rural revitalization with inclusive finance, promote the development of areas lifted out of poverty and improve the lives of the public.

(II) Serving Rural Revitalization

The Company has always adhered to the development strategy of inclusive finance, made financial support for rural revitalization a top priority in adhering to the strategy of inclusive finance, continued to deepen financial services for rural revitalization, supported the construction of agricultural and rural modernization, and facilitated the national strategy of rural revitalization.

First, strengthen the top-level design of the rural revitalization strategy and set up a leading group and working group on financial services for rural revitalization strategy to comprehensively coordinate the implementation of the rural revitalization strategy. The Company signed a strategic cooperation agreement with Shanghai Municipal Agriculture and Rural Commission to jointly promote the construction of beautiful home, green field and happy paradise projects, cultivation of new agricultural business entities, reform of rural property rights system, innovation of financial products and services, and cooperation in key areas of rural revitalization, such as supply assurance of agricultural products. The Inclusive Finance Department of the Company was awarded the title of "Shanghai Rural Revitalization Advanced Unit in 2021".

Secondly, promote agricultural industry chain financial services by digitizing agriculture. Focusing on the development of agricultural industry chain business, we have promoted the digital transformation of "agriculture/rural areas/farmers" and explored the construction of an agricultural digital financial ecosystem. During the reporting period, the Company reached cooperation intentions with a number of technology enterprises on remote sensing, mapping, Internet of Things and other technology services, and the Company's project of agricultural financial technology integration based on satellite remote sensing won the "2021 China Fintech Financial Institution Best Innovation Award" in the Second Yangtze River Delta Fintech Innovation and Application Global Competition.

Thirdly, the Company actively serves the major projects of Shanghai's beautiful countryside construction and promotes innovative financial services to support agriculture. During the reporting period, the Company insisted on "positioning penetration and serving in detail", focused on timely response and rapid intervention in rural revitalization projects of state-owned enterprises in Shanghai, and actively participated in the investment and underwriting of bonds on the theme of "agriculture/rural areas/ farmers" and "rural revitalization", and realized the underwriting and issuance of the first rural revitalization note in Shanghai. The happy farm project with "dotted land supply" supported by the Company won the "Social Responsibility Case of the Year Award" in the 4th (2021) China Finance Brand Case of the Year.

Fourth, deepen cooperation between the Bank and villages, increase the coverage of rural financial services, and strive to create a new situation of inclusive finance to help revitalize the countryside. During the reporting period, the Company relied on nearly 360 outlets in Shanghai to carry out voluntary services of "promoting financial knowledge in rural areas", bringing financial services to rural people and cultivating financial literacy from point to point; sending instructors to Fengxian District in Shanghai to inject financial support into rural areas. The Company's "Building a Comprehensive Financial Service Solution for Integrity Villages to Help the Construction of Rural Credit System" won the "2021 China Banking Industry Model Case of Inclusive Finance".

(III) Supporting Green Operation and Carbon Reduction

Under the national strategy of "carbon peaking and carbon neutrality", the Company is deeply aware of the important impact of climate change and environmental protection on economic and social development, actively embraces green transformation and change, incorporates the concept of green development into its overall strategy, fulfills its environmental responsibility with practical actions, and strives to achieve a positive combination of economic and ecological benefits.

During the reporting period, the Company adhered to the concept of green procurement, and the principle of "three nos in procurement"²⁰ and strengthened the management of suppliers; actively advocated environmentally friendly offices, improved the video conference system, optimized the functions of the collaborative office system, and promoted paperless meetings and electronic file management; effectively strengthened the refined management of office rooms, meeting rooms and warehouses etc. to reduce unnecessary energy consumption. First, implemented the "dual carbon" requirements in procurement projects, gave full consideration to environmental protection, resource conservation, safety and health, low-carbon recycling and recycling promotion, gave priority to the procurement of electronic equipment with national 3C certification and green environmental protection mark, and constantly improved and promoted electronic procurement. Second, practiced green building construction, through active exploration and scientific proof, discovered and used healthy and environmentally friendly decorative materials, and eliminated decorative materials with heavy pollution and high energy consumption. Third, reduced paper consumption and promoted paperless management. The Company installed printing management system in the office area of the head office to reduce office paper consumption, and at the same time, increased video conferencing equipment to improve the efficiency of online utilization and effectively reduce meeting and transportation costs. Fourth, advocated green travel and actively promoted the use of public transportation for employees. At the same time, we increased the proportion of hybrid and pure electric vehicles purchased for official use to reduce fuel consumption and make our official vehicles more environmentally friendly and energy-saving.

During the reporting period, the Company actively responded to the national carbon peaking and carbon neutrality strategic objectives by strengthening the construction of green data center and improving the operational efficiency of equipment. The Company's Zhangjiang Business Processing Center insisted on promoting energy consumption management and continued to implement 12 energy-saving measures to effectively reduce energy consumption in Zhangjiang Park. The Company installed photovoltaic panels in Zhangjiang Data Center, which generated about 480,000 Kwh power per year on average, saving 156 tons of standard coal, 130 tons of carbon dioxide emission, 475 tons of carbon dust emission, 14.32 tons of sulfur dioxide emission and 7.16 tons of nitrogen dioxide emission for the society. The Zhangjiang Data Center adopted a number of energy-saving measures such as intelligent water temperature regulation and off-peak power consumption, which saved nearly RMB 40,000 in electricity costs per month. At the end of the reporting period, the per capita office energy consumption of Zhangjiang Business Processing Center was 3,482 Kwh, which was 418 Kwh less than that of the previous year.

During the reporting period, the Company completed the cancellation of 155 tons of Shanghai carbon emission allowances at the Shanghai Environment and Energy Exchange to offset the greenhouse gas emissions generated by the production and operation activities of the Company's Zhangjiang Science and Technology Sub-Branch. Zhangjiang Science and Technology Sub-Branch became the first carbon neutral technology sub-branch in China, marking a solid step forward in the Company's efforts to promote green operations and achieve partial carbon neutral operations.

²⁰ The "three nos in procurement" refers to no purchase of products or services from enterprises that violate environmental laws and regulations, no purchase of backward products, as well as products produced with backward capacity and backward technology and equipment ordered to phase out by the State, no purchase of products using toxic and hazardous substances prohibited by the State.

(IV) Consumer Rights and Interests Protection

The Company focuses on the core strategy of "customer centrality" and takes the protection of the eight rights of financial consumers as the core, and promotes the continuous improvement of the Company's products and services while protecting the legitimate rights and interests of consumers.

First, strengthen the whole process control of consumer protection work. During the reporting period, the Company continued to improve the whole process control mechanism of consumer protection, enhanced the system of pre-review, mid-control and post-supervision, optimized product design and service process, regulated marketing and promotion, protected personal information, and strengthened complaint handling. Through internal assessment and evaluation, traceability and rectification, we promptly identified problems in products and services that may harm the legitimate rights and interests of financial consumers, adjusted the rules of products and services with problems or hidden dangers, ensured that business operations effectively implement all regulatory requirements, and effectively protected financial consumers from infringement of their rights and interests.

Second, continue to promote financial literacy education. During the reporting period, the Company created the consumer protection logo, focused on the "elderly and young" population, reached out to the rural areas, and promoted a three-dimensional public education and publicity system around themes such as prevention of illegal fund raising, guarding personal information security, and use of intelligent technology. Throughout the year, we organized 2,028 financial consumer education activities, served more than 4,870,700 financial consumers, distributed more than 2,197,600 copies of publicity materials, and published nearly 200 press releases in mainstream media such as Xinhuanet, CNR, Financial Times, and China Economic Network.

Third, improve the quality and efficiency of consumer complaints handling. During the reporting period, the Company received 1,149 consumer complaints in total, a decrease of 725 cases compared with the previous year. In terms of regional distribution, there were 1,142 cases in Shanghai and 7 cases in other regions (Kunshan in Jiangsu, Jiashan in Zhejiang and Xiangtan in Hunan). In terms of business distribution, complaints mainly concentrated in credit card, loan and debit card business, among which: credit card complaints accounted for 34%, mainly related to credit card use and repayment, marketing activities, loyalties and value-added services; loan complaints accounted for 24%, mainly related to personal housing loans and other consumer loans; debit card complaints accounted for 15%, mainly related to debit card account management and use. In terms of the causes of complaints, it was mainly due to the change of management system, business rules and processes, resulting in consumers' failure to know and understand accurately in time. The Company improved the happiness, sense of access and satisfaction of financial consumers by broadening information distribution channels, strengthening financial knowledge publicity and guidance, and improving the quality and efficiency of consumer complaint handling.

(V) Empowering Social Governance with Inclusive Finance

Since the 18th National Congress, the Party Central Committee, with Comrade Xi Jinping as the core, has stood at a new historical starting point, attached great importance to social governance, put forward a series of innovative new assertions, new requirements and new initiatives, and formed a rich ideology of social governance. In recent years, the Company has continued to explore the best path to empower social governance and, through active practice, has proposed to empower social governance by practicing inclusive finance, adhered to the principle of "accessibility, affordability and sustainability" in the development of inclusive finance, and committed to reaching a wider range of customers, improving the coverage and accessibility of financial services, and providing more affordable, convenient, safe and satisfactory financial services, enhancing people's sense of access, happiness and security, and helping to improve social governance.

In practice, the Company has played the role of "three tools" of inclusive finance as an aggregator of autonomous governance at the grassroots level, a booster of government-embedded governance, and a router of collaborative social governance. We have created a new model of empowering social governance with governments at all levels and grassroots social organizations with 6 characteristics by pooling capital, intelligence and trust. First, broad layout. Enhance the breadth of inclusive financial empowerment and promote the comprehensive, efficient, digital and intelligent development of social governance. Second, intense attack. Focus on the suburbs and communities, which are the key areas of governance in Shanghai, fully support the rural revitalization strategy in the suburbs, actively serve the construction of rural revitalization demonstration villages, and carry out the construction of integrity villages. In urban areas, we focus on the construction of grassroots communities, promote new payment methods in food markets, parking lots and shopping malls, and actively support the renovation of old neighborhoods. Third, warm care. Through the Labor Union Card, Public Welfare Card and Seniority Card, we provide exclusive card products to serve union members, volunteers and the elderly, giving more emotional attention and care to the relevant social groups, designing exclusive products that are more in line with their usage habits, and reflecting the warmth of inclusive finance. Fourth, dense linkage. We adhere to the business positioning of serving the "agriculture/rural areas/farmers, small and micro enterprises, science and technology innovation, and community residents", and pursue the right to fair financial development through inclusive finance for the majority of small and scattered customers and traditional market-disadvantaged customer groups. Fifth, wide integration. Focus on "better life for the people", we provide considerate financial services from the five dimensions of consumption, retirement, travel, culture and education, and medical care, and meet people's pursuit of a better and better quality of life through financial services that span multiple dimensions of life. Sixth, in-depth service. Six modes of natural empowerment, operation sinking, service embedding, function exporting, platform leading and ecological co-construction are proposed, according to the target's own condition, scenario and real needs, and from the professionalism and comprehensiveness of inclusive finance, empowerment is completed in different ways from different dimensions.

Major Events

I. Commitments by the Actual Controllers, Shareholders, Related Parties, Acquirers and the Company etc. in/as of the Reporting Period	083
II. Fund Occupancy and Recovery Progress in the Reporting Period	084
III. Non-compliant Guarantees	084
IV. Analysis of the Reasons and Impacts of Changes in Accounting Policies and Accounting Estimates or Correction of Major Accounting Errors	084
V. Appointment of Accounting Firm and Sponsor	084
VI. Major Litigation and Arbitration	084
VII. Related-party Transactions	085
VIII. Major Contracts and the Enforcement	088
IX. Disciplinary Actions on and Rectifications of the Company and Its Directors, Supervisors, Senior Management, Controlling Shareholders, Actual Controllers and Acquirers	088
X. Integrity of the Company and Its Largest Shareholder during the Reporting Period	088
XI. Other Major Events	089

06

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

Commitment background	Type of commitment	Commitment party	Main content of commitment	Commitment time and duration	Yes/No deadline for performance
Commitments related to the IPO	Avoid horizontal competition	Shanghai State-owned Assets Management Co., Ltd., China COSCO Shipping Corporation Ltd., BaoSteel Corporation Ltd., Shanghai Jiushi (Group) Co., Ltd., China Pacific Life Insurance Co., Ltd., Shanghai Guosheng Assets Co., Ltd., Zhejiang Expressway Co., Ltd., Shanghai International Group Co., Ltd., Shanghai International Group Asset Management Co., Ltd.	The Company undertakes to treat fairly the commercial banks invested by the Company and the enterprises controlled by the Company and will not use its position as a major shareholder of SHRCB or use the information obtained from such position to make decisions or judgments that are unfavorable to SHRCB but favorable to other commercial banks invested by the Company and the enterprises controlled by the Company. In exercising its rights as a shareholder of SHRCB, the Company will exercise its rights as a shareholder in the best interests of SHRCB, exercise its rights and perform its obligations as a shareholder on an equal footing with other shareholders, and will not compromise its judgment as a shareholder of SHRCB as a result of the Company's and its controlled enterprises' investments in other commercial banks.	During the period as a major shareholder of SHRCB	Yes
	Standardize related-party transactions	Shanghai State-owned Assets Management Co., Ltd., China COSCO Shipping Corporation Ltd., BaoSteel Corporation Ltd., Shanghai Jiushi (Group) Co., Ltd., China Pacific Life Insurance Co., Ltd., Shanghai Guosheng Assets Co., Ltd., Zhejiang Expressway Co., Ltd., Shanghai International Group Co., Ltd., Shanghai International Group Asset Management Co., Ltd.	The Company will strictly regulate the related-party transactions with SHRCB and its subsidiaries (controlling/wholly owned). When conducting related-party transactions, it will strictly follow the market rules and conduct transactions in a fair and reasonable manner based on the general commercial principles of equality, mutual benefit, and compensation of equal value, and fulfill the related-party transaction procedures and information disclosure obligations in accordance with relevant laws and regulations as well as regulatory documents and the Articles of Association of SHRCB. If the Company violates the above commitments, it shall immediately stop the relevant related-party transactions and take necessary measures to correct and remedy them in a timely manner.	During the period as a major shareholder of SHRCB	Yes
	Fulfill the commitment of the share price stabilization plan	Shanghai State-owned Assets Management Co., Ltd., China COSCO Shipping Corporation Ltd., BaoSteel Corporation Ltd., Shanghai Jiushi (Group) Co., Ltd., China Pacific Life Insurance Co., Ltd., Shanghai Guosheng Assets Co., Ltd., Zhejiang Expressway Co., Ltd., Shanghai International Group Co., Ltd., Shanghai International Group Asset Management Co., Ltd., directors (excluding independent directors) and the senior management.	After the share price stabilization measures under the share price stabilization proposal are triggered, the Company will carry out the share price stabilization work and fulfill the Company's share price stabilization obligations in accordance with the requirements of the share price stabilization plan and the relevant resolutions of the Board of Directors and the SHRCB general meeting of shareholders. The Company shall comply with the requirements of relevant laws, regulations and regulatory documents give full consideration to the protection of the legitimate rights and interests of shareholders and fulfill the corresponding information disclosure obligations when fulfilling its share price stabilization obligations. If it fails to fulfill the above commitments, the Company shall be subject to the binding measures in the share stabilization plan.	Within three years after listing	Yes
	Restriction on sale of shares	Shareholders who hold more than 51% of the shares in aggregate in order before the issuance, shareholders who added shares by way of capital increase six months before the date of IPO filing, employee directors, employee supervisors and senior management who hold shares of the Company, and natural person shareholders who hold more than 50,000 shares of the Company's internal staff shares with confirmed rights.	Restrictions on the circulation of shares held by shareholders prior to the issuance of the Company and the shareholders' commitment to voluntarily lock up their shares (please refer to the prospectus of the Company's IPO (A shares) for details).	Lock-up period after listing	Yes
Other commitments	Restriction on sale of shares	The senior management of the Company	Common shares of SHRCB bought from the secondary market with their own funds during the period from November 10 to November 11, 2021, shall lock up for two years from the date of purchase.	Two years from the date of purchase	Yes
Whether the commitment is strictly fulfilled in a timely manner			Yes		
Specific reasons for failure to fulfill commitments and next steps (if any)			N/A		

II. Fund Occupancy and Recovery Progress in the Reporting Period

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

III. Non-compliant Guarantees

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

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

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

V. Appointment of Accounting Firm and Sponsor

The 31st Meeting of the 2nd Board of Directors of SHRCB in 2017 approved the appointment of Deloitte & Touche CPAs Ltd. (LLP) as the auditor of the Company's IPO.

The Company's 2020 Annual General Meeting of Shareholders reviewed and approved the appointment of Deloitte & Touche CPAs Ltd. (LLP) as the external auditor of the Company for 2021.

The Company appointed Haitong Securities Co., Ltd. and Guotai Junan Securities Co., Ltd. as the sponsors of the Company for the IPO and listing of A shares.

Unit: RMB 10,000

	Current appointment
Name of the auditor	Deloitte & Touche CPAs Ltd. (LLP)
Remuneration for the auditor	420
Terms of audit	8 years
Name of CPA of the auditor	Hu Xiaojun, Su Yichen

Unit: RMB 10,000

	Name	Remuneration
Internal control audit accounting firm	Deloitte & Touche CPAs Ltd. (LLP)	80
Sponsor	Haitong Securities Co., Ltd.	3,925.38
	Guotai Junan Securities Co., Ltd.	

VI. Major Litigation and Arbitration

During the reporting period, the Company had no significant litigation or arbitration matters. The Company was involved in a number of legal proceedings in the ordinary course of business, most of which were initiated by the Company to recover non-performing loans. At the end of the reporting period, there were 541 lawsuits filed by the Company as plaintiff that were still pending for adjudication, involving an amount of RMB 4.018 billion. There were 7 lawsuits (including third parties) in which the Company was sued as a defendant that were still pending for adjudication, involving an amount of RMB 99 million. The Company believes that the above lawsuits and arbitrations will not have a material adverse effect on the Company's financial or operating results.

VII. Related-party Transactions

(I) Overview of Related-party Transactions

In accordance with the regulatory requirements of the CBIRC, CSRC and the Shanghai Stock Exchange, the Company has established a related-party transaction management system to prevent the risks of related-party transactions. During the reporting period, the Company continued to improve the management mechanism of related-party transactions by optimizing the management process and strengthening technological empowerment, and identified and dynamically updated the list of related-party parties under the CBIRC as well as CSRC rules respectively. According to the relevant measures, there is no related party with controlling relationship with the Company.

During the reporting period, the Company's related-party transactions were conducted in accordance with commercial principles and on terms no better than those for similar transactions with non-related parties, reflecting the fairness of the prices of related-party transactions, and no transfer of benefits or damage to shareholders' interests occurred. All of the Company's related-party transactions were within the normal scope of business and did not have a material impact on the Company's financial position and operating results.

(II) Major Related-party Transactions

Transaction counterparty	Transaction type	Transaction amount	Approver	Major content of the transaction
CPIC Fund	Credit	RMB 2.3 billion	The 4 th meeting of the 4 th BOD	The Company granted a credit line of RMB 2.3 billion to the unincorporated entity of CPIC Fund Co., Ltd.
Orient Securities Co., Ltd., Guotai Junan Securities Co., Ltd., China Merchants Securities Co., Ltd., Hwabao WP Fund Management Co., Ltd.	Other	RMB 2 billion limit for single transaction	The 6 th meeting of the 4 th BOD	The maximum amount of a single related-party transaction of financial market business between the Company and Orient Securities Co., Ltd., Guotai Junan Securities Co., Ltd., China Merchants Securities Co., Ltd., Hwabao WP Fund Management Co., Ltd. is RMB 2 billion.
Yangtze United Financial Leasing Co., Ltd.	Credit	RMB 12 billion		The Company granted Yangtze United Financial Leasing Co., Ltd. a corporate credit line of RMB 6 billion and a non-principal-guaranteed financial product allocation quota of RMB 6 billion.
China Pacific Insurance (Group) Co., Ltd.	Credit and other	RMB 3.83 billion	2020 Annual General Meeting of Shareholders	The Company granted a credit line of RMB 3.71 billion to China Pacific Insurance (Group) Co., Ltd. and its subsidiaries (including product accounts) and a non-principal-guaranteed financial product allocation quota of RMB 120 million to CPIC Fund.
China Cinda Asset Management Co. Ltd.,		RMB 8.4 billion		The Company granted a group credit line of RMB 8.4 billion to China Cinda Asset Management Co. Ltd.
China Eastern Airline Co., Ltd.		RMB 4.96 billion		The Company granted a group credit line of RMB 4.96 billion to China Eastern Airline Co., Ltd.
Orient Securities Co., Ltd.		RMB 6.3 billion		The Company granted Orient Securities Co., Ltd. a total of RMB 6.3 billion in corporate credit, non-principal-guaranteed financial product allocation quota and unincorporated entity line.
AXA SPDB Investment Managers Co., Ltd.	Credit and other	RMB 4.5 billion	The 8 th meeting of the 4 th BOD	The Company has granted a credit line of RMB 4.5 billion to the unincorporated entity of AXA SPDB Investment Managers Co., Ltd.
China Orient Asset Management Co., Ltd.		RMB 4.4 billion		The Company granted China Orient Asset Management Co., Ltd. a corporate credit line and a non-principal-guaranteed financial product allocation quota of RMB 4.4 billion in total.
Industrial Securities Co., Ltd.		RMB 2.1 billion		The Company granted Industrial Securities Co., Ltd. a total of RMB 2.1 billion in corporate credit, non-principal-guaranteed financial product allocation quota and unincorporated entity line.

Transaction counterparty	Transaction type	Transaction amount	Approver	Major content of the transaction
Shanghai International Group Co., Ltd.	Credit	RMB 8 billion	2021 2 nd Ad-hoc Shareholders' Meeting	The Company granted a unified credit line of RMB 8 billion to Shanghai International Group Co., Ltd. and its affiliates.
China COSCO Shipping Corporation Ltd.		RMB 6.6 billion		The Company granted a unified credit line of RMB 6.6 billion to China COSCO Shipping Corporation Ltd. and its affiliates.
China Baowu Steel Group Corporation		RMB 10 billion		The Company granted a unified credit line of RMB 10 billion to China Baowu Steel Group Corporation and its affiliates.
Shanghai Jiushi (Group) Co., Ltd.		RMB 4 billion		The Company granted a unified credit line of RMB 4 billion to Shanghai Jiushi (Group) Co., Ltd. and its affiliates.
China Taiping Insurance Group Co., Ltd.		RMB 4 billion		The Company granted a unified credit line of RMB 4 billion to China Taiping Insurance Group Co., Ltd. and its affiliates.
Zhejiang Communications Investment Group Co., Ltd.		RMB 2.03 billion		The Company granted a unified credit line of RMB 2.03 billion to Zhejiang Communications Investment Group Co., Ltd. and its affiliates.
Guotai Junan Securities Co., Ltd.		RMB 9.7 billion		The Company granted a unified credit line of RMB 9.7 billion to Guotai Junan Securities Co., Ltd.
China Merchants Securities Co., Ltd.		RMB 7 billion		The Company granted a unified credit line of RMB 7 billion to China Merchants Securities Co., Ltd.
Shenwan Hongyuan Securities Co., Ltd.	Credit	RMB 5.15 billion	The 9 th meeting of the 4 th BOD	The Company granted a unified credit line of RMB 5.15 billion to Shenwan Hongyuan Securities Co., Ltd. and its affiliates.
SPDB Financial Leasing Co., Ltd.		RMB 1.9 billion		The Company granted a unified credit line of RMB 1.9 billion to SPDB Financial Leasing Co., Ltd.
Shenergy Co., Ltd.	Credit	RMB 5.8 billion	The 10 th meeting of the 4 th BOD	The Company granted a unified credit line of RMB 5.8 billion to Shenergy Co., Ltd. and its affiliates.
Yangtze United Financial Leasing Co., Ltd.		RMB 12 billion		The Company granted Yangtze United Financial Leasing Co., Ltd. RMB 7 billion in corporate credit, and RMB 5 billion in non-principal-guaranteed financial product allocation quota.
Shanghai Guosheng Group Co., Ltd.	Credit	RMB 2.4 billion	2021 3 rd Ad-hoc Shareholders' Meeting	The Company granted Shanghai Guosheng Group Co., Ltd. an underwriting credit line of RMB 1.5 billion for debt financing instruments and an accumulated credit line of RMB 2.4 billion.
China Taiping Life Insurance Co., Ltd.		RMB 1.5 billion		The Company granted a credit line of RMB 1.5 billion to China Taiping Life Insurance Co., Ltd.

(III) Related-party Transactions During the Reporting Period

During the reporting period, the Company had credit, service and other related-party transactions with related legal persons, and the related-party transactions with related natural persons were all credit type.

At the end of the reporting period, the Company's credit balance to a single related party did not exceed 10% of its net capital, the aggregate credit balance to the group customers of a single related legal person did not exceed 15% of its net capital, and the credit balance to all related parties did not exceed 50% of its net capital, with all indicators meeting the requirements of the CBIRC on the management of concentration of related-party transactions.

1. Related-party Transactions of Credit

At the end of the reporting period, the balance of the Company's credit-type related-party transactions was RMB 28,718,444,800, of which: the balance of credit-type related-party transactions with related legal persons was RMB 27,331,515,400 and the balance of credit-type related-party transactions with related natural persons was RMB 1,386,929,400.

The types of related-party transactions with major shareholders and their controlling shareholders, actual controllers, related parties, parties acting in concert and ultimate beneficiaries are mainly in the credit category, as follows:

(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 credit balance to Shanghai International Group Co., Ltd. was RMB 140,804,800, the credit balance to Shanghai State-owned Assets Management Co., Ltd. was RMB 1,068.91 million, and the credit balance to SPDB Financial Leasing Co., Ltd. was RMB 280 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 200 million to COSCO Shipping Development Company Limited, a credit balance of RMB 50.5 million to COSCO Shipping Development (Tianjin) Leasing Co., Ltd., a credit balance of RMB 506 million to COSCO Shipping Leasing Co., Ltd., a credit balance of RMB 323,566,800 to OFI Co., Ltd., a credit balance of RMB 300 million to Haihui Commercial Factoring (Tianjin) Co., Ltd., a credit balance of RMB 114,762,600 to COSCO Shipping Development (Hong Kong) Co., Ltd., a credit balance of RMB 0.813 million to COSCO Shipping Holdings Co., Ltd., a credit balance of RMB 52,400 to COSCO Shipping Energy Transportation Co., Ltd., a credit balance of RMB 40.144 million to China International Marine Containers (Group) Ltd., a credit balance of RMB 129,404,200 million to Shanghai International Port (Group) Co., Ltd., a credit balance of RMB 1,680 million to China Merchants Securities Co., Ltd., a credit balance of RMB 2,031.4 million to China Cinda Asset Management Co. Ltd., a credit balance of RMB 1,600 million to Cinda Financial Leasing Co., Ltd., a credit balance of RMB 100 million to Cinda Securities 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 430,253,700 to BaoSteel Corporation Ltd., a credit balance of RMB 229,116,000 to China Baowu Steel Group Corporation Ltd., and a credit balance of RMB 222.34 million to Huabao Duding (Shanghai) Financial Leasing Co., Ltd., a credit balance of RMB 90.36 million to Ouyeel Commercial Factoring Co., Ltd., a credit balance of RMB 88,306,000 to Shanghai Chanan Recycling Resources Co., Ltd., and a credit balance of RMB 231,800 to Pingdingshan Tianan Coal Mining Co., 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 million to Shanghai Jiushi (Group) Co., Ltd, a credit balance of RMB 1,002,075,200 to Shenwan Hongyuan Securities Co. Ltd., a credit balance of RMB 28,831,600 to Shenwan Hongyuan Group Co., Ltd., a credit balance of RMB 760,400 to Shanghai Jinshan Bus Transportation Co., Ltd., and a credit balance of RMB 710,800 to China Eastern Airline 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 5,575,900 to China Pacific Insurance (Group) Co., Ltd., a credit balance of RMB 210,100,600 to Shnergy Co., Ltd., and a credit balance of RMB 4,636,829,700 to 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 credit balance granted by the Company to Shanghai Guosheng (Group) Co., Ltd. was RMB 420,441,400.

(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 99,951,500 to Zhejiang Communications Investment Group Co., Ltd., a credit balance of RMB 9,700 to Zhejiang Communications Technology Co., Ltd., a credit balance of RMB 55,002,200 to Zheshang Factoring Co., Ltd., and a credit balance of RMB 500 million to 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 702,153,600 to China Taiping Life Insurance Co., Ltd., a credit balance of RMB 156,675,100 to Taiping General Insurance Co., Ltd., and a credit balance of RMB 11,300 to Grand Joy Holdings Group 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 270,531,500 to Shanghai Shendi (Group) Co., Ltd.

(10) 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 25,000 to Orient International Development Co., Ltd., a credit balance of RMB 119,995,900 to Shanghai Textile Investment Trading Co., Ltd., a credit balance of RMB 50 million to Shanghai Songjiang New City Construction and Development Co., Ltd., a credit balance of RMB 3 million to Shanghai Westbank Investment and Development Co., Ltd., a credit balance of RMB 114 million to Shanghai Jiaqiang Economic and Trade Co., Ltd., a credit balance of RMB 32,158,800 to Shanghai Fangkai Property Management Co., Ltd., a credit balance of RMB 681,568,000 to China Orient Asset Management Co., Ltd., and a credit balance of RMB 149,481,600 to Shanghai Shenmian Trade Co., Ltd.

2. Related-party Transactions of Service

During the reporting period, the Company had related-party transactions with related parties for the provision of services, mainly for the lease of real estate, provision or receipt of services, etc., with a cumulative amount of RMB 65,508,100.

3. Other Related-party Transactions

During the reporting period, the Company had other related-party transactions with related parties, which were mainly interbank funding business such as buying and selling of cash bonds, with a cumulative amount of RMB 71,539,880,900.

VIII. Major Contracts and the Enforcement

(I) Custody, Contracts and Leases

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

(II) Guarantee

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

(III) Entrusted Cash Asset Management

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

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

During the reporting period, the Company's major purchase contracts and major sales contracts were performed normally without major contract disputes.

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

During the reporting period, the Company's other major contracts and major non-equity investments were performed normally without significant contractual disputes.

IX. 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 relevant authorities, or any compulsory measures by judicial authorities or discipline inspection departments, or transferred to judicial authorities or investigated for criminal responsibility, or any case investigation or administrative punishment by the CSRC, or banned from the market, identified as inappropriate candidates, or subject to major administrative punishments by other administrative authorities, or were publicly reprimanded by any stock exchange.

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

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

XI. Other Major Events

(I) Amendments to the Articles of Association

On August 19, 2021, the Company completed the issuance of A shares and listed on the Shanghai Stock Exchange. The SHRCB Articles of Association (Draft) applicable and effective after the listing was approved by CBIRC Shanghai on 5 February 2021 and became effective after the listing of the Company's shares on the Shanghai Stock Exchange.

On 19 November 2021, the Proposal to Amend SHRCB Articles of Association and the Annexes was reviewed and approved at the 3rd Ad-hoc Shareholders' Meeting in 2021. The amendment mainly revised the articles relating to the registered capital, the rights and obligations of shareholders and the powers and duties of the Board of Directors, and clarified the term of office of the Party Committee, the basic principles of outbound investment and the general legal counsel in the Articles of Association. The revised Articles of Association was approved by CBIRC Shanghai on January 19, 2022 and became effective.

(II) Redemption of Tier-II Capital Bonds

In June 2021, the Company redeemed the "2016 SHRCB Tier-II Capital Bonds (Phase I)" (hereafter referred to as "16 SHRCB Tier-II 01") in full with the approval of CBIRC Shanghai. The "16 SHRCB Tier-II 01" was issued in June 2016 with a size of RMB 3 billion, a coupon rate of 3.95% and a 10-year maturity; it has a redemption option for the issuer to fully redeem the bonds at par on the last day of the fifth interest-bearing year (June 24, 2021).

Changes in Shares and Particulars of Shareholders

I. Changes in Shares	091
II. Share Issuance and Listing	092
III. Shareholders	092
IV. Major Shareholders	094
V. Other Information as Stipulated by CBIRC	098

07

I. Changes in Shares

(I) Changes in Ordinary Shares

Unit: Share

Type of shareholder	Before change		Change during reporting period	After change	
	No. of shares	Percentage to the total		No. of shares	Percentage to the total
I. Restricted shares	8,680,000,000	100.00%		8,680,000,000	90.00%
1.Shareholding by the State	-	-	-	-	-
2.Shareholding by state-owned legal entities	5,944,638,008	68.49%	-	5,944,638,008	61.64%
3. Shareholding by other domestic entities	2,735,361,992	31.51%	-	2,735,361,992	28.36%
Including:Shareholding by domestic legal entities	1,456,616,710	16.78%	-	1,456,616,710	15.10%
Shareholding by domestic natural person	1,278,745,282	14.73%	-	1,278,745,282	13.26%
4.Shareholding by foreign entities	-	-	-	-	-
Including:Shareholding by foreign legal entities	-	-	-	-	-
Shareholding by foreign natural person	-	-	-	-	-
II. Unrestricted shares	-	-	964,444,445	964,444,445	10.00%
1.RMB Ordinary Shares	-	-	964,444,445	964,444,445	10.00%
2.Domestically listed foreign shares	-	-	-	-	-
3.Overseas-listed foreign shares	-	-	-	-	-
4.Other	-	-	-	-	-
III. Total shares	8,680,000,000	100.00%	964,444,445	9,644,444,445	100.00%

(II) Description of Changes in Ordinary Shares

On June 15, 2021, the Company received the Approval on the IPO of SHRCB (CSRC Permit [2021] No. 2038) from CSRC, approving the public offering of not more than 964,444,445 new shares of the Company. On August 19, 2021, the Company was listed on the Shanghai Stock Exchange at an issue price of RMB 8.90 per share, issuing 964,444,445 ordinary shares and the total share capital after listing was 9,644,444,445 shares. For details of the relevant information, please refer to the listing announcement published by the Company on the website of Shanghai Stock Exchange (<http://www.sse.com.cn>) on August 18, 2021.

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

The Company made an initial public offering of 964,444,445 A shares in August 2021 at an issue price of RMB 8.90 per share, changing its total share capital from 8,680,000,000 shares to 9,644,444,445 shares after the listing. At the end of the reporting period, the audited basic earnings per share of the Company was RMB 1.08 and the net assets per share attributable to shareholders of the parent company was RMB 9.72. If calculated based on the share capital before the issuance, the basic earnings per share for the reporting period was RMB 1.12 and the net assets per share attributable to shareholders of the parent company was RMB 10.80.

(IV) Changes in Restricted Shares

None.

II. Share Issuance and Listing

(I) Share Issuance up to the Reporting Period

Type of shares and derivative securities	Issue date	Issue price	No. of shares issued	Listing date	Number of shares approved for listing
A-share ordinary share	August 4, 2021	RMB 8.90 /share	964,444,445 shares	August 19, 2021	964,444,445 shares

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

In August 2021, the Company made an initial public offering of 964,444,445 A shares at an issue price of RMB 8.90 per share, raising a total of RMB 8,583,555,600, of which the actual net raised fund after deducting the issue expenses amounted to RMB 8,528,883,000, all of which was used to replenish the Company's capital. The above-mentioned raised funds have been verified by Deloitte & Touche CPAs (LLP) , which has issued capital verification report No. 00395 (21).

(III) Existing Internal Employee Shares

Unit: Share Currency: RMB

Issue date of internal employee shares	Issue price of internal employee shares (RMB)	Number of internal employee shares issued (shares)
-	-	429,530,450
Description of the status of existing internal employee shares	yee shares are mainly obtained through the following ways: 1.The shares of the Company subscribed by internal employees at the time of establishment; 2.The conversion of capital reserve to share capital after the establishment of the Company; 3.Through inheritance, judicial judgment and other ways.	

III. Shareholders

(I) Number of Shareholders

No. of shareholders of ordinary shares as of the end of the reporting period	272,957
No. of shareholders of ordinary shares as of the end of the previous month prior to the disclosure data of the annual report	245,330
No. of shareholders of preferred shares with restored voting rights as of the end of the reporting period	0
No. of shareholders of preferred shares with restored voting rights as of the end of the previous month prior to the disclosure data of the annual report	0

(II) Top 10 Shareholders and Top 10 Unrestricted Shareholders as of the End of the Reporting Period

Unit: Share

Top 10 shareholders							
Shareholder's name (full name)	Increase/decrease during the reporting period	No. of shares held at the end of period	Percentage (%)	No. of restricted shares	Pledged/marked/frozen shares		Nature of shareholder
					Status	No. of shares	
Shanghai State-owned Assets Management Co., Ltd.	5,960,000	805,960,000	8.36	800,000,000	-	-	State-owned legal person
China COSCO Shipping Corporation Ltd.	-	800,000,000	8.29	800,000,000	-	-	State-owned legal person
BaoSteel Corporation Ltd.	-	800,000,000	8.29	800,000,000	-	-	State-owned legal person
Shanghai Jiushi (Group) Co., Ltd.	-	733,842,856	7.61	733,842,856	-	-	State-owned legal person
China Pacific Life Insurance Co., Ltd.	-	560,000,000	5.81	560,000,000	-	-	State-owned legal person
Shanghai Guosheng Assets Co., Ltd.	1,777,700	475,825,214	4.93	474,047,514	-	-	State-owned legal person
Zhejiang Expressway Co., Ltd.	1,952,021	467,452,021	4.85	465,500,000	-	-	State-owned legal person
Taiping Life Insurance Co., Ltd.	-	414,904,000	4.30	414,904,000	-	-	State-owned legal person
Shanghai Shendi (Group) Co., Ltd.	-	357,700,000	3.71	357,700,000	-	-	State-owned legal person
Lanhai Holding Group Co., Ltd.	-	336,000,000	3.48	336,000,000	Pledged	336,000,000	Domestic non-state-owned legal person

Unit: Share

Top 10 unrestricted shareholders			
Shareholder's name	No. of unrestricted floating shares	Type and No. of shares	
		Type	No.
Shanghai State-owned Assets Management Co., Ltd.	5,960,000	RMB ordinary shares	5,960,000
Industrial Bank Co., Ltd.-Southern Financial Theme Flexible Allocation Hybrid Securities Investment Fund	5,007,100	RMB ordinary shares	5,007,100
Yang Yanfei	2,646,600	RMB ordinary shares	2,646,600
Wang Yilei	2,257,707	RMB ordinary shares	2,257,707
Zhou Mingqing	2,008,300	RMB ordinary shares	2,008,300
Beijing Jerrat Springs Damper Technology Research Center	2,002,500	RMB ordinary shares	2,002,500
China Merchants Bank Co., Ltd.-Fortune & Royal CSI 300 Index Enhanced Securities Investment Fund	1,966,580	RMB ordinary shares	1,966,580
Zhejiang Expressway Co., Ltd.	1,952,021	RMB ordinary shares	1,952,021
Shi Xiuzhen	1,784,100	RMB ordinary shares	1,784,100
Shanghai Guosheng Assets Co., Ltd.	1,777,700	RMB ordinary shares	1,777,700
Description of repurchase special account among the top ten shareholders			-
Description of the above shareholders' proxy and abstention from voting rights			-
Description of the above shareholders' related relationship or concerted action		Among the above top ten shareholders, Shanghai State-owned Assets Management Co., Ltd. and its related parties Shanghai International Group Co., Ltd. and Shanghai International Group Asset Management Co., Ltd. held 9.07% of the Company's shares in total at the end of the reporting period; among the above-mentioned unrestricted shareholders, the Company is not clear whether they are related or are acting in concert.	
Description of shareholders of preferred shares with restored voting rights and the number of shares held			N/A

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

Unit: Share

No.	Name of restricted shareholders	No. of restricted shares held	availability of restricted shares for listing and trading		Restricted sale conditions
			Available for trading	Number of new shares available for listing and trading	
1	Shanghai State-owned Assets Management Co., Ltd.	800,000,000	August 19, 2024	5,960,000	-
2	China COSCO Shipping Corporation Ltd.	800,000,000	August 19, 2024	-	-
3	BaoSteel Corporation Ltd.	800,000,000	August 19, 2024	-	-
4	Shanghai Jiushi (Group) Co., Ltd.	733,842,856	August 19, 2024	-	-
5	China Pacific Life Insurance Co., Ltd.	560,000,000	August 19, 2024	-	-
6	Shanghai Guosheng Assets Co., Ltd.	474,047,514	August 19, 2024	1,777,700	-
7	Zhejiang Expressway Co., Ltd.	465,500,000	August 19, 2024	1,952,021	-
8	Taiping Life Insurance Co., Ltd.	414,904,000	August 19, 2022	-	-
9	Shanghai Shendi (Group) Co., Ltd.	357,700,000	August 19, 2022	-	-
10	Lanhai Holding Group Co., Ltd.	336,000,000	August 19, 2022	-	-
Description of the above shareholders' related relationship or concerted action		Among the above top ten shareholders, Shanghai State-owned Assets Management Co., Ltd. and its related parties Shanghai International Group Co., Ltd., and Shanghai International Group Asset Management Co., Ltd. held 9.07% of the Company's shares in total at the end of the reporting period.			

IV. Major Shareholders

(I) Controlling Shareholders and Actual Controllers

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

(II) Shareholders with over 5% of the Company's 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 Guan Wei. Registered address is Building 1, No.1 Nandan Road, Xuhui District, Shanghai. The unified social credit code is 91310000631604599A. The business scope includes: industrial investment, capital operation, asset acquisition, packaging and transfer, enterprise and asset custody, debt restructuring, property brokerage, real estate intermediary, financial consulting, investment consulting and consulting services related to the business scope, guarantee related to asset operation and capital operation business.

As of the end of the reporting period, Shanghai State-owned Assets Management Co., Ltd. held 805,960,000 shares of the Company, accounting for 8.36% 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 9.07% 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 Wan Min. The registered address is No. 5299, Binjiang Avenue, Pudong New District, Shanghai. The unified social credit code is 91310000MA1FL1MMXL. The business scope includes: international shipping, international maritime auxiliary business;

import and export business of goods and technology; international freight forwarding business of sea, land and aviation; proprietary ship leasing; sale of ships, containers and steel; offshore engineering equipment design; terminal and port investment; sale of communication equipment, information and technology services; warehousing (except for hazardous chemicals); development, transfer, consultation, services of technology related to ships and spare parts, and equity investment funds.

As of the end of the reporting period, China COSCO Shipping Corporation Ltd. held 800,000,000 shares of the Company, accounting for 8.29% of the Company's total share capital. 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 8.29% 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 22,268,589,450. 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 8.29% of the Company's total share capital. Ms. Wang Juan was nominated by BaoSteel Corporation Ltd. as the director of the Company. China Baowu Steel Group Co., Ltd. is the controlling shareholder of BaoSteel Corporation Ltd.; the actual controller, SASAC; and the ultimate beneficiary, BaoSteel Corporation Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, the related parties of BaoSteel Corporation Ltd. include Shanghai Meishan Iron and Steel Co., Ltd., Baosteel Zhanjiang Co., Ltd., Wuhan Iron and Steel Co., Ltd., etc. As of the end of the reporting period, BaoSteel Corporation Ltd., its related parties and concerted actors jointly held 8.29% of the Company's shares, and there was no pledge of the Company's shares.

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 7.61% 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 7.61% 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 CBIRC.

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

(III) Other Major Shareholders

1. Shanghai Guosheng Assets Co., Ltd.

Shanghai Guosheng Assets Co., Ltd. was established on January 26, 2010 with a registered capital of RMB 7 billion. Legal representative is Chen Ying. Registered address is 2F, No.1 Changqing North Road, Pudong New District. Unified social credit code is 91310106550053414B. Business scope includes: industrial investment, investment in real estate and its related industries, urban infrastructure investment, capital operation, asset acquisition, packaging and transfer, enterprise and asset custody, debt restructuring, entrusted investment, investment consulting, financial consultant, consulting and agency for corporate restructuring and merger, corporate financial consulting, consulting services related to business scope.

As of the end of the reporting period, Shanghai Guosheng Assets Co., Ltd. held 475,825,214 shares of the Company, accounting for 4.93% 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 4.93% of the Company's shares together with its related parties and concerted actors, and there was no pledge of the Company's shares.

2. Zhejiang Expressway Co., Ltd.

Zhejiang Expressway Co., Ltd. was established on March 1, 1997 with a registered capital of RMB 4,343,114,500. Legal representative is YU Zhihong. Registered address is 12/F, Block A, Huanglong Century Plaza, No.1 Hangda Road, Hangzhou. Unified social credit code is 91330000142942095H. Business scope includes licensed projects: road management and maintenance; 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 467,452,021 shares of the Company, accounting for 4.85% 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 4.85% of the Company's shares, and there was no pledge of the Company's shares.

3. Taiping Life Insurance Co., Ltd.

Taiping Life Insurance Co., Ltd. was established on November 17, 1984 with a registered capital of RMB 10.03 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 CBIRC, 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 4.30% 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 4.30% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares.

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

Shanghai Shendi (Group) Co., Ltd. was established on August 8, 2010 with a registered capital of RMB 20,450,650,000. Legal representative is Yang Jinsong. Registered address is 10F, No.88 Shendi South Road, Pudong New District, Shanghai. Unified social credit code is 913100005601172662. Business scope includes: 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 3.71% 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 3.71% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares.

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

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

As of the end of the reporting period, Orient International (Holding) Co., Ltd. held 114,000,000 shares of the Company, accounting for 1.18% of the Company's total share capital. Mr. 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 1.18% of the Company's shares, and there was no pledge of the Company's shares.

6. Shanghai International Group Co., Ltd.

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

As of the end of the reporting period, Shanghai International Group Co., Ltd. held 68,638,200 shares of the Company, accounting for 0.71% of the Company's total share capital. The controlling shareholder and the actual controller of Shanghai International Group Co., Ltd. is SASAC Shanghai. The ultimate beneficiary is Shanghai International Group Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, 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 9.07% 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 Wang Tayu. Registered address is Zone C, 3/F, No. 511, Weihai Road, Jing'an District, Shanghai. Unified social credit code is 91310106132201066T. Business scope includes: various domestic and foreign investment business, asset management business, enterprise management, financial consultation (not engaging in agency bookkeeping), investment consultation (not engaging in brokerage).

As of the end of the reporting period, Shanghai International Group Asset Management Co., Ltd. held 10,000 shares of the Company, accounting for 0.0001% of the Company's total share capital. The controlling shareholder of Shanghai International Group Asset Management Co., Ltd. is Shanghai International Group Co., Ltd.; the actual controller, SASAC Shanghai; and the ultimate beneficiary, Shanghai International Group Asset Management Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial 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 9.07% 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 as Stipulated by CBIRC

In October 2021, the Shanghai Pudong New District People's Court froze 32 million shares of the Company (pledged) held by the Company's shareholder, Shanghai Huachen Longdefeng (Group) Co., Ltd. for a period from October 15, 2021 to October 14, 2024.

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

Financial Reports

Financial Reports

100



Financial Reports

The Company's 2021 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

Management Discussion and Analysis

Corporate Governance

Environmental and Social Responsibility

Major Events

Changes in Shares and Particulars of Shareholders

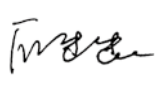








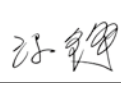
Financial Reports

Directors' and Senior Management' Written Confirmation Opinions on the Company's 2021 Annual Report

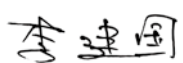


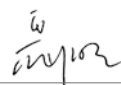
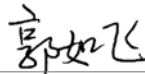
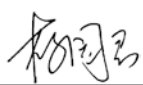

According to relevant regulations and requirements, we, as the Company's directors and the Senior Management, issue the following comments after fully knowing and reviewing the the Company's 2021 Annual Report:

1. The Company runs in strict accordance with the Accounting Standards for Business Enterprises and related system specifications. The Company's 2021 Annual Report fairly reflects the Company's financial conditions and operation outcomes within this reporting period.
2. All data involved in the annual report has been verified and confirmed, reflecting the principles of steadiness, prudence, objectiveness, authenticity, accuracy and comprehensiveness. We hold the view that the Company's 2021 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 2021 annual financial statements have been audited by the Deloitte & Touche CPAs (LLP) who has issued a standard unqualified opinion.

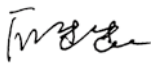



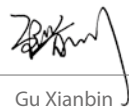


Signature of Directors

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

Signature of Supervisors

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

Signature of Senior Management

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

Financial Statements and Auditor's Report For the year ended 31 December 2021

Auditor's Report	097
The Bank's and Consolidated Balance Sheets	099
The Bank's and Consolidated Income Statements	101
The Bank's and Consolidated Statement of Cash Flows	102
The Bank's and Consolidated Statements of Changes in Shareholders' Equity	103
Notes to the Financial Statements	105

09

AUDITOR'S REPORT

De Shi Bao (Shen) Zi (22) No.P02054

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 2021, and the Bank's and consolidated income statements, the Bank's and consolidated statements of cash flows and the Bank's and consolidated statements of changes in shareholders' equity 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 positions as of 31 December 2021, 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.Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determine the followings are key audit matters in need of communication in our report.

(I)Expected credit losses of loans and advances to customers measured at amortized cost

Description of key audit matters

As at 31 December 2021, loans and advances to customers measured at amortized cost include corporate and individual loans and advances to customers, totalling RMB540,088,803 thousand, of which details are set out in Note VIII, 6 to the financial statements, and the corresponding provision for expected credit losses amounts to RMB25,647,014 thousand.

The key accounting policies and significant accounting estimates and judgments adopted in determining the expected credit losses on loans and advances to customers measured at amortized cost are set out in Note III, 8 and Note IV to the financial statements.

The provision for expected credit losses on loans and advances to customers measured at amortized cost involves significant judgments and accounting estimates made by the management in the following aspects: significant judgments are required in determining whether there is a significant increase in credit risk and whether credit impairment has occurred; significant judgments and estimates are required in determining the allowance model and key inputs of the expected credit loss as well as the forward-looking information.

We identified the expected credit losses on loans and advances to customers measured at amortized cost as a key audit matter because the total balance of loans and advances to customers measured at amortized cost is significant to the financial statements and the provision for expected credit losses on loans and advances to customers measured at amortized cost involves significant judgment and accounting estimates made by the management.

Auditing response

The key audit procedures we performed in respect of the expected credit losses on loans and advances to customers measured at amortized cost included:

1. We obtained an understanding of and tested the design and operating effectiveness of internal control related to the provision for expected credit losses. Such internal control mainly includes: the establishment and review of expected credit loss model; control over the inputs to the expected credit loss model; control over calculations of expected credit loss; control over the identification of significant increases in credit risk and credit impairment incurred, etc.

2. We reviewed the methodology regarding the expected credit loss model with the assistance of our internal experts on credit risk model, inspected the relevant documentation, and assessed the applicability and reasonableness of the expected credit loss model. Besides, we evaluated the key definitions, parameters and assumptions adopted in the expected credit loss model, including probability of default, loss given default, exposure at default and the forward-looking information, etc.

3. We performed credit review on a sampling basis to assess the reasonableness of significant judgments regarding whether credit risk has increased significantly, whether events that indicating impairment have occurred and have been identified in a timely manner. We also inspected inputs to the expected credit loss model on a sampling basis to evaluate the completeness and accuracy of the inputs and reviewed the calculations related to the expected credit loss model.

4. For Stage 3 loans and advances to customers measured at amortized cost, we tested the management's estimates of the future cash flows collected from the related debtors on a sampling basis, including the expected recoverable amounts from the collaterals.

(II) Consolidation of structured entities

Description of key audit matters

As stated in Note VIII, 51 to the financial statements, the structured entities mainly included the wealth management products, funds, asset-backed securities, trust and asset management plans issued, managed and/or invested by the bank, totalling RMB229,220,836 thousand.

When assessing whether the Bank has control over the structured entity, the Bank considers various factors, such as the scope of decisions of the Bank as the manager, the authority of other parties, the compensation received by the Bank for the provision of management services as well as the Bank's exposure to the risk of variable return.

The key accounting policies and significant accounting estimates and judgments adopted in the determining whether the structured entity shall be included in the scope of the consolidated financial statements are set out in Notes III, 5 and Note IV to the financial statements.

We identified the consolidation of the structured entity as a key audit matter because significant management judgments are involved in determining whether the structured entity shall be included in the scope of the consolidated financial statements and the results of such judgements have significant impact on the consolidated financial statements.

Auditing response

The audit procedures we performed in respect of the consolidation of structured entity included:

1. We understood, evaluated and tested the design and operating effectiveness of the internal controls used by management to determine the scope of consolidation of structured entities.

2. We inspected the relevant contracts on a sampling basis to understand the purpose for which the structured entity was established and to assess the Bank's power over the structured entity based on the Bank's rights and obligations under different transaction structures and the Bank's participation in the structured entity; checked the Bank's analysis of variable returns on a sampling basis, which include but are not limited to fixed management fees and variable performance compensation received by the Bank as the manager of the assets and the returns received by the Bank for holding shares of the structured entity and providing liquidity support or other support to the entity; analyzed the scope of the Bank's decision-making power over the structured entity, the level of compensation received by the Bank for the provision of asset management services, the Bank's exposure to variable returns arising from other interests held by the Bank in structured entities and the substantive power of other participants, examined the Bank's analysis of the magnitude and variability of variable returns on a sampling basis, and determined whether the Bank acted as the principal or the agent in the transactions conducted by the structured entity. Based on the above procedures, we evaluated the management's judgment on whether the Bank had control over the structured entity and whether the conditions for consolidation were met.

IV. 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 2021, 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.

V. 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 that the financial statements 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 has no realistic alternative but to do so.

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

VI. 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.
- (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.

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

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

Deloitte Touche
Shanghai, China
29 April 2022



Chinese Certified
Public Accountant:

胡小俊



(Engagement Partner)

Hu, Christine Xiao Jun

Chinese Certified
Public Accountant:

苏亦辰



Su, Jerry 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 2021

Item	Note VIII	The Group		The Bank	
		As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
ASSETS:					
Cash and balances with central bank	1	70,275,826	66,035,061	66,244,961	62,119,394
Due from banks and other financial institutions	2	21,177,689	21,366,465	17,837,705	16,801,875
Placements with banks and other financial institutions	3	60,919,427	60,675,583	63,472,961	62,702,126
Precious metals		46,690	20,670	46,690	20,670
Derivative financial assets	4	1,062,871	943,657	1,062,871	943,657
Financial assets purchased under resale agreements	5	46,926,783	36,429,276	46,626,644	35,534,690
Loans and advances to customers	6	588,984,441	510,017,410	571,005,810	495,101,975
Financial investments:					
Held-for-trading financial assets	7	72,420,004	69,332,583	72,420,004	69,332,583
Debt investments	8	147,621,457	156,317,618	145,541,114	155,355,746
Other debt investments	9	102,036,545	90,947,908	102,036,545	90,947,908
Other equity instrument investments	10	111,500	11,500	111,500	11,500
Finance lease receivables	11	17,822,507	28,344,778		
Long-term receivables	11	14,086,457	-		
Long-term equity investments	12	407,346	380,717	2,969,695	2,858,066
Fixed assets	13	5,039,790	4,755,040	4,908,661	4,637,932
Construction in progress	14	1,438,325	1,608,120	1,348,430	1,534,218
Right-of-use assets	15	706,981	N/A	584,630	N/A
Deferred tax assets	16	5,865,456	5,588,227	5,414,929	5,185,887
Other assets	17	1,426,166	4,202,071	1,242,608	4,028,395
TOTAL ASSETS		1,158,376,261	1,056,976,684	1,102,875,758	1,007,116,622

The accompanying notes form part of the financial statements.

The financial statements on pages 7 to 188 were signed by the following:

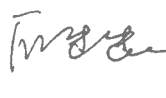
Xu Li

Legal Representative



Gu Jianzhong

President



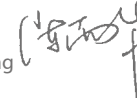
Yao Xiaogang

Chief Financial Officer



Chen Nahua

Head of the Accounting Department



THE BANK'S AND CONSOLIDATED BALANCE SHEET 31 DECEMBER 2021

Item	Note VIII	The Group		The Bank	
		As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
LIABILITIES:					
Borrowings from central bank	19	39,538,115	28,861,309	38,699,752	28,028,783
Due to banks and other financial institutions	20	4,927,959	7,325,906	9,681,577	13,168,883
Placements from banks and other financial institutions	21	34,902,156	42,369,245	10,871,421	19,774,054
Financial liabilities at fair value through profit or loss		46,699	20,680	46,699	20,680
Derivative financial liabilities	4	1,047,230	912,780	1,047,230	912,780
Financial assets sold under repurchase agreements	22	29,173,075	36,680,502	29,173,075	36,680,502
Customer deposits	23	855,366,636	763,616,513	827,549,571	737,823,475
Employee benefits payables	24	2,866,592	2,743,854	2,585,970	2,539,984
Tax payables	25	1,528,359	1,221,191	1,418,654	1,215,756
Debt securities issued	26	85,313,202	87,683,730	85,313,202	87,683,730
Lease liabilities	15	630,197	N/A	521,571	N/A
Provisions	27	339,439	565,323	339,439	565,323
Other liabilities	28	5,365,165	4,503,755	3,133,173	2,480,228
TOTAL LIABILITIES		1,061,044,824	976,504,788	1,010,381,334	930,894,178
SHAREHOLDERS' EQUITY:					
Share capital	29	9,644,444	8,680,000	9,644,444	8,680,000
Capital reserve	30	16,495,416	8,947,939	16,784,499	9,219,974
Other comprehensive income	31	1,631,197	776,169	1,631,197	776,169
Surplus reserve	32	24,278,035	20,935,430	23,877,675	20,612,301
General risk reserve	33	11,909,737	10,207,445	11,412,670	9,772,127
Retained earnings	34	29,809,274	27,663,861	29,143,939	27,161,873
Equity attributable to shareholders of the Bank		93,768,103	77,210,844		
Non-controlling interests		3,563,334	3,261,052		
TOTAL SHAREHOLDERS' EQUITY		97,331,437	80,471,896	92,494,424	76,222,444
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,158,376,261	1,056,976,684	1,102,875,758	1,007,116,622

The accompanying notes form part of the financial statements.

THE BANK'S AND CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

Item	Note VIII	The Group		The Bank	
		Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
I. Operating income		24,164,319	22,039,556	22,243,793	20,250,061
Net interest income	35	19,370,723	17,870,875	17,364,603	15,990,386
Interest income	35	41,075,496	37,092,698	37,696,569	34,171,875
Interest expense	35	(21,704,773)	(19,221,823)	(20,331,966)	(18,181,489)
Net fee and commission income	36	2,166,225	2,332,148	2,208,531	2,376,479
Fee and commission income	36	2,434,089	2,626,265	2,464,209	2,664,146
Fee and commission expense	36	(267,864)	(294,117)	(255,678)	(287,667)
Investment income	37	1,411,877	1,386,169	1,491,873	1,439,473
of which: Share of profit of associates		40,635	-	40,635	-
Income from derecognition of financial assets at amortised cost		-	1	-	1
Other income	38	53,726	39,273	23,282	33,871
Gain from changes in fair value	39	678,404	314,707	678,404	314,707
Exchange gain	40	272,683	50,970	272,683	50,970
Other operating income		66,163	37,793	59,635	36,690
Gains from disposal of assets	41	144,518	7,621	144,782	7,485
II. Operating expenses		(11,996,390)	(12,208,801)	(10,937,741)	(11,054,470)
Taxes and levies	42	(264,188)	(241,509)	(246,146)	(228,654)
General and administrative expenses	43	(7,221,524)	(6,343,560)	(6,537,780)	(5,766,145)
Losses of credit impairment	44	(4,498,459)	(5,607,776)	(4,142,814)	(5,044,485)
Gains from impairment of assets		3,016	-	3,105	-
Other operating expense		(15,235)	(15,956)	(14,106)	(15,186)
III. Operating income		12,167,929	9,830,755	11,306,052	9,195,591
Add: Non-operating income	45	53,756	118,517	45,675	98,262
Less: Non-operating expenses	46	(43,475)	(48,810)	(40,980)	(44,149)
IV. Profit before tax		12,178,210	9,900,462	11,310,747	9,249,704
Less: Income tax expenses	47	(2,131,291)	(1,481,889)	(1,915,208)	(1,324,802)
V. Net profit		10,046,919	8,418,573	9,395,539	7,924,902
(I) Categorized by the continuity of operation					
1. Net profit in continued operations		10,046,919	8,418,573	9,395,539	7,924,902
2. Net profit in discontinued operations		-	-	-	-
(II) Categorized by ownership of equity					
1. Net profit attributable to shareholders of the Bank		9,697,866	8,160,671		
2. Profit or loss attributable to non-controlling interests		349,053	257,902		

The accompanying notes form part of the financial statements.

THE BANK'S AND CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

Item	Note VIII	The Group		The Bank	
		Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
VI. Earnings per share					
Basic earnings per share (RMB)		1.08	0.94		
Diluted earnings per share (RMB)		N/A	N/A		
VII. Other comprehensive income/(loss), net of tax	31	855,028	(450,507)	855,028	(450,507)
Other comprehensive income/(loss) attributable to shareholders of the Bank, net of tax		855,028	(450,507)		
(I) Other comprehensive income that cannot 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		1,134,853	(503,310)	1,134,853	(503,310)
2. Accumulated provision for credit loss of financial assets classified as at fair value through other comprehensive income		(276,358)	52,803	(276,358)	52,803
3. Other comprehensive income that will be reclassified to profit or loss under the equity method		(3,467)	-	(3,467)	-
Other comprehensive income attributable to non-controlling interests, net of tax		-	-		
VIII. Total comprehensive income		10,901,947	7,968,066	10,250,567	7,474,395
Total comprehensive income attributable to shareholders of the Bank		10,552,894	7,710,164		
Total comprehensive income attributable to non-controlling interests		349,053	257,902		

The accompanying notes form part of the financial statements.

THE BANK'S AND CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

Item	Note VIII	The Group		The Bank	
		Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
I. Cash flows from operating activities:					
Net increase in customer deposits and due to banks and other financial institutions		86,800,232	73,309,201	83,846,791	71,515,180
Net decrease in balances with central bank and due from banks and other financial institutions		3,869,222	7,461,132	1,863,256	6,023,922
Net increase in borrowings from central bank		10,572,762	14,816,351	10,566,801	14,377,657
Net increase in placements from banks and other financial institutions		-	10,120,094	-	4,847,105
Interest received		34,223,621	30,484,421	30,917,495	27,146,309
Fee and commission received		2,547,836	2,779,133	2,566,687	2,795,628
Cash received relating to other operating activities		3,987,685	225,904	3,774,094	199,141
Sub-total of cash inflows from operating activities		142,001,358	139,196,236	133,535,124	126,904,942
Net increase in loans and advances to customers		(83,487,022)	(64,940,251)	(80,501,478)	(62,422,470)
Net payment for lease assets		(3,638,446)	(6,549,921)		
Net increase in financial assets purchased under resale agreements		(10,494,491)	(2,162,795)	(11,088,691)	(1,268,595)
Net decrease in financial assets sold under repurchase agreement		(7,501,925)	(17,753,654)	(7,501,925)	(17,753,654)
Net increase in held-for-trading financial assets		(2,370,496)	(17,798,067)	(2,370,496)	(17,798,067)
Net decrease in placements from banks and other financial institutions		(7,165,733)	-	(8,890,984)	-
Net increase in placements with banks and other financial institutions		(283,049)	(13,780,800)	(810,154)	(14,780,800)
Interest paid		(17,057,293)	(15,513,160)	(15,558,513)	(14,791,942)
Fee and commission paid		(267,864)	(294,117)	(255,678)	(287,667)
Cash payments to and on behalf of employees		(4,644,670)	(3,949,975)	(4,256,786)	(3,617,774)
Payments of various types of taxes		(4,718,629)	(4,887,643)	(4,178,010)	(4,329,270)
Cash paid relating to other operating activities		(1,519,221)	(5,406,349)	(1,362,991)	(5,399,693)
Sub-total of cash outflows from operating activities		(143,148,839)	(153,036,732)	(136,775,706)	(142,449,932)
Net cash flows used in operating activities	48(1)	(1,147,481)	(13,840,496)	(3,240,582)	(15,544,990)

The accompanying notes form part of the financial statements.

THE BANK'S AND CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

Item	Note VIII	The Group		The Bank	
		Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
II. Cash flows from investing activities:					
Cash received from disposal of investments		100,255,949	97,655,305	100,225,994	94,055,865
Cash received from returns on investments		10,212,444	9,373,749	10,243,460	9,411,029
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		188,340	10,928	187,365	11,658
Sub-total of cash inflows from investing activities		110,656,733	107,039,982	110,656,819	103,478,552
Cash paid to acquire investments		(101,796,574)	(119,002,726)	(100,636,574)	(114,602,726)
Net cash paid to acquire subsidiaries, joint ventures or associates		-	(355,167)	(85,000)	(355,167)
Cash paid to acquire or construct fixed assets, intangible assets and other long-term assets		(784,478)	(765,279)	(734,712)	(664,085)
Sub-total of cash outflows from investing activities		(102,581,052)	(120,123,172)	(101,456,286)	(115,621,978)
Net cash flows from/ (used in) investing activities		8,075,681	(13,083,190)	9,200,533	(12,143,426)
III. Cash flows from financing activities:					
Cash receipts from issue of bonds		-	10,000,000	-	10,000,000
Cash receipts from interbank negotiable certificates of deposit issued		122,862,683	137,421,604	122,862,683	137,421,604
Cash receipts from capital contributions		8,543,969	-	8,528,969	-
Including: Cash receipts from capital contributions from minority owners of subsidiaries		15,000	-		
Sub-total of cash inflows from financing activities		131,406,652	147,421,604	131,391,652	147,421,604
Cash repayments of borrowings		(125,233,211)	(107,684,670)	(125,233,211)	(107,684,670)
Cash repayments of lease liabilities		(269,768)	N/A	(228,500)	N/A
Cash payments for distribution of dividends or profits or settlement of interest expenses		(4,861,304)	(3,750,704)	(4,782,485)	(3,697,619)
Sub-total of cash outflows from financing activities		(130,364,283)	(111,435,374)	(130,244,196)	(111,382,289)
Net cash flows from financing activities		1,042,369	35,986,230	1,147,456	36,039,315
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(87,797)	(566,066)	(87,797)	(566,066)
V. Net increase in cash and cash equivalents		7,882,772	8,496,478	7,019,610	7,784,833
Add: Cash and cash equivalents at the beginning of the year		25,822,301	17,325,823	23,788,080	16,003,247
VI. Cash and cash equivalents at the end of the year	48(2)	33,705,073	25,822,301	30,807,690	23,788,080

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Item	Year ended 31 December 2021							
	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 2020	8,680,000	8,947,939	776,169	20,935,430	10,207,445	27,663,861	3,261,052	80,471,896
II. Changes for the year								
(I). Total comprehensive income	-	-	855,028	-	-	9,697,866	349,053	10,901,947
(II). Owners' invested capital	964,444	7,564,525	-	-	-	-	15,000	8,543,969
1. Owners' invested capital	964,444	7,564,525	-	-	-	-	15,000	8,543,969
(III). Profit distribution	-	-	-	3,342,605	1,702,292	(7,552,453)	(78,819)	(2,586,375)
1. Transfer to surplus reserve	-	-	-	3,342,605	-	(3,342,605)	-	-
2. Transfer to general risk reserve	-	-	-	-	1,702,292	(1,702,292)	-	-
3. Distributions to shareholders	-	-	-	-	-	(2,507,556)	(78,819)	(2,586,375)
(IV). Others	-	(17,048)	-	-	-	-	17,048	-
III. Balance at 31 December 2021	9,644,444	16,495,416	1,631,197	24,278,035	11,909,737	29,809,274	3,563,334	97,331,437
	Year ended 31 December 2020							
Item	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). Owners' invested capital	-	-	-	-	-	-	-	-
1. Owners' 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 risk reserve	-	-	-	-	566,369	(566,369)	-	-
3. Distributions to shareholders	-	-	-	-	-	(1,649,200)	(53,085)	(1,702,285)
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

The accompanying notes form part of the financial statements.

BANK'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Item	Year ended 31 December 2021						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total shareholders' equity
I. 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
II. Changes for the year							
(I). Total comprehensive income	-	-	855,028	-	-	9,395,539	10,250,567
(II). Owners' invested capital	964,444	7,564,525	-	-	-	-	8,528,969
1. Owners' invested capital	964,444	7,564,525	-	-	-	-	8,528,969
(III). Profit distributions	-	-	-	3,265,374	1,640,543	(7,413,473)	(2,507,556)
1. Transfer to surplus reserve	-	-	-	3,265,374	-	(3,265,374)	-
2. Transfer to general risk reserve	-	-	-	-	1,640,543	(1,640,543)	-
3. Distributions to shareholders	-	-	-	-	-	(2,507,556)	(2,507,556)
III. Balance at 31 December 2021	9,644,444	16,784,499	1,631,197	23,877,675	11,412,670	29,143,939	92,494,424

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). Owners' invested capital	-	-	-	-	-	-	-
1. Owners' 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)
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

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. According to the Approval of the China Securities Regulatory Commission on the Initial Public Offering of Shares of Shanghai Rural Commercial Bank Co., Ltd. (Zheng Jian Xu Ke No.2038 [2021]), the Bank was listed on the Shanghai Stock Exchange on 19 August 2021 under the stock code 601825. As at 31 December 2021, the Company has 964,444,445 ordinary share, with a par value of RMB1 each.

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 29 April 2022.

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".

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. In addition, the Group discloses

relevant financial information in accordance with the "Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reporting (2014 Revision)".

Going concern

The Group has evaluated its ability to continue as a going concern for 12 months since 31 December 2021, 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;
- 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 positions as of 31 December 2021, and the Bank's and consolidated results of operations, the Bank's and consolidated changes in shareholders' equity and the Bank's and consolidated 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 includes 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 Determination 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 Classification, recognition and measurement of financial liabilities

8.4.1 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.

8.4.2 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.

8.4.2.1 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.

8.5 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.

8.6 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.

8.7 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.

8.8 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. Long-term equity investments

10.1 Basis for determining 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. 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.

10.2 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.

10.3 Subsequent measurement and the recognition of profit or loss

10.3.1 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.

10.3.2 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.

10.4 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.

11. Fixed assets

11.1 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.

11.2 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 assets were already of the age and in the condition expected at the end of its useful life.

11.3 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.

12. 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.

13. Intangible assets

13.1 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.

13.2 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.

14. 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.

15. 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.

16. Employee benefits

16.1 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.

16.2 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.

16.3 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 associated with the restructuring related to the payment of termination benefits.

17. Assets transferred under repurchase agreements

17.1 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.

17.2 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.

18. 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.

19. 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.

20. Fee and commission income

The Group receives fees and commission from the rendering of various services to its customers. The Group recognizes revenue based on transaction price allocated to the performance obligation when the Group satisfies a performance obligation in the contract, namely, when the customer obtains control over relevant goods or services. Performance obligation is a commitment that the Group transfers a distinct good or service to a customer in the contract. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer.

If one of the following criteria is met and it is a performance obligation performed over a period of time, the Group recognizes the revenue within a certain period of time according to the progress of the performance:

- (1) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (2) the customer is able to control over the service as the Group performs;
- (3) 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the service.

21. Categories and accounting treatment of 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.

21.1 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.

22. Income tax

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

22.1 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.

22.2 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.

22.3 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.

23. 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 proportionately over the period the service is provided, but the risk of loss is borne by the third-party lenders.

24. Leases

A lease is a contract whereby the lessor conveys to the lessee in return for a consideration the right to use an asset for an agreed period of time.

The Group assesses whether a contract is or contains a lease at inception date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

24.1 The Group as lessee

24.1.1 Separating components of a lease

If the contract contains one or more lease and non-lease components, the Group will separate the individual lease and non-lease components and allocate contract consideration according to the relative proportion of the sum of the stand-alone prices of the lease components and the stand-alone prices of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease components for building, transportation equipment, electronic equipment and other equipment and instead accounts for the lease components and any associated non-lease components as a single lease.

24.1.2 Right-of-use assets

Except for short-term leases and leases of low-value assets, at the commencement date of the lease, the Group recognizes a right-of-use asset. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use by the Group. The Group measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group;

The Group depreciates right-of-use assets by reference to the relevant depreciation provisions of Accounting Standards for Business Enterprises No. 4 - Fixed Assets. The right-of-use assets are depreciated over the remaining useful lives of the leased assets where the Group is reasonably certain to obtain ownership of the underlying assets at the end of the lease term. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful lives of the leased assets.

The Group determines whether the right-of-use assets are impaired, and accounts for the impairment loss identified (if any) in accordance with Accounting Standards for Business Enterprises No. 8 - Impairment of Assets.

24.1.3 Lease liabilities

Except for short-term leases and leases of low-value assets, at the commencement date of the lease, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate. The Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.

Lease payments refer to payments relating to the right to use leased assets during the lease term which are made by the Group to the lessor, including:

- fixed payments and in-substance fixed payments, less any lease incentives receivable (if any);
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease; and
- amounts expected to be paid under residual value guarantees provided by the Group.

After the commencement date of the lease, the Group calculates interest expenses of lease liabilities for each period of the lease term based on fixed periodic rate, and recognizes such expenses in profit or loss or cost of related assets.

After the commencement date of the lease, the Group re-measures the lease liabilities and adjusts the right-of-use assets accordingly in the following cases. If the book value of the right-of-use asset has been reduced to zero, but the lease liability needs to be reduced further, the Group will recognize the difference in profit or loss for the period:

- there is a change in the lease term, or in the assessment of an option to purchase the underlying asset, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- there is a change in the amounts expected to be payable under a residual value guarantee, or in future lease payments resulting from a change in an index or a rate used to determine those payments, in which case the related lease liability is remeasured by discounting the revised lease payments using the unchanged discount rate.

24.1.4 Short-term leases and leases of low-value assets

The Group chooses not to recognize right-of-use assets and lease liabilities for short-term leases of building, electronic equipment, transportation equipment, and other equipment and leases of low-value assets. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain a call option. A lease of low-value assets, is a lease that the single underlying asset, when is new, is of low value. The Group shall recognize the lease payments associated with short-term leases and leases of low-value assets in profit or loss or cost of related assets on a straight-line basis over the lease term.

24.1.5 Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the lease modification expanded the scope of the lease by adding the right-of-use of one or more lease assets; and
- the increased consideration is equivalent to the amount of stand-alone price of the expanded lease scope adjusted according to the contract.

If the lease modification is not accounted for as an individual lease, on the effective date of the lease modification, the Group reallocates the consideration of the contract after the change, re-determines the lease term, and re-measures lease liabilities based on the changed lease payments and the present value calculated by the revised discount rate.

If the lease modification results in a reduction in the lease scope or lease term, the carrying amount of the right-of-use assets will be reduced, and the gains or losses relevant to the lease partially or fully terminated will be included in profit or loss for the period; for other lease modifications resulting in the remeasurement of lease liabilities, the carrying amount of right-of-use assets is adjusted accordingly.

24.2 The Group as lessor

24.2.1 Separating components of a lease

For a contract that contains lease components and non-lease components, the Group allocates the contract consideration in accordance with the Accounting Standards for Business Enterprises No. 14 - Revenue on apportionment of transaction prices, based on the respective stand-alone prices of the lease components and the non-lease components.

24.2.2 Classification of a lease

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

24.2.3 The Group as lessor under operating leases

Receipts of lease under operating leases are recognized as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs related to operating leases incurred by the Group are capitalized when incurred, and are recognized in profit or loss for the current period on the same basis as recognition of rental income over the lease term.

Variable lease receipts acquired by the Group in connection with operating leases that are not included in the lease receipts are recognized in profit or loss when incurred.

24.2.4 The Group as lessor under finance leases

At the commencement date, the Group recognizes a finance lease receivable at the amount equal to the net investment in the lease with finance lease assets derecognized. The net investment in the lease is the sum of any unguaranteed residual value and lease receipts from the commencement date, discounted at the interest rate implicit in the lease.

The receipts of the lease refer to the amount that the Group should collect from the lessee for the transfer of the right to use leased assets during the lease term, including:

- fixed payments (including in-substance fixed payments) paid by the lessee, less any lease incentives;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option, provided that it is reasonably determined that the lessee will exercise the option;
- the amount to be paid by the lessee to exercise the option to terminate the lease, provided that the lease term reflects the lessee's exercise of the option to terminate the lease;
- the residual value of the guarantee provided by the lessee, the party concerned with the lessee and the independent third party with the financial ability to perform the guarantee obligation.

The variable lease receipts that are not included in the measurement of net investment in lease are recognized in profit or loss when incurred.

The Group calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate.

24.3 Sale and leaseback transactions

24.3.1 The Group as buyer-lessor

If the transfer of an asset in a sale and leaseback transaction does not constitute a sale, the Group does not recognize the transferred asset but a financial asset equal to the transfer proceeds in amount, and accounts for such financial asset under the Accounting Standards for Business Enterprises No. 22 - Financial Instruments: Recognition and Measurement. If the transfer of an asset constitutes a sale, the Group accounts for the purchase of the asset in accordance with other applicable Accounting Standards for Business Enterprises and accounts for the lease of the asset.

25. Capital for debt payment

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

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

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

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

IV. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of the Group's accounting policies, which are described in Note III, the Group are required to make judgments, estimate and assumption about the carrying amounts of items in the financial statements that cannot be measured accurately due to the inherent uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or if is recognised in the period of the change and future periods, if the change affects both.

As at the balance sheet date, the management has made critical judgements, estimates and assumptions in respect of the carrying amount of the following items presented in the financial statements:

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 mainly include: internal rating, their solvency and overdue days of the loans. 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 XII.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 Lease Standards

The Group has adopted Accounting Standards for Business Enterprises No.21 - Leases ("New Lease Standards", the Lease Standards before this revision referred to as the "Original Lease Standards") revised by the MoF in 2018 since 1 January 2021 (the "first implementation date"). The New Lease Standards improve the definition of a lease and add the identification, separation and combination of a lease; cancel the classification of the operating lease and finance lease of a lessee, require to recognise right-of-use assets and lease liabilities of all leases other than short-term leases and leases of low value assets at the commencement date of the lease, and recognise depreciation and interest expense

respectively; improve subsequent measurement of leases by the lessee, add the accounting treatment under circumstances of option re-evaluation and lease modification, and also the relevant disclosure requirements. In addition, the New Lease Standards enrich disclosures by a lessor. The revised accounting policies on the recognition and measurement of leases with the Group as a lessee and lessor are set out in Note III.

For contracts that existed before the first implementation date, the Group chose not to re-assess whether they were leases or contained leases on the first implementation date.

The Group as a lessee

The Group adjusts the amount of retained earnings and other related items in the financial statements at the first implementation date based on the cumulative effect of the initial application of the New Lease Standards, and does not adjust the information of comparable period.

For operating leases in addition to leases of low value assets before the first implementation date, the Group adopts one or more simplified methods below for each lease:

- Leases expected to be completed within 12 months after the first implementation date, are treated as short-term leases;
- When determining lease liabilities, the same discount rate will be used for leases with similar characteristics;
- The measurement of right-of-use assets does not include initial direct costs;
- For leases with options to extend or terminate, the Group determines the lease term based on the actual exercise of options before the first implementation date and other most updated information;
- As a substitute of impairment test for right-of-use assets, the Group applies Accounting Standards for Business Enterprises No. 13 - Contingencies, to assess if the contract containing a lease is a loss contract and adjust the right-of-use assets based on the loss allowance included in the balance sheet before the first implementation date;
- For lease modifications before the first implementation date, the Group makes accounting treatments based on the final lease arrangements after the lease modification.

On the first implementation date, the Group makes following adjustments due to adoption of the New Lease Standards:

For operating leases existed before the first implementation date, the lease liabilities are measured at the present value of the remaining lease payment, discounted using the lessee's incremental borrowing rate at the first implementation date, and a right-of-use assets is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid lease payment.

As at 1 January 2021, the Group recognised lease liabilities of RMB725,217 thousand, and right-of-use assets of RMB786,367 thousand. For operating leases existed before the first implementation date, the Group measures the lease liabilities at the present value of the lease payments discounted using the incremental borrowing rate at the first implementation date. The

weighted average borrowing rate thereof is 3.59%.

The reconciliation between lease liabilities recognised as at 1 January 2021 and the significant operating lease commitment disclosed in the financial statements for the year of 2020 are as follows:

Item	Amount
Non-cancellable operating lease commitment at 31 December 2020	838,171
Lease liabilities discounted at the incremental borrowing rate of the first implementation date	723,316
Add: Reasonably determined options to be exercised for lease renewal	2,062
Less: Short-term leases	(99)
Leases of low value assets	(62)
Lease liabilities arising from operating lease	725,217
Lease liabilities at 1 January 2021	725,217
Including: Lease liabilities due within one year	2,062

As at 1 January 2021, the carrying amount of the Group's right-of-use assets is as follows:

Item	1 January 2021
Right-of-use assets recognized in respect of operating leases before the first implementation date	725,217
Add: Reclassification of prepaid lease payments	61,150
Less: Accrued lease payments	-
Carrying amount of right-of-use assets at 1 January 2021	786,367

As at 1 January 2021, the Group's right-of-use assets by category are as follows:

Item	1 January 2021
Building	777,636
Electronic equipment	567
Transportation equipment	108
Other equipment	8,056
Total	786,367

The Group as a lessor

In accordance with the transition provisions of the New Lease Standards, the Group doesn't need to adjust the leases for which the Group is the lessor or restate the comparative information as at the first implementation date.

Sale and leaseback transactions

For sales and leaseback transactions that existed before the first implementation date, the Group chooses not to make reassessment as at the first implementation date. For sales and leaseback transactions after the first implementation date, if the transfer of assets does not constitute a sale, the Group as buyer-lessor does not recognize the transferred asset. In such transactions, the

buyer-lessor have the obligation or right to repurchase the assets, therefore, the assets are accounted as the financing arrangements in accordance with the standards for financial instruments and the corresponding receivables from sale and leaseback transactions are presented as "Long-term receivables" in the balance sheet.

The impact of implementing the New Lease Standards on relevant items in the Group's balance sheet as at 1 January 2021 is as follows:

Item	Carrying amount 31 December 2020	Impact of New Lease Standards	Carrying amount under New Lease Standards 1 January 2021
Assets			
Right-of-use assets	N/A	786,367	786,367
Other assets	4,202,071	(61,150)	4,140,921
Liabilities			
Lease liabilities	N/A	725,217	725,217

The impact of the Group's application of the New Lease Standard as a lessor on the relevant items in the financial statements for the current period as compared to the impact under the Original Lease Standard is as follows:

Balance sheet

Item	Carrying amount under New Lease Standards 31 December 2021	Adjustment	Carrying amount under Original Lease Standards 31 December 2021
Finance lease receivables	17,822,507	14,086,457	31,908,964
Long-term receivables	14,086,457	(14,086,457)	-

Note: The adjustment relates to the sale and leaseback transactions that do not meet the criteria for sales under ASBE No. 14 - Revenue. Under the Original Lease Standards, receivables from sale and leaseback transactions are presented as finance lease receivables. The amount involved in the reclassification is RMB14,086,457 thousand.

2. Interpretation No.14 of the Accounting Standards for Business Enterprises

The Ministry of Finance issued the Interpretation No. 14 of the Accounting Standards for Business Enterprises (hereinafter referred to as the "Interpretation No.14") on 2 February 2021, which stipulates the accounting treatment for the changes in the basis for determining the contractual cash flows as a result of the benchmark interest rate reform.

Accounting treatment for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform, if and only if the basis for determining the contractual cash flows of a financial asset or liability for which the interest income or expense is determined by using the effective interest rate method changes as a direct consequence of the interest rate benchmark reform, and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Group updates the effective interest rate based on the revised future cash flows only resulted from the benchmark interest rate reform by reference to the accounting treatment of floating rate changes and makes accounting treatments on this basis subsequently.

In addition to the above changes, for other changes made to financial assets or financial liabilities for which interest income or expense is determined by using the effective interest rate method, the Group accounts for the changes required by the interest rate benchmark reform in accordance with the above requirements, and assesses whether the such other changes result in derecognition of the financial assets or financial liabilities in accordance with the requirements of ASBE No.22 - "Recognition and Measurement of Financial Instruments".

According to the Interpretation No.14, the Group accounts for the new businesses related to the benchmark interest rate reform starting from 1 January 2021 to the effective date of the Interpretation No. 14 in accordance with the provisions of Interpretation No. 14. For businesses related to the benchmark interest rate reform before 31 December 2020, the Group assessed that the adoption of such provisions does not have a material impact on the Group's 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	Turnover tax	3%
Local education surcharge	Turnover tax	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 of the Bank 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%.

19 village banks of Shenzhen, Lianyuan, Liling, Huaiyin, Changqing, Taian, Linqing, Rizhao, Liaocheng, Gejiu, Baoshan, Mengzi, Mile, Ruili, Lincang, Kaiyuan, Guandu, Ningxiang and Chiping, which are controlled by the Bank, applied an urban maintenance and construction tax rate of 7%. According to the Notice of Beijing Municipal Civil Affairs Bureau on Specifying the Specific Location of the Taxpayers of Urban Maintenance and Construction Tax in Beijing (Jing Cai Shui No.1770 [2021]), the urban maintenance and construction tax rate applicable to the village banks of the Bank in Beijing was adjusted from 5% to 7% since 1 September 2021. According to the "Announcement of Shanghai Municipal Bureau of Finance, State Administration of Taxation and Shanghai Municipal Taxation Bureau on Matters related to the Levy of Urban Maintenance and Construction Tax" (Hu Cai Fa No.5 [2021]), the urban maintenance and construction tax rate applicable to Chongming Village Bank which is controlled by the Bank was adjusted from 1% to 5% since 1 September 2021. The other 14 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%.

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 2021		
			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. (Note 5)	Shandong	Financial Industry	150,000	73.67	73.67
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.	Yunnan	Financial Industry	100,000	51.00	51.00
Shenzhen Guangming Shanghai Village Bank Co., Ltd. (Note2)	Shenzhen	Financial Industry	200,000	41.65	61.65
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 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. (Note 5)	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 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.	Yunnan	Financial Industry	100,000	51.00	51.00
Shenzhen Guangming Shanghai Village Bank Co., Ltd. (Note2)	Shenzhen	Financial Industry	200,000	41.65	61.65
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 51.00% of its equity and voting rights. In December 2012, this subsidiary changed its name into Shanghai Chongming Village Bank Co., Ltd. As at 31 December 2012, the Bank's shareholding percentage of this subsidiary has dropped to 48.45%. As at 3 May 2012, 14 shareholders of the subsidiary signed an entrustment agreement with the Bank, through which they authorised the Bank to excise their voting rights, totalling 1.65% of this subsidiary's voting rights. Such agreement will be automatically renewed upon the expiration of entrust term if both parties of the agreement have no objection. As the Bank still has actual control over this subsidiary, the Bank includes it in the scope of the consolidated financial statements.

Note 2: In December 2012, the Bank established Shenzhen Guangming Shanghai Village Bank Co., Ltd. owning 41.56% of its equity and voting rights. It obtained a business license on 27 December 2012 and began formal operations in early 2013. BaYanNaoEr HeTao Rural Commercial Bank Co., Ltd. signed an entrustment agreement with the Bank on 4 December 2012, and authorised the Bank to exercise the 10% voting rights held by BaYanNaoEr HeTao Rural Commercial Bank Co., Ltd. The entrustment agreement will be automatically renewed upon the expiration of entrust term if both parties of the agreement have no objection. On 7 December 2012, China Gold Coin Shenzhen Distribution Center signed an agreement of concerted action with the Bank to commit that it will take concerted action with the Bank during the shareholders' meeting when it exercises its 10.00% voting right. The agreement of concerted action will be valid for the duration of the village bank. The Bank still has actual control over this subsidiary, thus including it in the scope of the consolidated financial statements.

Note 3: According to "China Banking Regulatory Commission Shanghai Banking Regulatory Bureau's Approval of the Capital Increase from Shanghai Rural Commercial Bank to Three Shanghai Rural Commercial Village Banks in Shandong Province", as at 30 March 2018, the Shandong Ningyang County Village Bank Co., Ltd., Shandong Rizhao Economic Development District Village Bank Co., Ltd. and Shandong 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 thousand, RMB 27,270 thousand and RMB 50,840 thousand 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 thousand, RMB57,970 thousand, RMB74,860 thousand, RMB19,776 thousand, RMB18,045 thousand, RMB31,326 thousand, RMB7,284 thousand, RMB124,769 thousand, RMB138,002 thousand and RMB30,386 thousand. 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: According to the Approval of the China Banking and Insurance Regulatory Commission Liaocheng Sub-office on the Targeted Equity Offering Program of Shandong Linqing County Village Bank Co., Ltd. and the Approval of China Banking and Insurance Regulatory Commission Shandong Office on the Change of Equity of Shandong Linqing County Village Bank Co., Ltd., as at 24 December 2021, Shandong Linqing County Village Bank Co., Ltd. has received the additional registered capital (paid-in capital) in cash contributed by the Bank and Linqing State-owned Assets Management Co., Ltd., amounting to RMB85,000 thousand and RMB15,000 thousand, respectively. After the change of registered capital (paid-in capital), the Bank's shareholding proportion in this village bank is 73.67%.

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 2021 and 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

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS

1. Cash and balances with central bank

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Cash on hand	1,587,229	1,876,129	1,489,628	1,779,004
Statutory deposit reserves with central bank	53,714,628	56,851,348	52,249,170	54,112,428
Excess reserves with central bank	14,453,621	7,182,487	12,016,219	6,113,682
Other deposits with central bank	488,494	94,995	458,790	84,942
Accrued interest	31,854	30,102	31,154	29,338
Total	70,275,826	66,035,061	66,244,961	62,119,394

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 2021, the statutory deposit reserve fund of the Bank for eligible RMB deposits is calculated at 6.5% (31 December 2020: 7.5%), and for foreign currency deposits, the statutory deposit reserve fund is calculated as 9% (31 December 2020: 5%). At 31 December 2021, the statutory deposit reserve funds of subsidiaries are calculated at 5% for eligible RMB deposits (31 December 2020: 5% or 6%). 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 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Deposits with domestic financial institutions	19,981,249	13,037,982	16,675,074	8,538,688
Deposits with overseas financial institutions	1,167,979	8,271,765	1,167,979	8,271,765
Accrued interest	45,557	71,468	9,483	2,855
Sub-total	21,194,785	21,381,215	17,852,536	16,813,308
Less: Loss allowances for deposits with other financial institutions	(17,096)	(14,750)	(14,831)	(11,433)
Total	21,177,689	21,366,465	17,837,705	16,801,875

In 2021 and 2020, 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 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Placements with banks and other financial institutions at amortised cost	59,460,294	56,052,273	61,960,294	58,052,273
Accrued interest of placements with banks and other financial institutions at amortised cost	589,730	598,949	646,245	630,795
Less: Loss allowance for placements with banks and other financial institutions at amortised cost	(42,217)	(80,289)	(45,198)	(85,592)
Sub-total	60,007,807	56,570,933	62,561,341	58,597,476
Placements with banks and other financial institutions at FVTOCI	899,011	4,000,476	899,011	4,000,476
Accrued interest of placements with banks and other financial institutions at FVTOCI	12,609	104,174	12,609	104,174
Sub-total	911,620	4,104,650	911,620	4,104,650
Total	60,919,427	60,675,583	63,472,961	62,702,126

3.1 Analysis by the nature of counterparty

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Placements with domestic banks	3,414,468	6,004,886	3,414,468	6,004,886
Placements with overseas banks	19,445,826	12,547,387	19,445,826	12,547,387
Placements with other domestic financial institutions	37,499,011	41,500,476	39,999,011	43,500,476
Accrued interest	602,339	703,123	658,854	734,969
Sub-total	60,961,644	60,755,872	63,518,159	62,787,718
Less: Loss allowance for placements with banks and other financial institutions	(42,217)	(80,289)	(45,198)	(85,592)
Total	60,919,427	60,675,583	63,472,961	62,702,126

3.2 Credit risk and expected credit loss of placements with banks and other financial institutions

Item	The Group			
	As at 31 December 2021			
	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	60,050,024	-	-	60,050,024
Less: Allowance for impairment losses	(42,217)	-	-	(42,217)
Carrying amount of placements with banks and other financial institutions at amortised cost	60,007,807	-	-	60,007,807
Placements with banks and other financial institutions at FVTOCI	911,620	-	-	911,620
Accumulated loss allowance for placements with banks and other financial institutions at FVTOCI	(761)	-	-	(761)

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 Bank			
	As at 31 December 2021			
	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	62,606,539	-	-	62,606,539
Less: Allowance for impairment losses	(45,198)	-	-	(45,198)
Carrying amount of placements with banks and other financial institutions at amortised cost	62,561,341	-	-	62,561,341
Placements with banks and other financial institutions at FVTOCI	911,620	-	-	911,620
Accumulated loss allowance for placements with banks and other financial institutions at FVTOCI	(761)	-	-	(761)

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)

In 2021 and 2020, 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 2021		
	Notional amount	Fair value	
Assets		Liabilities	
Exchange rate derivatives	52,448,729	73,100	(44,804)
Interest rate derivatives	178,553,489	759,196	(836,183)
Precious metal derivatives	26,722,460	227,878	(166,243)
Credit risk mitigation	100,000	2,697	-
Total	257,824,678	1,062,871	(1,047,230)

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	-
Total	232,922,658	943,657	(912,780)

5. Financial assets purchased under resale agreements

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Bonds	46,943,538	36,449,048	46,643,539	35,554,848
Accrued interest	31,517	33,857	31,377	33,471
Sub-total	46,975,055	36,482,905	46,674,916	35,588,319
Less: Loss allowance	(48,272)	(53,629)	(48,272)	(53,629)
Total	46,926,783	36,429,276	46,626,644	35,534,690

In 2021 and 2020, 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 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Total loans and advances to customers at amortised cost	539,033,914	467,935,880	520,263,095	452,130,465
Accrued interest of loans and advances to customers at amortised cost	1,054,889	908,943	1,014,856	877,378
Sub-total	540,088,803	468,844,823	521,277,951	453,007,843
Less: Loss allowance for loans	(25,647,014)	(21,564,168)	(24,814,793)	(20,642,623)
Carrying amount of loans and advances to customers at amortised cost	514,441,789	447,280,655	496,463,158	432,365,220
Loans and advances to customers at FVTOCI	70,577,100	62,736,755	70,577,100	62,736,755
Loans and advances to customers at FVTPL	3,965,552	-	3,965,552	-
Total	588,984,441	510,017,410	571,005,810	495,101,975

6.1.1 Loans and advances to customers at amortised cost

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Individual loans and advances to customers				
- Individual mortgage loans	117,571,923	109,633,763	111,304,270	103,006,872
- Individual business loans	33,735,325	13,513,937	26,406,649	9,332,513
- Individual consumption loans	36,410,522	26,597,946	34,915,189	25,427,263
- Credit cards	11,065,202	11,721,875	11,065,202	11,721,875
- Others	156,288	278,043	294	2,048
Sub-total	198,939,260	161,745,564	183,691,604	149,490,571
Corporate loans and advances to customers				
- Loans	340,089,718	306,190,316	336,566,555	302,639,894
- Discounted bills	4,936	-	4,936	-
Sub-total	340,094,654	306,190,316	336,571,491	302,639,894
Accrued interest of loans and advances to customers at amortised cost	1,054,889	908,943	1,014,856	877,378
Total loans and advances to customers at amortised cost	540,088,803	468,844,823	521,277,951	453,007,843
Less: Allowance for impairment losses				
Stage 1 (12-month expected credit loss)	(15,851,939)	(14,230,678)	(15,327,659)	(13,649,796)
Stage 2 (Lifetime expected credit loss)	(4,458,405)	(2,921,063)	(4,362,797)	(2,810,504)
Stage 3 (Lifetime expected credit loss - credit impaired)	(5,336,670)	(4,412,427)	(5,124,337)	(4,182,323)
Sub-total	(25,647,014)	(21,564,168)	(24,814,793)	(20,642,623)
Carrying amount of loans and advances to customers at amortised cost	514,441,789	447,280,655	496,463,158	432,365,220

6.1.2 Loans and advances to customers at FVTOCI

Item	The Group and the Bank	
	As at 31 December 2021	As at 31 December 2020
Corporate loans and advances to customers		
Trade financing	9,751,997	7,772,673
Discounted bills		
- Bank acceptance	49,132,592	42,829,506
- Trade acceptance	11,692,511	12,134,576
Sub-total	60,825,103	54,964,082
Carrying amount of loans and advances to customers at FVTOCI	70,577,100	62,736,755
Loss allowance for loans and advances to customers at FVTOCI		
Stage 1 (12-month expected credit loss)	(129,839)	(421,424)
Stage 2 (Lifetime expected credit loss)	(198)	-
Stage 3 (Lifetime expected credit loss - credit impaired)	(7,452)	-
Sub-total	(137,489)	(421,424)

6.1.3 Loans and advances to customers at FVTPL

Item	The Group and the Bank	
	As at 31 December 2021	As at 31 December 2020
Corporate loans and advances to customers		
Discounted bills	3,965,552	-
Carrying amount of loans and advances to customers at FVTPL	3,965,552	-

6.2 Credit risk and expected credit loss of loans and advances to customers

Item	The Group			
	As at 31 December 2021			
	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	505,986,346	27,916,357	6,186,100	540,088,803
Less: Allowance for impairment losses	(15,851,939)	(4,458,405)	(5,336,670)	(25,647,014)
Account balance of loans and advances to customers at amortised cost	490,134,407	23,457,952	849,430	514,441,789
Loans and advances to customers at FVTOCI	70,540,865	28,644	7,591	70,577,100
Loss allowance for loans and advances to customers at FVTOCI	(129,839)	(198)	(7,452)	(137,489)

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 amortised 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 advances to customers at FVTOCI	(421,424)	-	-	(421,424)

Item	The Bank			
	As at 31 December 2021			
	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	488,078,287	27,265,402	5,934,262	521,277,951
Less: Allowance for impairment losses	(15,327,659)	(4,362,797)	(5,124,337)	(24,814,793)
Account balance of loans and advances to customers at amortised cost	472,750,628	22,902,605	809,925	496,463,158
Loans and advances to customers at FVTOCI	70,540,865	28,644	7,591	70,577,100
Loss allowance for loans and advances to customers at FVTOCI	(129,839)	(198)	(7,452)	(137,489)

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 amortised 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 advances to customers at FVTOCI	(421,424)	-	-	(421,424)

6.3 Analysis by industry distribution (excluding accrued interest)

Industry	The Group			
	As at 31 December 2021	Percentage (%)	As at 31 December 2020	Percentage (%)
Real estate	109,382,038	17.83	105,096,582	19.80
Lease and business service	73,480,377	11.98	68,630,201	12.93
Manufacturing industry	66,518,728	10.84	55,183,334	10.40
Wholesale and retail	25,816,268	4.21	23,897,892	4.50
Transportation, warehousing and postal services	14,704,589	2.40	12,607,332	2.38
Construction industry	11,717,210	1.91	10,276,792	1.94
Information transmission, software and information technology services	11,306,480	1.84	9,670,924	1.82
Hotel and catering industry	6,565,206	1.07	3,494,061	0.66
Financial industry	5,683,433	0.93	5,595,943	1.05
Scientific research and technical services	3,906,675	0.64	1,927,391	0.36
Others	20,760,711	3.37	17,582,537	3.32
Discounted bills	64,795,591	10.56	54,964,082	10.36
Sub-total of corporate loans and advances to customers	414,637,306	67.58	368,927,071	69.52
Sub-total of individual loans and advances to customers	198,939,260	32.42	161,745,564	30.48
Total loans and advances to customers	613,576,566	100.00	530,672,635	100.00

Industry	The Bank			
	As at 31 December 2021	Percentage (%)	As at 31 December 2020	Percentage (%)
Real estate	109,371,145	18.39	105,085,639	20.40
Lease and business service	73,038,359	12.28	68,283,696	13.26
Manufacturing industry	65,481,462	11.01	54,037,725	10.50
Wholesale and retail	25,115,946	4.22	23,286,951	4.52
Transportation, warehousing and postal services	14,591,890	2.45	12,513,413	2.43
Information transmission, software and information technology services	11,255,239	1.89	9,627,206	1.87
Construction industry	11,246,930	1.89	9,860,530	1.92
Hotel and catering industry	6,462,184	1.09	3,381,982	0.66
Financial industry	5,683,433	0.96	5,595,943	1.09
Scientific research and technical services	3,896,085	0.66	1,926,947	0.37
Others	20,175,879	3.39	16,812,535	3.27
Discounted bills	64,795,591	10.89	54,964,082	10.68
Sub-total of corporate loans and advances to customers	411,114,143	69.12	365,376,649	70.97
Sub-total of individual loans and advances to customers	183,691,604	30.88	149,490,571	29.03
Total loans and advances to customers	594,805,747	100.00	514,867,220	100.00

Note: Analysis of industry distribution risk concentration of loans to customers is determined based on the borrower's industry.

6.4 Analysis by collateral types (excluding accrued interest)

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Unsecured	100,605,787	74,174,000	97,760,205	73,408,808
Guaranteed	86,605,898	67,739,856	81,411,421	63,423,395
Collateral				
Including: Mortgage	339,761,470	314,890,380	329,083,470	304,245,487
Pledge	86,603,411	73,868,399	86,550,651	73,789,530
Total	613,576,566	530,672,635	594,805,747	514,867,220

6.5 Overdue loans (excluding accrued interest)

Item	The Group				
	As at 31 December 2021				
	Overdue 1- 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue more than 3 years	Total
Unsecured	730,041	341,092	341,939	5,495	1,418,567
Guaranteed	126,284	564,051	95,681	268,472	1,054,488
Collateral					
Including: Mortgage	987,969	1,045,214	1,260,662	874,349	4,168,194
Pledge	-	9	-	6,900	6,909
Total	1,844,294	1,950,366	1,698,282	1,155,216	6,648,158

Item	The Group					Total
	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		
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
Total	2,878,775	1,511,935	1,857,602	863,665		7,111,977

Item	The Bank					Total
	As at 31 December 2021					
	Overdue 1- 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue more than 3 years		
Unsecured	725,380	336,073	340,851	4,187		1,406,491
Guaranteed	82,345	534,360	51,707	262,551		930,963
Collateral						
Including: Mortgage	947,641	1,013,630	1,209,913	868,335		4,039,519
Pledge	-	-	-	6,900		6,900
Total	1,755,366	1,884,063	1,602,471	1,141,973		6,383,873

Item	The Bank					Total
	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		
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
Total	2,761,743	1,402,905	1,757,477	836,732		6,758,857

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				Total
	Year ended 31 December 2021				
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)		
As at 1 January 2021	445,358,520	17,835,522	5,650,781		468,844,823
Transferred to:					
- Stage 1	2,445,845	(2,326,537)	(119,308)		-
- Stage 2	(14,603,329)	14,607,565	(4,236)		-
- Stage 3	(1,726,758)	(437,064)	2,163,822		-
Net amount incurred for the year	74,512,068	(1,763,129)	(513,949)		72,234,990
Write-off for the year	-	-	(991,010)		(991,010)
As at 31 December 2021	505,986,346	27,916,357	6,186,100		540,088,803

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	76,894,009	(1,390,250)	885,425	76,389,184
Write-off for the year	-	-	(1,625,310)	(1,625,310)
As at 31 December 2020	445,358,520	17,835,522	5,650,781	468,844,823

Item	The Bank			
	Year ended 31 December 2021			
	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 2021	430,274,411	17,388,527	5,344,905	453,007,843
Transferred to:				
- Stage 1	2,428,266	(2,310,257)	(118,009)	-
- Stage 2	(14,461,060)	14,461,514	(454)	-
- Stage 3	(1,673,341)	(398,288)	2,071,629	-
Net amount incurred for the year	71,510,011	(1,876,094)	(489,389)	69,144,528
Write-off for the year	-	-	(874,420)	(874,420)
As at 31 December 2021	488,078,287	27,265,402	5,934,262	521,277,951

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

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 2021			
	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 2021	14,230,678	2,921,063	4,412,427	21,564,168
Transferred to:				
- Stage 1	456,400	(381,218)	(75,182)	-
- Stage 2	(1,057,467)	1,060,862	(3,395)	-
- Stage 3	(47,381)	(91,134)	138,515	-
Provisions/(reversals) for the year	2,269,709	948,832	1,441,823	4,660,364
Recovery of loans previously written off (Note)	-	-	413,492	413,492
Write-off for the year	-	-	(991,010)	(991,010)
As at 31 December 2021	15,851,939	4,458,405	5,336,670	25,647,014

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-off for the year	-	-	(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 Bank			
	Year ended 31 December 2021			
	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 2021	13,649,796	2,810,504	4,182,323	20,642,623
Transferred to:				
- Stage 1	443,797	(369,885)	(73,912)	-
- Stage 2	(836,089)	836,437	(348)	-
- Stage 3	(40,437)	(75,918)	116,355	-
Provisions/(reversals) for the year	2,110,592	1,161,659	1,465,604	4,737,855
Recovery of loans previously written off (Note)	-	-	308,735	308,735
Write-off for the year	-	-	(874,420)	(874,420)
As at 31 December 2021	15,327,659	4,362,797	5,124,337	24,814,793

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-off for the year	-	-	(1,342,935)	(1,342,935)
As at 31 December 2020	13,649,796	2,810,504	4,182,323	20,642,623

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 2021, RMB 23,320 thousand (2020: RMB 1,019 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	
	Year ended 31 December 2021	
As at 1 January 2021		421,424
Provisions for the year		(283,935)
As at 31 December 2021		137,489

Item	The Group and the Bank	
	Year ended 31 December 2020	
As at 1 January 2020		360,639
Provisions for the year		60,785
As at 31 December 2020		421,424

There was no stage change in the credit risk of the Group and the Bank's loans and advances to customers at FVTOCI in 2021 and 2020.

7. Held-for-trading financial assets

Item	The Group and the Bank	
	As at 31 December 2021	As at 31 December 2020
Financial assets held for trading:		
Government bonds	77,040	20,490
Financial bonds	2,488,440	563,514
Corporate bond	10,240,244	7,401,384
Interbank negotiable certificates of deposit	2,595,658	16,232,658
Sub-total	15,401,382	24,218,046

Item	The Group and the Bank	
	As at 31 December 2021	As at 31 December 2020
Other investments classified as at FVTPL		
Financial bonds	648,235	630,638
Corporate bond	-	945,671
Fund investments	26,654,108	19,331,874
Trust and assets management plan	21,037,639	13,321,188
Wealth management products issued by other banks	8,678,369	10,834,527
Asset-backed securities	271	50,639
Sub-total	57,018,622	45,114,537
Total	72,420,004	69,332,583

8. Debt investments

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Debt investment	145,331,211	153,955,626	143,269,118	153,005,328
Accrued interest	2,673,984	2,784,440	2,655,734	2,772,866
Sub-total	148,005,195	156,740,066	145,924,852	155,778,194
Less: Loss allowance	(383,738)	(422,448)	(383,738)	(422,448)
Total	147,621,457	156,317,618	145,541,114	155,355,746

8.1 Analysis by product type

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Government bonds	75,051,318	78,176,136	73,021,147	77,264,436
Financial bonds	66,522,380	70,219,999	66,472,208	70,169,827
Corporate bond	3,460,476	4,999,025	3,460,476	4,999,025
Trust and asset management plans	1,699,902	2,472,725	1,699,902	2,472,725
Debt financing plan	678,867	-	678,867	-
Asset-backed securities	592,252	872,181	592,252	872,181
Sub-total	148,005,195	156,740,066	145,924,852	155,778,194
Less: Loss allowance				
Stage 1 (12-month expected credit loss)	(19,941)	(33,535)	(19,941)	(33,535)
Stage 2 (Lifetime expected credit loss)	(148,741)	(152,492)	(148,741)	(152,492)
Stage 3 (Lifetime expected credit loss - credit impaired)	(215,056)	(236,421)	(215,056)	(236,421)
Sub-total	(383,738)	(422,448)	(383,738)	(422,448)
Total	147,621,457	156,317,618	145,541,114	155,355,746

8.2 Credit risk and expected credit loss of debt investments

Item	The Group			
	Year ended 31 December 2021			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Debt investments	147,147,662	642,477	215,056	148,005,195
Less: Loss allowance	(19,941)	(148,741)	(215,056)	(383,738)
Carrying amount of debt investments	147,127,721	493,736	-	147,621,457

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
Debt investments	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 investments	155,819,150	498,468	-	156,317,618

Item	The Bank			
	Year ended 31 December 2021			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Debt investments	145,067,319	642,477	215,056	145,924,852
Less: Loss allowance	(19,941)	(148,741)	(215,056)	(383,738)
Carrying amount of debt investments	145,047,378	493,736	-	145,541,114

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
Debt investments	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 investments	154,857,278	498,468	-	155,355,746

There was no stage change in the credit risk of the Group and the Bank's debt investments in 2021 and 2020.

9. Other debt investments

Item	The Group and the Bank	
	As at 31 December 2021	As at 31 December 2020
Other debt investments	100,287,347	89,582,456
Accrued interest	1,749,198	1,365,452
Total	102,036,545	90,947,908

9.1 Analysis of other debt investments by product type

Item	The Group and the Bank	
	As at 31 December 2021	As at 31 December 2020
Government bonds	34,412,100	21,491,818
Financial bonds	57,761,207	43,684,992
Corporate bond	9,826,685	14,368,509
Asset-backed securities	36,553	42,428
Interbank negotiable certificates of deposit	-	11,360,161
Total	102,036,545	90,947,908

9.2 Credit risk and expected credit loss of other debt investments

Item	The Group and the Bank			
	Year ended 31 December 2021			
	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	102,036,545	-	-	102,036,545
Accumulated loss allowance for other debt investments	(8,576)	-	-	(8,576)

Item	The Group and 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
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)

There was no stage change in the credit risk of the Group and the Bank's other debt investments in 2020 and 2021.

9.3 Movements in expected credit loss of other debt investments

Item	The Group and the Bank
	Year ended 31 December 2021
As at 1 January 2021	87,052
Reversals for the year	(8,476)
Write-off for the year	(70,000)
As at 31 December 2021	8,576

Item	The Group and the Bank
	Year ended 31 December 2020
As at 1 January 2020	80,486
Provisions for the year	6,566
As at 31 December 2020	87,052

10. Other equity instrument investments

Item	The Group and the Bank	
	As at 31 December 2021	As at 31 December 2020
Equity investments	111,500	11,500

Note: The Bank made capital contribution of RMB100,000 thousand to National Green Development Fund Co., Ltd. and received a certificate of contribution from the company on 28 January 2021.

11. Finance lease receivables/ long-term receivables

Item	The Group	
	As at 31 December 2021	As at 31 December 2020
Finance lease receivables	17,822,507	28,344,778
Long-term receivables (note)	14,086,457	-
Total	31,908,964	28,344,778

Note: According to the New Lease Standard, receivables from new sale and leaseback transactions entered into on or after 1 January 2021 that do not meet the criteria of sales under ASBE No. 14 - Revenue shall be classified as long-term receivables. The measurement of sale and leaseback transactions entered into before 1 January 2021 remains unchanged.

11.1 Finance lease receivables

Item	The Group	
	As at 31 December 2021	As at 31 December 2020
Finance lease receivables	20,997,286	33,429,406
Accrued interest of finance lease receivables	238,379	349,199
Less: Unearned finance income	(2,245,897)	(4,102,229)
Balance of finance lease receivables	18,989,768	29,676,376
Less: Allowance for impairment	(1,167,261)	(1,331,598)
Net amount of finance lease receivables	17,822,507	28,344,778

11.1.1 Minimum lease receivables to be received after the balance sheet date

Item	The Group	
	As at 31 December 2021	As at 31 December 2020
1 st year after the balance sheet date	8,220,150	11,795,629
2 nd year after the balance sheet date	5,880,286	8,592,833
3 rd year after the balance sheet date	4,298,181	6,108,176
Subsequent years	2,837,048	7,281,967
Total minimum lease receivables	21,235,665	33,778,605
Unearned finance income	(2,245,897)	(4,102,229)
Total	18,989,768	29,676,376
Less: Allowance for impairment	(1,167,261)	(1,331,598)
Net finance lease receivables	17,822,507	28,344,778
Including: Finance lease receivables due within one year	6,493,861	9,506,604
Finance lease receivables due over one year	11,328,646	18,838,174

11.1.2 Industry distribution of finance lease receivables

Industry	The Group			
	As at 31 December 2021	Percentage (%)	As at 31 December 2020	Percentage (%)
Water, environment and public facilities management	10,324,322	48.62	15,376,016	45.52
Construction industry	5,809,798	27.36	8,584,832	25.41
Production and supply of electricity, heat, gas and water	1,789,436	8.43	2,953,590	8.74
Transportation, warehousing and postal services	1,512,701	7.12	1,513,927	4.48
Lease and business service	754,122	3.55	514,340	1.52
Health and social work	587,565	2.77	2,406,836	7.13
Manufacturing industry	170,566	0.80	1,019,915	3.02
Culture, sports and entertainment industry	132,808	0.63	124,613	0.38
Education industry	100,199	0.47	255,748	0.76
Wholesale and retail	30,401	0.14	-	-
Information transmission, software and information technology service	16,439	0.08	234,307	0.69
Financial industry	7,308	0.03	658,924	1.95
Agriculture, forestry, animal husbandry and fishery	-	-	135,557	0.40
Total	21,235,665	100.00	33,778,605	100.00

11.1.3 Credit risk and expected credit loss of finance lease receivables

Item	The Group			
	Year ended 31 December 2021			
	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	17,825,495	651,781	512,492	18,989,768
Less: Allowance for impairment	(603,015)	(163,441)	(400,805)	(1,167,261)
Net finance lease receivables	17,222,480	488,340	111,687	17,822,507

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

11.1.4 Movements in account balance and expected credit loss of finance lease receivables

11.1.4.1 Movements in account balance of finance lease receivables

Item	The Group			
	As at 31 December 2021			
	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 2021	28,687,483	520,075	468,818	29,676,376
Transferred to:				
- Stage 1	39,256	(39,256)	-	-
- Stage 2	(914,546)	914,546	-	-
- Stage 3	(190,179)	(355,042)	545,221	-
Net amount incurred for the year	(9,796,519)	(388,542)	(310,099)	(10,495,160)
Write-off for the year	-	-	(191,448)	(191,448)
As at 31 December 2021	17,825,495	651,781	512,492	18,989,768

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-off for the year	-	-	(380,773)	(380,773)
As at 31 December 2020	28,687,483	520,075	468,818	29,676,376

11.1.4.2 Movements in expected credit loss of finance lease receivables

Item	The Group			
	As at 31 December 2021			
	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 2021	854,216	118,622	358,760	1,331,598
Transferred to:				
- Stage 1	9,018	(9,018)	-	-
- Stage 2	(63,544)	63,544	-	-
- Stage 3	(3,987)	(81,080)	85,067	-
Provisions/(reversals) for the year	(192,688)	71,373	147,376	26,061
Recovery of loans previously written off	-	-	1,050	1,050
Write-off for the year	-	-	(191,448)	(191,448)
As at 31 December 2021	603,015	163,441	400,805	1,167,261

Item	The Group				Total
	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)		
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	-	-	347	347	
Write-off for the year	-	-	(380,773)	(380,773)	
As at 31 December 2020	854,216	118,622	358,760	1,331,598	

11.2 Long-term receivables

Item	The Group
	As at 31 December 2021
Long-term receivables	16,214,429
Accrued interest of long-term receivables	208,932
Less: Unearned finance income	(1,939,506)
Balance of long-term receivables	14,483,855
Less: Allowance for impairment	(397,398)
Net amount of long-term receivables	14,086,457

11.2.1 Minimum lease receivables to be received after the balance sheet date

Item	The Group
	As at 31 December 2021
1 st year after the balance sheet date	4,758,609
2 nd year after the balance sheet date	4,391,676
3 rd year after the balance sheet date	3,734,845
Subsequent years	3,538,231
Total minimum lease receivables	16,423,361
Unearned finance income	(1,939,506)
Total	14,483,855
Less: Allowance for impairment	(397,398)
Net finance lease receivables	14,086,457
Including: Finance lease receivables due within one year	3,978,031
Finance lease receivables due over one year	10,108,426

11.2.2 Industry distribution of long-term receivables

Industry	The Group	
	As at 31 December 2021	Percentage (%)
Water, environment and public facilities management	5,195,236	31.62
Construction industry	3,990,421	24.30
Manufacturing industry	3,176,026	19.34
Production and supply of electricity, heat, gas and water	1,667,422	10.15
Transportation, warehousing and postal services	712,589	4.34
Lease and business service	518,538	3.16
Education industry	356,297	2.17
Information transmission, software and information technology service	259,260	1.58
Wholesale and retail	219,542	1.34
Agriculture, forestry, animal husbandry and fishery	181,219	1.10
Culture, sports and entertainment industry	82,998	0.51
Mining industry	48,523	0.30
Health and social work	15,290	0.09
Total	16,423,361	100.00

11.2.3 Credit risk and expected credit loss of long-term receivables

Item	The Group			
	Year ended 31 December 2021			
	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	14,483,855	-	-	14,483,855
Less: Allowance for impairment	(397,398)	-	-	(397,398)
Net finance lease receivables	14,086,457	-	-	14,086,457

In 2021, the credit risk of the Group's long-term receivables has not increased significantly since initial recognition.

12. Long-term equity investments

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Subsidiaries (Note VII)			3,454,913	3,369,913
Associates	409,414	385,890	409,414	385,890
Total balance of long-term equity investments			3,864,327	3,755,803
Less: Allowance for impairment (Note)	(2,068)	(5,173)	(894,632)	(897,737)
Carrying amount of long-term equity investments	407,346	380,717	2,969,695	2,858,066

Note: As at 31 December 2021, the impairment provision for long-term equity investment includes the impairment provision of the Bank's investment in some subsidiaries amounting to RMB 892,564 thousand (31 December 2020: 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 2021	Increase/(Decrease) during the year	As at 31 December 2021	Percentage of shareholding (%)	Percentage of voting rights (%)	Allowance for impairment
Jiangsu Haimen Rural Commercial Bank Co.,Ltd. (1)	Equity method	355,167	380,717	26,629	407,346	8.96	8.96	-
Shanghai Jingyi Industry Development Co., Ltd. (2)	Equity method	367,000	5,173	(3,105)	2,068	18.874	18.874	(2,068)
Total		722,167	385,890	23,524	409,414			(2,068)

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. (2)	Equity method	367,000	5,173	-	5,173	18.874	18.874	(5,173)
Total		722,167	5,173	380,717	385,890			(5,173)

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"), accounting for 8.96% of the total shares. According to the capital contribution agreement, the Bank has the right to nominate a director to the board of directors of Haimen Rural Commercial Bank and is able to exercise significant influence on Rural Commercial Bank, which is accounted for under the equity method. 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: On 8 January 2021, the Bank reduced capital contribution in Shanghai Jingyi Industry Development Co., Ltd. by RMB10,992 thousand, and reversed profit or loss of long-term equity investment by RMB7,887 thousand and impairment provision for long-term equity investment by RMB 3,105 thousand. As the capital reduction was made by each shareholder in equal proportion, the Bank's shareholding ratio remained unchanged.

13. Fixed assets

Item	The Group					Total
	Building	Transportation equipment	Electronic equipment	Machinery	Office equipment	
Cost						
As at 1 January 2021	7,714,956	92,957	1,828,000	483,748	101,495	10,221,156
Additions	11,879	9,008	52,853	16,287	1,890	91,917
Transfer in from CIP	638,729	-	65,761	19,896	2,529	726,915
Disposals	(53,467)	(13,353)	(150,498)	(17,525)	(4,034)	(238,877)
As at 31 December 2021	8,312,097	88,612	1,796,116	502,406	101,880	10,801,111
Accumulated depreciation						
As at 1 January 2021	(3,050,864)	(71,197)	(1,455,995)	(336,618)	(65,641)	(4,980,315)
Charge for the year	(354,745)	(6,610)	(97,865)	(38,399)	(9,659)	(507,278)
Disposals	39,716	9,891	142,492	16,275	3,699	212,073
As at 31 December 2021	(3,365,893)	(67,916)	(1,411,368)	(358,742)	(71,601)	(5,275,520)
Provision for impairment						
As at 1 January 2021	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
As at 31 December 2021	(485,801)	-	-	-	-	(485,801)
Net book value						
As at 1 January 2021	4,178,291	21,760	372,005	147,130	35,854	4,755,040
As at 31 December 2021	4,460,403	20,696	384,748	143,664	30,279	5,039,790

Item	The Group					Total
	Building	Transportation equipment	Electronic equipment	Machinery	Office equipment	
Cost						
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 2020	7,714,956	92,957	1,828,000	483,748	101,495	10,221,156
Accumulated depreciation						
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)
Provision for impairment						
As at 1 January 2020	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
As at 31 December 2020	(485,801)	-	-	-	-	(485,801)
Net book value						
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

Note: As at 31 December 2021, cost of buildings of the Group that are in use but of which the certificates of title have not been obtained amounted to RMB 1,901,752 thousand (31 December 2020: RMB 1,915,754 thousand).

Item	The Bank					Total
	Building	Transportation equipment	Electronic equipment	Machinery	Office equipment	
Cost						
As at 1 January 2021	7,573,549	69,359	1,778,072	445,791	84,424	9,951,195
Additions	8,531	5,086	46,339	14,578	1,020	75,554
Transfer in from CIP	624,021	-	65,335	18,670	2,529	710,555
Disposals	(53,467)	(7,746)	(149,658)	(16,740)	(3,802)	(231,413)
As at 31 December 2021	8,152,634	66,699	1,740,088	462,299	84,171	10,505,891
Accumulated depreciation						
As at 1 January 2021	(3,000,858)	(53,073)	(1,417,276)	(304,670)	(51,585)	(4,827,462)
Charge for the year	(348,113)	(5,208)	(94,262)	(36,243)	(8,857)	(492,683)
Disposals	39,714	7,370	142,116	15,922	3,594	208,716
As at 31 December 2021	(3,309,257)	(50,911)	(1,369,422)	(324,991)	(56,848)	(5,111,429)
Provision for impairment						
As at 1 January 2021	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
As at 31 December 2021	(485,801)	-	-	-	-	(485,801)
Net book value						
As at 1 January 2021	4,086,890	16,286	360,796	141,121	32,839	4,637,932
As at 31 December 2021	4,357,576	15,788	370,666	137,308	27,323	4,908,661

Item	The Bank					Total
	Building	Transportation equipment	Electronic equipment	Machinery	Office equipment	
Cost						
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 2020	7,573,549	69,359	1,778,072	445,791	84,424	9,951,195
Accumulated depreciation						
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)
Provision for impairment						
As at 1 January 2020	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
As at 31 December 2020	(485,801)	-	-	-	-	(485,801)
Net book value						
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

Note: As at 31 December 2021, cost of buildings of the Bank that are in use but of which the certificates of title have not been obtained amounted to RMB 1,886,772 thousand (31 December 2020: RMB 1,885,144 thousand).

14. Construction in progress

Item	The Group			
	Building	Electronic equipment and machinery	Others	Total
Cost				
As at 1 January 2021	1,297,825	3,070	307,225	1,608,120
Additions	381,955	90,080	247,878	719,913
Transfer to fixed assets	(638,729)	(85,657)	(2,529)	(726,915)
Disposals	(1,861)	(2,764)	(158,168)	(162,793)
As at 31 December 2021	1,039,190	4,729	394,406	1,438,325
Provision for impairment				
As at 1 January 2021	-	-	-	-
Charge for the year	-	(89)	-	(89)
Write-off for the year	-	89	-	89
As at 31 December 2021	-	-	-	-
Net book value				
As at 1 January 2021	1,297,825	3,070	307,225	1,608,120
As at 31 December 2021	1,039,190	4,729	394,406	1,438,325

Item	The Group			
	Building	Electronic equipment and machinery	Others	Total
Cost				
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)
Disposals	(6,569)	(1,762)	(107,736)	(116,067)
As at 31 December 2020	1,297,825	3,070	307,225	1,608,120
Provision for impairment				
As at 1 January 2020	-	-	-	-
Charge for the year	-	-	-	-
Write-off for the year	-	-	-	-
As at 31 December 2020	-	-	-	-
Net book value				
As at 1 January 2020	1,147,920	22,404	75,482	1,245,806
As at 31 December 2020	1,297,825	3,070	307,225	1,608,120

Item	The Bank			
	Building	Electronic equipment and machinery	Others	Total
Cost				
As at 1 January 2021	1,226,242	751	307,225	1,534,218
Additions	349,707	85,350	247,878	682,935
Transfer to fixed assets	(624,021)	(84,005)	(2,529)	(710,555)
Disposals	-	-	(158,168)	(158,168)
As at 31 December 2021	951,928	2,096	394,406	1,348,430
Provision for impairment				
As at 1 January 2021	-	-	-	-
Charge for the year	-	-	-	-
Write-off for the year	-	-	-	-
As at 31 December 2021	-	-	-	-
Net book value				
As at 1 January 2021	1,226,242	751	307,225	1,534,218
As at 31 December 2021	951,928	2,096	394,406	1,348,430

Item	The Bank			
	Building	Electronic equipment and machinery	Others	Total
Cost				
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)
Disposals	-	-	(107,736)	(107,736)
As at 31 December 2020	1,226,242	751	307,225	1,534,218
Provision for impairment				
As at 1 January 2020	-	-	-	-
Charge for the year	-	-	-	-
Write-off for the year	-	-	-	-
As at 31 December 2020	-	-	-	-
Net book value				
As at 1 January 2020	1,121,905	22,097	75,482	1,219,484
As at 31 December 2020	1,226,242	751	307,225	1,534,218

15. Lease contract

15.1 Right-of-use assets

Item	The Group				
	Building	Transportation equipment	Electronic equipment	Others	Total
Cost					
As at 31 December 2020	-	-	-	-	-
Impact of changes in accounting policies	777,636	108	567	8,056	786,367
As at 1 January 2021	777,636	108	567	8,056	786,367
Additions	186,280	-	-	53	186,333
Disposals	(35,003)	-	-	-	(35,003)
As at 31 December 2021	928,913	108	567	8,109	937,697
Accumulated depreciation					
As at 1 January 2021	-	-	-	-	-
Charge for the year	(230,564)	(49)	(232)	(1,506)	(232,351)
Disposals	1,635	-	-	-	1,635
As at 31 December 2021	(228,929)	(49)	(232)	(1,506)	(230,716)
Net book value					
As at 1 January 2021	777,636	108	567	8,056	786,367
As at 31 December 2021	699,984	59	335	6,603	706,981

Item	The Bank				
	Building	Transportation equipment	Electronic equipment	Others	Total
Cost					
As at 31 December 2020	-	-	-	-	-
Impact of changes in accounting policies	633,938	-	567	-	634,505
As at 1 January 2021	633,938	-	567	-	634,505
Additions	155,964	-	-	-	155,964
Disposals	(10,838)	-	-	-	(10,838)
As at 31 December 2021	779,064	-	567	-	779,631
Accumulated depreciation					
As at 1 January 2021	-	-	-	-	-
Charge for the year	(195,865)	-	(232)	-	(196,097)
Disposals	1,096	-	-	-	1,096
As at 31 December 2021	(194,769)	-	(232)	-	(195,001)
Net book value					
As at 1 January 2021	633,938	-	567	-	634,505
As at 31 December 2021	584,295	-	335	-	584,630

Note: The Group and the Bank mainly lease buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2021, there is no such triggering event.

15.2 Lease liabilities

As at 31 December 2021, the maturity analysis of lease liabilities is as follows:

Item	The Group		The Bank	
	As at 31 December 2021		As at 31 December 2021	
Within 1 month		16,916		15,390
1 month to 3 months		32,464		29,167
3 months to 1 year		134,158		118,332
1 year to 5 years		371,449		302,217
Over 5 years		75,210		56,465
Total		630,197		521,571

Details of expenses for short-term leases and leases of low-value assets are set out in Note 43. Short-term lease contract entered into by the Group include leases of buildings, electronic equipment, transportation equipment and others.

In 2021, the Group's total cash outflow arising from leases was RMB269,768 thousand and the Bank's total cash outflow arising from leases was RMB228,500 thousand.

As of 31 December 2021, the amount of lease contracts that have been entered into but not yet commenced is not material.

16. Deferred tax assets and deferred tax liabilities

16.1 Deferred tax assets and deferred tax liabilities before offsetting

Item	The Group			
	Deductible temporary differences		Deferred tax assets	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Provision for losses/ impairment of assets	25,370,385	22,228,591	6,340,837	5,555,093
Other temporary differences	1,735,328	1,946,315	433,584	486,333
Total	27,105,713	24,174,906	6,774,421	6,041,426

Item	The Group			
	Taxable temporary differences		Deferred tax liabilities	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Changes in fair value of financial assets at FVTPL and derivative financial instruments	(1,443,677)	(765,273)	(360,919)	(191,318)
Changes in fair value of financial assets at FVTOCI	(2,192,183)	(1,047,523)	(548,046)	(261,881)
Total	(3,635,860)	(1,812,796)	(908,965)	(453,199)

Item	The Bank			
	Deductible temporary differences		Deferred tax assets	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Provision for losses/ impairment of assets	23,771,502	20,853,191	5,942,876	5,213,298
Other temporary differences	1,524,073	1,703,152	381,018	425,788
Total	25,295,575	22,556,343	6,323,894	5,639,086

Item	The Bank			
	Taxable temporary differences		Deferred tax liabilities	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Changes in fair value of financial assets at FVTPL and derivative financial instruments	(1,443,677)	(765,273)	(360,919)	(191,318)
Changes in fair value of financial assets at FVTOCI and derivative financial instruments	(2,192,183)	(1,047,523)	(548,046)	(261,881)
Total	(3,635,860)	(1,812,796)	(908,965)	(453,199)

16.2 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 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Deferred tax assets	5,865,456	5,588,227	5,414,929	5,185,887
Deferred tax liabilities	-	-	-	-
Total	5,865,456	5,588,227	5,414,929	5,185,887

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.

17. Other assets

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Amounts pending for settlement	5,781	2,762,448	-	2,762,448
Other receivables and prepayments	348,960	371,723	253,715	296,409
Intangible assets	920,697	882,950	913,241	876,924
Long-term prepaid expenses	96,410	133,689	60,380	84,366
Capital for debt payment	37,714	36,885	-	-
Interest receivable	16,604	14,376	15,272	8,248
Total	1,426,166	4,202,071	1,242,608	4,028,395

17.1 Other receivables and prepayments

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Intra-city bills under collection	114,223	71,944	114,223	71,944
Prepaid legal expenses	39,436	34,154	36,308	30,671
Rental deposits	28,619	21,443	27,766	20,236
Other receivables	166,682	244,182	75,418	173,558
Total	348,960	371,723	253,715	296,409

17.2 Capital for debt payment

Item	The Group	
	As at 31 December 2021	As at 31 December 2020
Buildings	50,301	43,206
Less: Allowance for impairment	(12,587)	(6,321)
Net book value	37,714	36,885

17.3 Long-term prepaid expenses

Item	The Group					
	Year ended 31 December 2021					
	Closing balance of the prior year	Adjustment arising from changes in accounting policies	Opening balance	Increase during the year	Decrease during the year	Closing balance
Leasehold improvement	86,365	-	86,365	24,403	28,748	82,020
Prepaid rental expenses	31,004	(31,004)	-	-	-	-
Network construction expenses	1,076	-	1,076	480	582	974
Others	15,244	-	15,244	141	1,969	13,416
Total	133,689	(31,004)	102,685	25,024	31,299	96,410

Item	The Group				
	Year ended 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 Bank					
	Year ended 31 December 2021					
	Closing balance of the prior year	Adjustment arising from changes in accounting policies	Opening balance	Increase during the year	Decrease during the year	Closing balance
Leasehold improvement	42,016	-	42,016	21,140	15,568	47,588
Prepaid rental expenses	27,541	(27,541)	-	-	-	-
Network construction expenses	897	-	897	-	470	427
Others	13,912	-	13,912	-	1,547	12,365
Total	84,366	(27,541)	56,825	21,140	17,585	60,380

Item	The Bank				
	Year ended 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	

17.4 Intangible assets

Item	The Group			The Bank		
	Land use rights	Software	Total	Land use rights	Software	Total
Cost						
As at 1 January 2021	569,041	963,367	1,532,408	569,041	955,645	1,524,686
Additions	-	142,551	142,551	-	139,964	139,964
Disposals	(5,986)	-	(5,986)	(5,986)	-	(5,986)
As at 31 December 2021	563,055	1,105,918	1,668,973	563,055	1,095,609	1,658,664
Accumulated amortisation						
As at 1 January 2021	(107,380)	(542,078)	(649,458)	(107,380)	(540,382)	(647,762)
Charge of the year	(12,880)	(87,203)	(100,083)	(12,880)	(86,046)	(98,926)
Disposals	1,265	-	1,265	1,265	-	1,265
As at 31 December 2021	(118,995)	(629,281)	(748,276)	(118,995)	(626,428)	(745,423)
Net book value						
As at 1 January 2021	461,661	421,289	882,950	461,661	415,263	876,924
As at 31 December 2021	444,060	476,637	920,697	444,060	469,181	913,241

Item	The Group			The Bank		
	Land use rights	Software	Total	Land use rights	Software	Total
Cost						
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
Accumulated amortisation						
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)
Net book value						
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

18. Provision for loss / impairment of assets

Item	The Group						
	2021						
	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	14,750	2,346	-	-	-	-	17,096
Placements with banks and other financial institutions measured at amortized cost	80,289	(38,072)	-	-	-	-	42,217
Financial assets purchased under resale agreements	53,629	(5,357)	-	-	-	-	48,272
Loans and advances measured at amortized cost	21,564,168	4,660,364	-	-	(991,010)	413,492	25,647,014
Loss allowance for debt investments	422,448	(18,710)	-	-	(20,000)	-	383,738
Finance lease receivables and long-term receivables	1,331,598	423,459	-	-	(191,448)	1,050	1,564,659
Long-term equity investments	5,173	(3,105)	-	-	-	-	2,068
Fixed assets	485,801	-	-	-	-	-	485,801
Construction in progress	-	89	-	-	(89)	-	-
Other receivables	31,230	(2,662)	-	-	(1,830)	1,642	28,380
Others	51,813	1,449	-	(1,213)	-	-	52,049
Total	24,040,899	5,019,801	-	(1,213)	(1,204,377)	416,184	28,271,294

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
Construction in progress	-	-	-	-	-	-	-
Other receivables	37,197	1,385	-	-	(9,789)	2,437	31,230
Others	29,905	23,419	-	(1,511)	-	-	51,813
Total	20,198,811	5,375,748	-	(1,511)	(2,015,872)	483,723	24,040,899

Item	The Bank						
	2021						
	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	11,433	3,398	-	-	-	-	14,831
Placements with banks and other financial institutions measured at amortized cost	85,592	(40,394)	-	-	-	-	45,198
Financial assets purchased under resale agreements	53,629	(5,357)	-	-	-	-	48,272
Loans and advances measured at amortized cost	20,642,623	4,737,855	-	-	(874,420)	308,735	24,814,793
Loss allowance for debt investments	422,448	(18,710)	-	-	(20,000)	-	383,738
Long-term equity investments	897,737	(3,105)	-	-	-	-	894,632
Fixed assets	485,801	-	-	-	-	-	485,801
Other receivables	28,535	(5,056)	-	-	-	-	23,479
Other assets	42,951	(4,565)	-	-	-	-	38,386
Total	22,670,749	4,664,066	-	-	(894,420)	308,735	26,749,130

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
Total	18,829,035	4,812,478	-	-	(1,342,935)	372,171	22,670,749

19. Borrowings from the central bank

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Borrowings from the central bank	39,287,479	28,707,914	38,449,458	27,875,853
Accrued interest	250,636	153,395	250,294	152,930
Total	39,538,115	28,861,309	38,699,752	28,028,783

20. Due to banks and other financial institutions

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Deposits from domestic banks	4,241,940	6,799,106	8,939,139	12,440,987
Deposits from other domestic financial institutions	668,868	473,584	708,380	644,702
Accrued interest	17,151	53,216	34,058	83,194
Total	4,927,959	7,325,906	9,681,577	13,168,883

21. Placements from banks and other financial institutions

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Placements from domestic banks	34,575,048	41,488,046	10,804,049	19,158,046
Placements from overseas banks	63,045	600,291	63,045	600,291
Accrued interest	264,063	280,908	4,327	15,717
Total	34,902,156	42,369,245	10,871,421	19,774,054

22. Financial assets sold under repurchase agreements

Item	The Group and the Bank	
	As at 31 December 2021	As at 31 December 2020
Bonds	25,552,739	23,620,300
Bills	3,615,132	13,049,496
Accrued interest	5,204	10,706
Total	29,173,075	36,680,502

23. Customer deposits

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Demand deposits				
Corporate	247,673,131	238,782,807	239,977,085	230,147,118
Individual	65,626,233	61,053,038	62,439,863	58,150,923
Time deposits				
Corporate	139,892,113	107,594,424	137,075,694	104,627,514
Individual	336,371,386	297,683,604	323,212,589	287,266,863
Pledged deposits held as collateral	9,090,395	7,909,948	8,832,562	7,583,448
Other deposits	39,484,311	35,964,705	39,474,313	35,951,279
Accrued interest	17,229,067	14,627,987	16,537,465	14,096,330
Total	855,366,636	763,616,513	827,549,571	737,823,475

24. Employee benefits payable

24.1 Employee benefits payable are listed as follows

Item	The Group			
	2021			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Short-term benefits	2,743,659	4,235,514	4,113,272	2,865,901
II. Post-employment benefits - defined contribution plan	195	531,739	531,243	691
III. Termination benefits	-	155	155	-
Total	2,743,854	4,767,408	4,644,670	2,866,592

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. Termination benefits	-	-	-	-
Total	2,757,078	3,936,751	3,949,975	2,743,854

Item	The Bank			
	2021			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Short-term benefits	2,539,984	3,809,118	3,763,132	2,585,970
II. Post-employment benefits - defined contribution plan	-	493,654	493,654	-
Total	2,539,984	4,302,772	4,256,786	2,585,970

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	-
Total	2,594,242	3,563,516	3,617,774	2,539,984

24.2 Short-term benefits are listed as follows

Item	The Group			
	2021			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	2,743,101	3,515,844	3,393,493	2,865,452
II. Employee services and benefits	-	155,361	155,361	-
III. Social insurance	462	229,067	229,113	416
Including: Medical insurance	428	211,457	211,480	405
Work-related injury insurance	4	3,354	3,352	6
Maternity insurance	30	647	672	5
Others	-	13,609	13,609	-
IV. Housing funds	42	250,118	250,148	12
V. Labour union fee and staff education expenses	54	85,124	85,157	21
Total	2,743,659	4,235,514	4,113,272	2,865,901

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
Total	2,756,548	3,678,878	3,691,767	2,743,659

Item	The Bank			
	2021			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	2,539,984	3,158,940	3,112,954	2,585,970
II. Employee services and benefits	-	134,680	134,680	-
III. Social insurance	-	209,888	209,888	-
Including: Medical insurance	-	193,602	193,602	-
Work-related injury insurance	-	2,787	2,787	-
Maternity insurance	-	120	120	-
Others	-	13,379	13,379	-
IV. Housing funds	-	227,542	227,542	-
V. Labour union fee and staff education expenses	-	78,068	78,068	-
Total	2,539,984	3,809,118	3,763,132	2,585,970

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	-
Total	2,594,242	3,315,072	3,369,330	2,539,984

24.3 Defined contribution plan

Item	The Group			
	2021			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Pension insurance	194	522,201	521,722	673
II. Unemployment insurance	1	9,538	9,521	18
Total	195	531,739	531,243	691

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
Total	530	257,873	258,208	195

Item	The Bank			
	2021			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Pension insurance	-	485,052	485,052	-
II. Unemployment insurance	-	8,602	8,602	-
Total	-	493,654	493,654	-

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	-
Total	-	248,444	248,444	-

25. Tax payables

Item	The Group			
	2021			
	Opening balance	Taxes payable during the year	Taxes payable during the year	Closing balance
Enterprise income tax	804,239	2,694,685	2,469,835	1,029,089
Individual income tax	25,834	361,038	327,351	59,521
VAT	349,501	2,026,360	1,993,636	382,225
Surcharges	41,366	197,726	194,083	45,009
Property tax	-	49,817	37,879	11,938
Land use tax	-	1,094	822	272
Vehicle and vessel use tax	-	164	164	-
Others	251	22,264	22,210	305
Total	1,221,191	5,353,148	5,045,980	1,528,359

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
Total	1,592,016	4,935,103	5,305,928	1,221,191

Item	The Bank			
	2021			
	Opening balance	Taxes payable during the year	Taxes payable during the year	Closing balance
Enterprise income tax	812,974	2,430,415	2,315,055	928,334
Individual income tax	24,249	339,766	305,559	58,456
VAT	338,414	1,662,339	1,625,358	375,395
Surcharges	40,119	185,501	181,343	44,277
Property tax	-	47,413	35,492	11,921
Land use tax	-	1,041	770	271
Vehicle and vessel use tax	-	122	122	-
Others	-	19,870	19,870	-
Total	1,215,756	4,686,467	4,483,569	1,418,654

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	-
Total	1,480,335	4,460,012	4,724,591	1,215,756

26. Debt securities issued

Item	The Group and the Bank	
	As at 31 December 2021	As at 31 December 2020
Interbank negotiable certificates of deposit (Note 2)	68,042,683	67,351,604
Financial bonds (Note 1)	17,000,000	20,000,000
Accrued interest	270,519	332,126
Total	85,313,202	87,683,730

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. As approved by Shanghai Office of the China Banking and Insurance Regulatory Commission, the Bank redeemed the bonds in full at par value on 24 June 2021.

Note 2: The interbank negotiable certificates of deposit was issued by the Bank at the National Interbank Funding Centre, which is measured at amortised cost. As at 31 December 2021, the Group has 58 outstanding interbank negotiable certificates of deposit with the carrying amount of RMB 68.7 billion, and the interest rate of which is ranging from 2.45% to 3.20 % (as at 31 December 2020: 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%).

27. Provisions

Item	The Group and the Bank	
	As at 31 December 2021	As at 31 December 2020
Provision for expected credit loss in off-balance sheet	339,439	565,323

27.1 Movements of expected credit loss in off-balance sheet

Item	The Group and the Bank			
	As at 31 December 2021			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss - credit impaired)	Total
Opening balance	555,378	9,945	-	565,323
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Accrued/(Reversed)	(240,270)	14,386	-	(225,884)
Closing balance	315,108	24,331	-	339,439

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

28. Other liabilities

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Amounts to be settled and transferred	2,844,818	1,920,097	2,822,665	1,904,045
Lease deposits	2,087,151	1,883,264		
Others	433,196	700,394	310,508	576,183
Total	5,365,165	4,503,755	3,133,173	2,480,228

29. Share capital

Item	31 December 2021		31 December 2020	
	Number of shares ('000)	Proportion (%)	Number of shares ('000)	Proportion (%)
I. Shares with restriction	8,680,000	90.00	8,680,000	100
1. Held by state-owned corporates	5,944,638	61.64	5,944,638	68.49
2. Held by domestic corporates or individuals	2,735,362	28.36	2,735,362	31.51
Including: Shares held by domestic corporates	1,456,617	15.10	1,456,617	16.78
Shares held by domestic individuals	1,278,745	13.26	1,278,745	14.73
II. Tradable shares without restrictions	964,444	10.00	-	-
1. RMB ordinary shares	964,444	10.00	-	-
III. Total number of ordinary shares	9,644,444	100.00	8,680,000	100.00

On 9 August 2021, the Bank was listed on the main board of the Shanghai Stock Exchange, with the issue price of RMB8.90 per share. The Bank issued 964,444,445 new shares with a par value of RMB1 per share. And after the issue of shares, the registered capital of the Bank was changed to RMB9,644,444,445.00. The above public offering was verified by Deloitte Touche Tohmatsu CPA LLP, with the capital verification report De Shi Bao (Yan) Zi (21) No. 00395 issued.

30. Capital reserve

Item	The Group			
	2021			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Capital premium	8,947,873	7,564,525	17,048	16,495,350
II. Others	66	-	-	66
Total	8,947,939	7,564,525	17,048	16,495,416

Item	The Group			
	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
Total	8,947,939	-	-	8,947,939

Item	The Bank			
	2021			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
I. Capital premium	9,219,908	7,564,525	-	16,784,433
II. Others	66	-	-	66
Total	9,219,974	7,564,525	-	16,784,499

Item	The Bank			
	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
Total	9,219,974	-	-	9,219,974

In August 2021, the Bank raised RMB8,583,555,560.50 from its initial public offering of shares, and the actual net proceeds raised net of issue expenses (tax-exclusive) of RMB54,672,598.69 were RMB8,528,882,961.81, including RMB964,444,445.00 credited to share capital and RMB7,564,438,516.81 to capital reserve.

In December 2021, the difference between the consideration paid by the Bank for the capital increase to Shandong Linqing County Village Bank Co., Ltd. and the amount of changes in minority interests of RMB17,048 thousand was charged against capital reserve.

31. Other comprehensive income

31.1 Other comprehensive income items

Item	The Group and the Bank		
	2021		
	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	1,513,137	(378,284)	1,134,853
Accumulated credit loss allowance for financial assets classified as at FVTOCI	(368,477)	92,119	(276,358)
Other comprehensive income that will be reclassified to profit or loss under the equity method	(3,467)	-	(3,467)
Total	1,141,193	(286,165)	855,028
Including: Other comprehensive income attributable to the Bank's shareholders	1,141,193	(286,165)	855,028
Other comprehensive income attributable to non-controlling interests	-	-	-

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
Other comprehensive income that will be reclassified to profit or loss under the equity method	-	-	-
Total	(600,676)	150,169	(450,507)
Including: Other comprehensive income attributable to the Bank's shareholders	(600,676)	150,169	(450,507)
Other comprehensive income attributable to non-controlling interests	-	-	-

31.2 Movements of other comprehensive income

Item	The Group and the Bank		
	2021		
	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	399,166	1,134,853	1,534,019
Accumulated credit loss allowance for financial assets classified as at FVTOCI	386,477	(276,358)	110,119
Other comprehensive income that will be reclassified to profit or loss under the equity method	-	(3,467)	(3,467)
Total	776,169	855,028	1,631,197
Including: Other comprehensive income attributable to the Bank's shareholders	776,169	855,028	1,631,197
Other comprehensive income attributable to non-controlling interests	-	-	-

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
Other comprehensive income that will be reclassified to profit or loss under the equity method	-	-	-
Total	1,226,676	(450,507)	776,169
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	-	-	-

32. Surplus reserve

Item	The Group			
	2021			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
Statutory surplus reserve	6,210,536	828,306	-	7,038,842
Discretionary surplus reserve	14,724,894	2,514,299	-	17,239,193
Total	20,935,430	3,342,605	-	24,278,035

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
Total	17,715,475	3,219,955	-	20,935,430

Item	The Bank			
	2021			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
Statutory surplus reserve	6,042,923	792,491	-	6,835,414
Discretionary surplus reserve	14,569,378	2,472,883	-	17,042,261
Total	20,612,301	3,265,374	-	23,877,675

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
Total	17,460,427	3,151,874	-	20,612,301

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 2020 to the statutory surplus reserve, amounting to RMB 792,491 thousand for the year 2021 to the statutory reserve (2020: RMB831,189 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 2021, the Bank appropriated RMB 2,472,883 thousand to discretionary surplus reserve (2020: RMB2,320,685 thousand).

33. General risk reserve

Item	The Group			
	2021			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
General risk reserve	10,207,445	1,702,292	-	11,909,737

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 Bank			
	2021			
	Opening balance	Provision during the year	Decrease during the year	Closing balance
General risk reserve	9,772,127	1,640,543	-	11,412,670

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

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.

34. Retained earnings

Item	The Group	
	2021	2020
Opening balance	27,663,861	24,938,714
Add: Net profit attributable to the Bank's shareholders	9,697,866	8,160,671
Less: Appropriation to statutory surplus reserve	(828,306)	(864,606)
Appropriation to discretionary surplus reserve	(2,514,299)	(2,355,349)
Appropriation to general risk reserve	(1,702,292)	(566,369)
Dividends payable	(2,507,556)	(1,649,200)
Closing balance	29,809,274	27,663,861

Item	The Bank	
	2021	2020
Opening balance	27,161,873	24,594,217
Add: Net profit	9,395,539	7,924,902
Less: Appropriation to statutory surplus reserve	(792,491)	(831,189)
Appropriation to discretionary surplus reserve	(2,472,883)	(2,320,685)
Appropriation to general risk reserve	(1,640,543)	(556,172)
Dividends payable	(2,507,556)	(1,649,200)
Closing balance	29,143,939	27,161,873

In accordance with the resolution of the Tenth Meeting of the Fourth Session of the Board of Directors held on 28 October 2021 and the resolution of the Third Extraordinary General Meeting of Shareholders in 2021 held on 19 November 2021, based on the total share capital of 9,644,444,445 ordinary shares registered on 2 December 2021, the date of equity registration for dividends distribution, the Bank distributed cash dividends on ordinary shares in the amount of RMB2.60 for every 10 shares, totalling RMB2,507,556 thousand.

In accordance with the resolution of the 31st Meeting of the Third Session of the Board of Directors held on 10 April 2020 and the resolution of the General Meeting of Shareholders held on 7 May 2020, based on the total share capital of 8,680,000,000 ordinary shares as at 31 December 2019, the Bank distributed cash dividends on ordinary shares in the amount of RMB1.90 for every 10 shares, totalling RMB1,649,200 thousand.

35. Net interest income

Item	The Group		The Bank	
	2021	2020	2021	2020
Interest income				
Due from banks and other financial institutions	246,778	152,792	133,686	39,719
Deposits with central bank	942,631	924,590	909,869	893,241
Placements with banks and other financial institutions and financial assets purchased under resale agreements	2,920,038	2,733,709	3,010,651	2,757,032
Loans and advances to customers				
Including: Corporate loans and advances	15,983,539	14,231,385	15,748,423	13,991,575
Individual loans	9,049,765	7,099,442	8,204,653	6,467,997
Discount bills	1,397,919	1,787,544	1,397,919	1,787,544
Financial investment				
Including: Debt investments	5,349,477	5,446,843	5,312,070	5,420,545
Other debt investments	2,979,298	2,814,222	2,979,298	2,814,222
Interest income from sale and leaseback transactions	573,153	-		
Interest income from finance leases	1,632,898	1,902,171		
Sub-total	41,075,496	37,092,698	37,696,569	34,171,875
Interest expenses				
Loans from the central bank	(916,505)	(527,188)	(904,611)	(516,154)
Due to banks and other financial institutions	(176,363)	(124,820)	(341,525)	(306,222)
Placements from banks and other financial institutions and financial assets sold under repurchase agreement	(2,404,649)	(2,300,627)	(1,422,218)	(1,550,226)
Customer deposits	(15,932,325)	(14,220,769)	(15,388,681)	(13,760,468)
Debt securities issued	(2,274,931)	(2,048,419)	(2,274,931)	(2,048,419)
Sub-total	(21,704,773)	(19,221,823)	(20,331,966)	(18,181,489)
Net interest income	19,370,723	17,870,875	17,364,603	15,990,386

36. Net fee and commission income

Item	The Group		The Bank	
	2021	2020	2021	2020
Fee and commission income				
Agency services	1,587,026	1,681,623	1,584,171	1,682,336
Consultancy and advisory services	301,859	405,769	301,807	405,716
Settlement and clearing services	204,943	189,329	204,858	189,249
Electronic banking services	124,730	127,682	124,382	127,393
Bank card services	97,550	79,555	97,499	79,510
Guarantee and commitment services	34,762	26,123	34,757	26,119
Asset trusteeship	35	38	35	38
Others	83,184	116,146	116,700	153,785
Sub-total	2,434,089	2,626,265	2,464,209	2,664,146
Fee and commission expenses				
Settlement and clearing expenses	(112,270)	(115,947)	(109,284)	(112,803)
Agency charges	(73,478)	(77,451)	(73,457)	(77,383)
Others	(82,116)	(100,719)	(72,937)	(97,481)
Sub-total	(267,864)	(294,117)	(255,678)	(287,667)
Net fee and commission income	2,166,225	2,332,148	2,208,531	2,376,479

37. Investment income

Item	The Group		The Bank	
	2021	2020	2021	2020
Financial assets at fair value through profit or loss and derivative financial instruments	1,372,385	1,261,379	1,372,385	1,261,379
Financial assets at fair value through other comprehensive income	20,333	129,003	20,333	129,003
Profit or loss arising from derecognition of financial assets measured at amortized cost	-	1	-	1
Long-term equity investment recognised under equity method	40,635	-	40,635	-
Long-term equity investment recognised under cost method			79,996	53,304
Precious metals	(21,476)	(4,214)	(21,476)	(4,214)
Total	1,411,877	1,386,169	1,491,873	1,439,473

38. Other income

Item	The Group		The Bank	
	2021	2020	2021	2020
Government grants	53,726	39,273	23,282	33,871

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 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.

39. Gain from changes in fair value

Item	The Group and the Bank	
	2021	2020
Held-for-trading financial assets	741,314	173,718
Derivative financial instruments	(66,455)	139,799
Loans and advances at fair value through profit or loss	2,735	12
Precious metals	810	1,178
Total	678,404	314,707

40. Exchange gain

Item	The Group and the Bank	
	2021	2020
Foreign exchange derivative financial instruments	293,511	117,213
Others	(20,828)	(66,243)
Total	272,683	50,970

41. Gains from disposal of assets

Item	The Group	
	2021	2020
Gains from disposal of fixed assets	144,556	7,621
Losses from disposal of capital for debt payment	(38)	-
Total	144,518	7,621

Item	The Bank	
	2021	2020
Gains from disposal of fixed assets	144,782	7,485
Gains from disposal of capital for debt payment	-	-
Total	144,782	7,485

42. Taxes and levies

Item	The Group		The Bank	
	2021	2020	2021	2020
Urban construction tax and education surcharge	197,571	178,387	185,346	169,697
Others	66,617	63,122	60,800	58,957
Total	264,188	241,509	246,146	228,654

43. General and administrative expenses

Item	The Group		The Bank	
	2021	2020	2021	2020
Staff costs	4,767,408	3,936,751	4,302,772	3,563,516
Office and administrative expense	1,080,961	1,085,585	965,375	986,085
Depreciation of fixed assets	507,278	495,245	492,683	483,129
Electronic equipment operating expenses	303,972	281,837	279,539	259,171
Depreciation of right-of-use assets	232,351	N/A	196,097	N/A
Deposit insurance expenses	154,945	142,729	147,669	135,195
Amortisation of intangible assets	100,083	92,489	98,926	91,412
Rental expenses	43,218	265,488	37,329	221,108
Amortisation of long-term prepaid expenses	31,308	43,436	17,390	26,529
Total	7,221,524	6,343,560	6,537,780	5,766,145

44. Losses of credit impairment

Item	The Group		The Bank	
	2021	2020	2021	2020
Loans and advances measured at amortized cost	4,660,364	4,875,251	4,737,855	4,858,543
Loans and advances at fair value through other comprehensive income	(283,935)	60,785	(283,935)	60,785
Debt investments	(18,710)	(93,836)	(18,710)	(93,836)
Other debt investments	(8,476)	6,566	(8,476)	6,566
Finance lease receivables and long-term receivables	423,459	556,566		
Expected impairment losses of credit in off-balance sheet	(225,884)	161,605	(225,884)	161,605
Others	(48,359)	40,839	(58,036)	50,822
Total	4,498,459	5,607,776	4,142,814	5,044,485

45. Non-operating income

Item	The Group		The Bank	
	2021	2020	2021	2020
Proceeds from security companies	14,002	42,915	14,002	42,915
Gain on disposal of long-term unclaimed deposits	6,140	4,864	6,139	4,864
Penalty	12,682	6,116	12,682	6,116
Others (Note)	20,932	64,622	12,852	44,367
Total	53,756	118,517	45,675	98,262

Note: Shanghai Municipal Government injected cash and land use rights to the Bank in exchange for the Bank's non-performing assets with the carrying amount of RMB5,510,577 thousand in 2005, the amount approximates the sum of value of cash and land use rights. The Bank recognized the amount recovered in respect of the non-performing assets exchanged in non-operating income. In 2021, the Bank recognized non-operating income arising from such items, amounting to RMB 3,322 thousand (2020: RMB7,529 thousand).

46. Non-operating expenses

Item	The Group		The Bank	
	2021	2020	2021	2020
Donation expenditure	12,184	33,342	11,936	31,379
Losses on physical inspection and disposal of fixed assets	8,368	3,648	8,367	3,501
Overdue withdrawal refunds expenditure	860	1,477	859	1,477
Payment for breach of contract	1,672	2,185	1,432	335
Others	20,391	8,158	18,386	7,457
Total	43,475	48,810	40,980	44,149

47. Income tax expenses

Item	The Group		The Bank	
	2021	2020	2021	2020
Current income tax	2,694,685	2,431,440	2,430,415	2,279,115
Deferred income tax	(563,394)	(949,551)	(515,207)	(954,313)
Total	2,131,291	1,481,889	1,915,208	1,324,802

Reconciliation of income tax expenses to accounting profit is as follows:

Item	The Group		The Bank	
	2021	2020	2021	2020
Profit before tax	12,178,210	9,900,462	11,310,747	9,249,704
Tax calculated at applicable tax rate	3,055,801	2,480,544	2,827,687	2,312,426
Tax effect arising from income not subject to tax	(1,032,006)	(1,010,640)	(1,023,042)	(1,007,572)
Tax effect of expenses not deductible for tax purposes	24,063	31,332	22,009	28,257
Tax effect of deductible loss of unrecognised deferred income tax assets or deductible temporary difference	12,516	11,927		
Effect of utilizing deductible losses and deductible temporary differences not recognized for deferred tax assets for prior year	(16,954)	(22,396)		
Transfer-out of deferred tax assets in prior years	88,718	-	88,718	-
Tax effect arising from tax filing of prior year	(847)	(8,878)	(164)	(8,309)
Income tax expenses	2,131,291	1,481,889	1,915,208	1,324,802

48. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Item	The Group		The Bank	
	2021	2020	2021	2020
I. Reconciliation of net profit to cash flows from operating activities:				
Net profit	10,046,919	8,418,573	9,395,539	7,924,902
Adjustment: Expected credit loss	4,498,459	5,607,776	4,142,814	5,044,485
Gains from impairment of assets	(3,016)	-	(3,105)	-
Depreciation of fixed assets	507,278	495,245	492,683	483,129
Depreciation of right-of-use assets	232,351	N/A	196,097	N/A
Amortisation of intangible assets	100,083	92,489	98,926	91,412
Amortisation of long-term prepaid expenses	31,308	43,436	17,390	26,529
Gains on disposal of fixed assets, intangible asset and capital for debt payment	(144,518)	(7,621)	(144,782)	(7,485)
Gains on changes in fair value	(678,404)	(314,707)	(678,404)	(314,707)
Interest income from securities and other investments	(8,328,775)	(8,261,065)	(8,291,368)	(8,234,767)
Investment income	(1,411,877)	(1,386,169)	(1,491,873)	(1,439,473)
Interest expenses of issued debt securities	2,274,931	2,048,419	2,274,931	2,048,419
Interest expenses on lease liabilities	23,419	N/A	19,507	N/A
Increase in deferred tax assets	(563,394)	(949,551)	(515,207)	(954,313)
Non-operating income from investment in associates	-	(25,550)	-	(25,550)
Net increase in operating receivables	(94,053,635)	(100,089,079)	(90,130,869)	(92,735,601)
Net increase in operating payables	86,321,390	80,487,308	81,377,139	72,548,030
Net Cash Flow from Operating Activities	(1,147,481)	(13,840,496)	(3,240,582)	(15,544,990)
II. Net changes in cash and cash equivalents				
Cash and cash equivalents at the end of the year	33,705,073	25,822,301	30,807,690	23,788,080
Less: Cash and cash equivalents at the beginning of the year	25,822,301	17,325,823	23,788,080	16,003,247
Net increase in cash and cash equivalents	7,882,772	8,496,478	7,019,610	7,784,833

(2) Composition of cash and cash equivalents

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Cash on hand	1,587,229	1,876,129	1,489,628	1,779,004
Deposits with the central bank	14,942,115	7,277,482	12,475,009	6,198,624
Due from banks and other financial institutions (maturity date within three months)	17,175,729	16,668,690	16,843,053	15,810,452
Total	33,705,073	25,822,301	30,807,690	23,788,080

49. Collaterals

(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 2021	As at 31 December 2020
Securities	26,191,145	25,415,995
Bills	3,606,149	13,049,496
Total	29,797,294	38,465,491

(2) Collateral accepted

As at 31 December 2021, the amount of collateral that can be sold or re-pledged for security without default of owners is RMB 720,246 thousand (31 December 2020: RMB715,607 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 2021 (the Group and the Bank as at 31 December 2020: Nil).

50. Transfer of financial assets

50.1 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 2021 and 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, 22).

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 2021				
	Other debt investments	Debt investments	Held-for-trading financial assets	Loans and advances to customers	Total
Carrying amount of transferred assets	9,484,550	16,737,330	-	3,606,149	29,828,029
Carrying amounts of associated liabilities	9,227,591	16,330,352	-	3,615,132	29,173,075

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

51. Interests in structured entities

51.1 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 2021, the Group has no wealth management products that are managed and included in the scope of consolidation in the financial statements by the Group (31 December 2020: RMB5,916,435 thousand). Interests held by the holders of the wealth management products are included in customer deposits.

51.2 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 2021	As at 31 December 2020	Type of income
Wealth management products	169,842,875	136,107,572	Commission income

The Group's equity in structured entities by directly holding the investment which is shown in the relevant asset items on the balance sheet is listed as follows:

Item	The Group and the Bank			
	As at 31 December 2021			
	Held-for-trading financial assets	Debt investments	Other debt investments	Major income type
Trusts and asset management products	21,037,639	2,378,769	-	Investment income and interest income
Wealth management products	8,678,369	-	-	Investment income
Securities investment funds	26,654,108	-	-	Investment income
Asset-backed securities	271	592,252	36,553	Investment income and interest income
Total	56,370,387	2,971,021	36,553	

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
Total	43,538,228	3,344,906	42,428	

IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(I) Related party relationships

1. Changes in the shareholding percentage of the Group's major shareholders which held more than 5% of the Bank's shares during the reporting period

Name of shareholders	Percentage interest held in the Bank (%)	
	As at 31 December 2021	As at 31 December 2020
Shanghai State-owned Assets management Co., Ltd. ("Shanghai State-owned Assets Management")	8.36	9.22
China Ocean Shipping Group Co. Ltd. ("China Ocean Shipping")	8.29	9.22
Baoshan Iron & Steel Co., Ltd. ("Baoshan Iron & Steel")	8.29	9.22
Shanghai Jiushi Group Co., Ltd. ("Shanghai Jiushi")	7.61	8.45
China Pacific Life Insurance Co., Ltd. ("China Pacific Life Insurance")	5.81	6.45
Shanghai Guosheng Group ("Shanghai Guosheng") (Note)	4.93	5.46
Zhejiang Huhangyong Expressway Co., Ltd. ("Huhangyong") (Note)	4.85	5.36

Note: As the change of equity interest of Shanghai Guosheng Group and Zhejiang Huhangyong Expressway Co., Ltd. was occurred within 12 months since the end of the reporting period, the Bank recognises them as related parties 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 2021
Shanghai State-owned Assets management Co., Ltd.	Guan Wei	Shanghai	RMB 5.5 Billion
China Ocean Shipping Group Co. Ltd.	Wan Min	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 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 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 Huhangyong Expressway Co., Ltd.: Mainly engaged in road management and maintenance; construction engineering; construction engineering design; catering services; labor dispatch services; equity investment; technology services, technology development, technology consulting, technology exchange, technology transfer and technology promotion; information technology consulting services; trailing, assistance and clearing for cars; car wash services; parking services; general cargo warehousing services (excluding hazardous chemicals and other items subject to approval).

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, and their subsidiaries	China Ocean Shipping and its subsidiaries	Baoshan Iron & Steel and its subsidiaries	Shanghai Jiushi (Group) Co., Ltd. and its subsidiaries	China Pacific Life Insurance and its subsidiaries	Shanghai Guosheng and its subsidiaries	Huangyong 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 2021:											
Interest income	14,641	48,568	-	26,757	-	9,101	-	812	106,204	206,083	0.50
Interest expenses	58,255	1,636	5	21,965	-	4,145	-	445	5,836	92,287	0.43
Fee and commission income	3	8	1	6	-	4	1	1	28	52	0.00
General and administrative expenses	-	-	-	2,617	-	-	-	1,138	3,328	7,083	0.10
As at 31 December 2021, the balance of significant transactions is set as follows:											
Due from banks and other financial institutions	-	-	-	-	-	-	-	-	6,108,604	6,108,604	28.84
Placements with banks and other financial institutions	-	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	447,674	1,185,793	-	792,703	-	198,959	-	18,058	1,766,607	4,409,794	0.75
Due to banks and other institutions	-	66	9	-	-	-	-	-	3,885	3,960	0.08
Placements from banks and other financial institutions	-	-	-	-	-	-	-	-	-	-	-
Customer deposits	2,221,044	81,214	69	1,860,000	-	265,732	82	23,665	1,787,927	6,239,733	0.73
As at 31 December 2021, significant off-balance sheet items are set as follows:											
Non-capital preservation wealth management	-	-	-	-	-	-	-	21,683	25,106	46,789	0.03

Item	Shanghai State-owned Assets management, and their subsidiaries	China Ocean Shipping and its subsidiaries	Baoshan Iron & Steel and its subsidiaries	Shanghai Jiushi (Group) Co., Ltd. and its subsidiaries	China Pacific Life Insurance and its subsidiaries	Shanghai Guosheng and its subsidiaries	Huhangyong 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	-	623	-	6,263	-	877	277,737	351,326	0.95
Interest expenses	69,008	17,657	40	1,024	16,558	17,081	5	780	87,683	209,836	1.09
Fee and commission income	3	9	-	7	-	4	1	1	2,185	2,210	0.08
General and administrative expenses	-	-	-	2,491	-	60	-	-	16,441	18,992	0.30
As at 31 December 2020, the balance of significant transactions is set as follows:											
Due from 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	-	800,660	-	400,417	-	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	455,660	339	256,317	2,358	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

(III) The transactions between the Group and key management personnel

Emoluments of key management personnel in all periods are set out as follows:

Item	2021	2020
Emoluments of key management personnel	29,060	17,312

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 2021 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 2021.

(IV) The transactions between the Bank and subsidiaries and associates

Significant transactions during the reporting period are set out as follows:

Item	2021	2020
Interest income	94,049	41,103
Interest expenses	165,652	182,091
Fee and commission income	33,843	35,975

The balance of significant transactions as at the balance sheet date is as follows:

Item	As at 31 December 2021	As at 31 December 2020
Due to banks and other financial institutions	4,755,758	5,813,469
Placements with banks and other financial institutions	2,553,534	2,084,194
Due from banks and other institutions	131,917	51,102
Customer deposits	588	6,038

X. COMMITMENTS

1. Credit-related commitments

1.1 Category of credit-related commitments

Item	The Group			
	As at 31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
Credit-related commitments	56,849,922	144,641	-	56,994,563
Issued bank acceptance	13,752,782	27,500	-	13,780,282
Issued letters of guarantee	3,110,541	4,151	-	3,114,692
Issued letters of credit	8,143,773	10,000	-	8,153,773
Total	81,857,018	186,292	-	82,043,310

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
Total	72,989,887	134,024	-	73,123,911

Item	The Bank			
	As at 31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
Credit-related commitments	56,849,922	144,641	-	56,994,563
Issued bank acceptance	13,752,782	27,500	-	13,780,282
Issued letters of guarantee	3,108,585	4,151	-	3,112,736
Issued letters of credit	8,143,773	10,000	-	8,153,773
Total	81,855,062	186,292	-	82,041,354

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
Total	72,989,387	134,024	-	73,123,411

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Credit-related commitments	56,994,563	55,921,100	56,994,563	55,921,100
Issued bank acceptance	13,780,282	10,365,103	13,780,282	10,365,103
Issued letters of guarantee	3,114,692	3,785,477	3,112,736	3,784,977
Letters of financing guarantee outstanding	3,075	1,076,165	3,075	1,075,665
Letters of non-financing guarantee outstanding	3,111,617	2,709,312	3,109,661	2,709,312
Issued letters of credit	8,153,773	3,052,231	8,153,773	3,052,231
Spot letters of credit outstanding	584,330	167,994	584,330	167,994
Forward letters of credit outstanding	7,569,443	2,884,237	7,569,443	2,884,237
Total	82,043,310	73,123,911	82,041,354	73,123,411

1.2 Movement of credit-related commitments

Item	The Group			
	Year ended 31 December 2021			
	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 2021	72,989,887	134,024	-	73,123,911
Transferred to:				
- Stage 1	531	(531)	-	-
- Stage 2	(2,532)	2,532	-	-
- Stage 3	-	-	-	-
Net amount incurred for the year	8,869,132	50,267	-	8,919,399
As at 31 December 2021	81,857,018	186,292	-	82,043,310

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 2021			
	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 2021	72,989,387	134,024	-	73,123,411
Transferred to:				
- Stage 1	531	(531)	-	-
- Stage 2	(2,532)	2,532	-	-
- Stage 3	-	-	-	-
Net amount incurred for the year	8,867,676	50,267	-	8,917,943
As at 31 December 2021	81,855,062	186,292	-	82,041,354

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

2. Capital commitments

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Authorised but not contracted for	30,226	81,961	15,931	64,599
Contracted but not provided for	95,123	40,987	66,080	32,168
Total	125,349	122,948	82,011	96,767

3. 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 RMB 2,805,532 thousand as at 31 December 2021 (31 December 2020: RMB2,915,729 thousand).

XI. FIDUCIARY ACTIVITIES

Item	The Group		The Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Entrusted loans	115,571,762	126,563,031	114,424,007	125,439,946

XII. 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				
	2021				
	Corporate banking business	Personal banking business	Treasury business	Other business	Total
I. Operating income	12,361,772	7,114,895	1,537,248	3,150,404	24,164,319
Net interest income	11,833,604	6,393,157	(1,740,302)	2,884,264	19,370,723
Including: External net interest income / (expense)	11,120,495	324,727	7,263,502	661,999	19,370,723
Internal net interest income/ (expense)	713,109	6,068,430	(9,003,804)	2,222,265	-
Net fee and commission income	649,507	720,774	817,824	(21,880)	2,166,225
Investment income	(201,682)	-	1,569,119	44,440	1,411,877
Other income	-	-	-	53,726	53,726
Gains from changes in fair value	-	-	678,404	-	678,404
Foreign exchange gains/(losses)	80,343	964	212,203	(20,827)	272,683
Other operating income	-	-	-	66,163	66,163
Gains on disposal of assets	-	-	-	144,518	144,518
II. Operating expenses	(8,131,844)	(2,895,865)	(82,541)	(886,140)	(11,996,390)
Taxes and levies	(117,252)	(75,529)	(25,631)	(45,776)	(264,188)
Business and administrative expenses	(3,465,666)	(2,515,005)	(416,396)	(824,457)	(7,221,524)
Losses of credit impairment	(4,547,798)	(305,331)	359,486	(4,816)	(4,498,459)
Gains from impairment of assets	-	-	-	3,016	3,016
Other operating expenses	(1,128)	-	-	(14,107)	(15,235)
III. Operating income	4,229,928	4,219,030	1,454,707	2,264,264	12,167,929
Add: Non-operating income	-	-	-	53,756	53,756
Less: Non-operating expenses	-	-	-	(43,475)	(43,475)
IV. Profit before tax	4,229,928	4,219,030	1,454,707	2,274,545	12,178,210
Total assets	333,453,305	232,995,664	514,228,558	77,698,734	1,158,376,261
Total liabilities	(441,131,095)	(416,236,719)	(139,519,587)	(64,157,423)	(1,061,044,824)

Item	The Group				
	2020				
	Corporate banking business	Personal banking business	Treasury business	Other business	Total
I. Operating income	11,763,033	6,412,493	2,412,664	1,451,366	22,039,556
Net interest income	10,947,119	5,724,939	(238,256)	1,437,073	17,870,875
Including: External net interest income / (expense)	9,601,547	(470,049)	8,055,239	684,138	17,870,875
Internal net interest income/ (expense)	1,345,572	6,194,988	(8,293,495)	752,935	-
Net fee and commission income	747,483	686,360	921,277	(22,972)	2,332,148
Investment income	(8,284)	(2)	1,375,634	18,821	1,386,169
Other income	-	-	-	39,273	39,273
Gains from changes in fair value	-	-	314,707	-	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
II. Operating expenses	(6,439,348)	(4,556,030)	(513,268)	(700,155)	(12,208,801)
Taxes and levies	(122,038)	(69,376)	(32,829)	(17,266)	(241,509)
Business and administrative expenses	(3,117,121)	(2,178,423)	(382,898)	(665,118)	(6,343,560)
Losses of credit impairment	(3,199,419)	(2,308,231)	(97,541)	(2,585)	(5,607,776)
Gains from impairment of assets	-	-	-	-	-
Other operating expenses	(770)	-	-	(15,186)	(15,956)
III. Operating income	5,323,685	1,856,463	1,899,396	751,211	9,830,755
Add: Non-operating income	-	-	-	118,517	118,517
Less: Non-operating expenses	-	-	-	(48,810)	(48,810)
IV. Profit before tax	5,323,685	1,856,463	1,899,396	820,918	9,900,462
Total assets	303,732,902	194,575,000	483,352,818	75,315,964	1,056,976,684
Total liabilities	(393,625,409)	(371,460,481)	(88,099,862)	(123,319,036)	(976,504,788)

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 stable risk management strategy determined by the Board of Directors, establish a risk management system that is suitable for the Group's market positioning, local credit environment, and matching the development of the Group, continuously improve the ability to identify, measure, monitor and control various risks, to effectively control the risks at an acceptable level, and ensure that the business management activities are in compliance with laws and regulations, convenient and efficient, operated stably, and can effectively prevent and reduce operating risks, and maintain the capital security of the Group and achieve continuous and stable value-added.

The 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 mainly 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/ long-term receivables and credit commitments

The Group uses a five-grade classification system to manage the quality of its credit assets and finance lease receivables/long-term 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/ long-term receivables into five stages, 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 products or 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 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, loss given default and exposure at default.

The key parameters used for measuring ECL are:

PD: is an estimate of the likelihood of default over future 12 months or lifetime horizon;

LGD: is the proportion of the loss arising on default to the exposure at default;

EAD: is the amount that the Group should be paid in the event of default in the future 12 months or the lifetime.

These figures are generally derived from internally developed statistical models and other historical data.

During the reporting period, there is no significant changes in evaluation techniques or key assumptions.

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, urban per capita disposable income, 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 2021, 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 urban per capita disposable income. The cumulative year-on-year growth rate of GDP is forecasted to be 4.59% to 5.30% in 2022, and the cumulative year-on-year growth rate of urban per capita disposable income is forecasted to be 7.09% to 8.08% in 2022.

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 2021, 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 loss reduced by RMB174 million (31 December 2020: RMB301 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 loss increased by RMB564 million (31 December 2020: RMB367 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 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Credit risk exposures relating to balance sheet items:				
Cash and balances with central bank	70,275,826	66,035,061	66,244,961	62,119,394
Due from banks and other financial institutions	21,177,689	21,366,465	17,837,705	16,801,875
Placements with banks and other financial institutions	60,919,427	60,675,583	63,472,961	62,702,126
Derivative financial assets	1,062,871	943,657	1,062,871	943,657
Held-for-trading financial assets	72,420,004	69,332,583	72,420,004	69,332,583
Debt investments	147,621,457	156,317,618	145,541,114	155,355,746
Other debt investments	102,036,545	90,947,908	102,036,545	90,947,908
Financial assets purchased under resale agreements	46,926,783	36,429,276	46,626,644	35,534,690
Loans and advances to customers	588,984,441	510,017,410	571,005,810	495,101,975
Finance lease receivables	17,822,507	28,344,778		
Long-term receivables	14,086,457	-		
Other financial assets	434,015	3,202,433	336,724	3,119,103
Sub-total	1,143,768,022	1,043,612,772	1,086,585,339	991,959,057
Credit risk exposures relating to off-balance-sheet items:				
Credit-related commitments	56,994,563	55,921,100	56,994,563	55,921,100
Issued bank acceptance	13,780,282	10,365,103	13,780,282	10,365,103
Issued letters of guarantee	3,114,692	3,785,477	3,112,736	3,784,977
Issued letters of credit	8,153,773	3,052,231	8,153,773	3,052,231
Sub-total	82,043,310	73,123,911	82,041,354	73,123,411
Total	1,225,811,332	1,116,736,683	1,168,626,693	1,065,082,468

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 2021, the Group has no restructured loans (as at 31 December 2020: RMB247 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 2021			
	Held-for-trading financial assets	Debt investments	Other debt investments	Total
AAA- to AAA+	3,759,014	48,179,277	30,788,011	82,726,302
AA- to AA+	103,807	-	151,841	255,648
Unrated	68,557,183	99,442,180	71,096,693	239,096,056
Total	72,420,004	147,621,457	102,036,545	322,078,006

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
Total	69,332,583	156,317,618	90,947,908	316,598,109

Item	The Bank			
	As at 31 December 2021			
	Held-for-trading financial assets	Debt investments	Other debt investments	Total
AAA- to AAA+	3,759,014	48,179,277	30,788,011	82,726,302
AA- to AA+	103,807	-	151,841	255,648
Unrated	68,557,183	97,361,837	71,096,693	237,015,713
Total	72,420,004	145,541,114	102,036,545	319,997,663

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
Total	69,332,583	155,355,746	90,947,908	315,636,237

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 market risk management policies and policies of market risk 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 2021			
	RMB	USD equivalent to RMB	Other currencies equivalent to RMB	Total
Assets				
Cash and balances with central bank	69,206,281	1,021,894	47,651	70,275,826
Due from banks and other financial institutions	19,186,891	1,446,915	543,883	21,177,689
Placements with banks and other financial institutions	39,164,115	21,681,731	73,581	60,919,427
Derivative financial assets	1,055,849	7,019	3	1,062,871
Financial assets purchased under resale agreements	46,926,783	-	-	46,926,783
Loans and advances to customers	580,852,935	6,088,668	2,042,838	588,984,441
Held-for-trading financial assets	72,420,004	-	-	72,420,004
Debt investments	146,674,199	947,258	-	147,621,457
Other debt investments	100,564,760	1,471,785	-	102,036,545
Other equity instrument investments	111,500	-	-	111,500
Finance lease receivables	17,822,507	-	-	17,822,507
Long-term receivables	14,086,457	-	-	14,086,457
Other assets	14,928,269	2,485	-	14,930,754
Total assets	1,123,000,550	32,667,755	2,707,956	1,158,376,261
Liabilities				
Loans from the central bank	(39,538,115)	-	-	(39,538,115)
Due to banks and other financial institutions	(4,927,899)	(60)	-	(4,927,959)
Placements from banks and other financial institutions	(34,054,780)	(847,376)	-	(34,902,156)
Financial liabilities at fair value through profit or loss	(46,699)	-	-	(46,699)
Derivative financial liabilities	(1,017,128)	(29,930)	(172)	(1,047,230)
Financial assets sold under repurchase agreement	(29,173,075)	-	-	(29,173,075)
Customer deposits	(844,417,489)	(10,333,927)	(615,220)	(855,366,636)
Debt securities issued	(85,313,202)	-	-	(85,313,202)
Other liabilities	(10,622,381)	(101,216)	(6,155)	(10,729,752)
Total liabilities	(1,049,110,768)	(11,312,509)	(621,547)	(1,061,044,824)
Net position of assets liabilities	73,889,782	21,355,246	2,086,409	97,331,437
Financial guarantee and credit-related commitments	80,259,748	1,533,626	249,936	82,043,310

Item	The Group			
	As at 31 December 2020			
	RMB	USD equivalent to RMB	Other currencies equivalent to RMB	Total
Assets				
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
Total assets	1,018,445,230	36,373,404	2,158,050	1,056,976,684
Liabilities				
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)
Total liabilities	(952,901,366)	(23,294,469)	(308,953)	(976,504,788)
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 Bank			
	As at 31 December 2021			
	RMB	USD equivalent to RMB	Other currencies equivalent to RMB	Total
Assets				
Cash and balances with central bank	65,175,416	1,021,894	47,651	66,244,961
Due from banks and other financial institutions	15,846,907	1,446,915	543,883	17,837,705
Placements with banks and other financial institutions	41,717,649	21,681,731	73,581	63,472,961
Derivative financial assets	1,055,849	7,019	3	1,062,871
Financial assets purchased under resale agreements	46,626,644	-	-	46,626,644
Loans and advances to customers	562,874,304	6,088,668	2,042,838	571,005,810
Held-for-trading financial assets	72,420,004	-	-	72,420,004
Debt investments	144,593,856	947,258	-	145,541,114
Other debt investments	100,564,760	1,471,785	-	102,036,545
Other equity instrument investments	111,500	-	-	111,500
Other assets	16,513,158	2,485	-	16,515,643
Total assets	1,067,500,047	32,667,755	2,707,956	1,102,875,758
Liabilities				
Loans from the central bank	(38,699,752)	-	-	(38,699,752)
Due to banks and other financial institutions	(9,681,517)	(60)	-	(9,681,577)
Placements from banks and other financial institutions	(10,024,045)	(847,376)	-	(10,871,421)
Financial liabilities at fair value through profit or loss	(46,699)	-	-	(46,699)
Derivative financial liabilities	(1,017,128)	(29,930)	(172)	(1,047,230)
Financial assets sold under repurchase agreement	(29,173,075)	-	-	(29,173,075)
Customer deposits	(816,600,424)	(10,333,927)	(615,220)	(827,549,571)
Debt securities issued	(85,313,202)	-	-	(85,313,202)
Other liabilities	(7,891,436)	(101,216)	(6,155)	(7,998,807)
Total liabilities	(998,447,278)	(11,312,509)	(621,547)	(1,010,381,334)
Net position of assets liabilities	69,052,769	21,355,246	2,086,409	92,494,424
Financial guarantee and credit-related commitments	80,257,792	1,533,626	249,936	82,041,354

Item	The Bank			
	As at 31 December 2020			
	RMB	USD equivalent to RMB	Other currencies equivalent to RMB	Total
Assets				
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
Total assets	968,585,168	36,373,404	2,158,050	1,007,116,622
Liabilities				
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)
Total liabilities	(907,290,756)	(23,294,469)	(308,953)	(930,894,178)
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

The table below illustrates the potential impact of an appreciation or depreciation of other currencies against RMB by 5% on the Group and the Bank's net profit:

Item	The Group and the Bank	
	As at 31 December 2021	As at 31 December 2020
5% appreciation	880,409	559,801
5% depreciation	(880,409)	(559,801)

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;
- 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 2021					
	Less than 3 months	3 months - 1 year (inclusive)	1-5 years (inclusive)	More than 5 years	Non-interest bearing	Total
Assets						
Cash and balances with central bank	67,581,110	-	-	-	2,694,716	70,275,826
Due from banks and other financial institutions	17,995,474	3,139,828	-	-	42,387	21,177,689
Placements with banks and other financial institutions	30,996,367	26,971,912	2,348,809	-	602,339	60,919,427
Derivative financial assets	-	-	-	-	1,062,871	1,062,871
Financial assets purchased under resale agreements	46,895,266	-	-	-	31,517	46,926,783
Loans and advances to customers	234,112,581	291,450,944	46,132,862	16,233,165	1,054,889	588,984,441
Held-for-trading financial assets	60,095,673	6,906,691	2,028,236	3,218,784	170,620	72,420,004
Debt investments	5,156,185	17,888,736	97,538,328	24,364,224	2,673,984	147,621,457
Other debt investments	3,420,225	5,764,121	51,451,891	39,651,109	1,749,199	102,036,545
Other equity instrument investments	-	-	-	-	111,500	111,500
Finance lease receivables	14,379,867	3,092,574	-	-	350,066	17,822,507
Long-term receivables	11,263,409	2,614,116	-	-	208,932	14,086,457
Other assets	-	-	-	-	14,930,754	14,930,754
Total assets	491,896,157	357,828,922	199,500,126	83,467,282	25,683,774	1,158,376,261
Liabilities						
Loans from the central bank	(6,647,637)	(32,639,842)	-	-	(250,636)	(39,538,115)
Due to banks and other financial institutions	(4,504,808)	(406,000)	-	-	(17,151)	(4,927,959)
Placements from banks and other financial institutions	(15,837,180)	(18,800,913)	-	-	(264,063)	(34,902,156)
Financial liabilities at fair value through profit or loss	-	-	-	-	(46,699)	(46,699)
Derivative financial liabilities	-	-	-	-	(1,047,230)	(1,047,230)
Financial assets sold under repurchase agreement	(27,638,575)	(1,529,296)	-	-	(5,204)	(29,173,075)
Customer deposits	(461,234,832)	(148,860,815)	(228,041,299)	(623)	(17,229,067)	(855,366,636)
Debt securities issued	(30,931,653)	(37,111,030)	(10,000,000)	(7,000,000)	(270,519)	(85,313,202)
Lease liabilities	(49,380)	(134,158)	(371,449)	(75,210)	-	(630,197)
Other liabilities	-	-	-	-	(10,099,555)	(10,099,555)
Total liabilities	(546,844,065)	(239,482,054)	(238,412,748)	(7,075,833)	(29,230,124)	(1,061,044,824)
Total interest sensitivity gap	(54,947,908)	118,346,868	(38,912,622)	76,391,449	(3,546,350)	97,331,437

Item	The Group					
	As at 31 December 2020					
	Less than 3 months	3 months -1 year (inclusive)	1-5 years (inclusive)	More than 5 years	Non-interest bearing	Total
Assets						
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
Total assets	417,193,516	354,004,656	172,939,992	86,463,077	26,375,443	1,056,976,684
Liabilities						
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)
Total liabilities	(496,092,706)	(222,437,877)	(222,351,782)	(10,196,502)	(25,425,921)	(976,504,788)
Total interest sensitivity gap	(78,899,190)	131,566,779	(49,411,790)	76,266,575	949,522	80,471,896

Item	The Bank					
	As at 31 December 2021					
	Less than 3 months	3 months -1 year (inclusive)	1-5 years (inclusive)	More than 5 years	Non-interest bearing	Total
Assets						
Cash and balances with central bank	63,678,250	-	-	-	2,566,711	66,244,961
Due from banks and other financial institutions	16,831,188	1,000,000	-	-	6,517	17,837,705
Placements with banks and other financial institutions	31,495,763	28,969,535	2,348,809	-	658,854	63,472,961
Derivative financial assets	-	-	-	-	1,062,871	1,062,871
Financial assets purchased under resale agreements	46,595,267	-	-	-	31,377	46,626,644
Loans and advances to customers	233,086,719	287,797,381	39,201,362	9,905,492	1,014,856	571,005,810
Held-for-trading financial assets	60,095,673	6,906,691	2,028,236	3,218,784	170,620	72,420,004
Debt investments	5,156,185	16,686,931	96,827,096	24,215,168	2,655,734	145,541,114
Other debt investments	3,420,225	5,764,121	51,451,891	39,651,109	1,749,199	102,036,545
Other equity instrument investments	-	-	-	-	111,500	111,500
Other assets	-	-	-	-	16,515,643	16,515,643
Total assets	460,359,270	347,124,659	191,857,394	76,990,553	26,543,882	1,102,875,758
Liabilities						
Loans from the central bank	(6,489,706)	(31,959,752)	-	-	(250,294)	(38,699,752)
Due to banks and other financial institutions	(8,284,019)	(1,363,500)	-	-	(34,058)	(9,681,577)
Placements from banks and other financial institutions	(7,726,180)	(3,140,914)	-	-	(4,327)	(10,871,421)
Financial liabilities at fair value through profit or loss	-	-	-	-	(46,699)	(46,699)
Derivative financial liabilities	-	-	-	-	(1,047,230)	(1,047,230)
Financial assets sold under repurchase agreement	(27,638,575)	(1,529,296)	-	-	(5,204)	(29,173,075)
Customer deposits	(447,738,641)	(143,466,670)	(219,806,172)	(623)	(16,537,465)	(827,549,571)
Debt securities issued	(30,931,653)	(37,111,030)	(10,000,000)	(7,000,000)	(270,519)	(85,313,202)
Lease liabilities	(44,557)	(118,332)	(302,217)	(56,465)	-	(521,571)
Other liabilities	-	-	-	-	(7,477,236)	(7,477,236)
Total liabilities	(528,853,331)	(218,689,494)	(230,108,389)	(7,057,088)	(25,673,032)	(1,010,381,334)
Total interest sensitivity gap	(68,494,061)	128,435,165	(38,250,995)	69,933,465	870,850	92,494,424

Item	The Bank					
	As at 31 December 2020					
	Less than 3 months	3 months -1 year (inclusive)	1-5 years (inclusive)	More than 5 years	Non-interest bearing	Total
Assets						
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
Other assets	-	-	-	-	18,265,168	18,265,168
Total assets	387,535,918	348,455,613	164,008,250	79,678,565	27,438,276	1,007,116,622
Liabilities						
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)
Total liabilities	(482,486,120)	(206,184,329)	(209,797,975)	(10,000,000)	(22,425,754)	(930,894,178)
Total interest sensitivity gap	(94,950,202)	142,271,284	(45,789,725)	69,678,565	5,012,522	76,222,444

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			
	2021		2020	
	Net interest income	Other comprehensive income/(loss)	Net interest income	Other comprehensive income/(loss)
+100 basis points parallel shift in all yield curves	2,224,289	(3,086,363)	2,145,482	(1,939,031)
-100 basis points parallel shift in all yield curves	(2,224,289)	3,343,823	(2,145,482)	2,100,437

Item	The Bank			
	2021		2020	
	Net interest income	Other comprehensive income/(loss)	Net interest income	Other comprehensive income/(loss)
+100 basis points parallel shift in all yield curves	2,091,030	(3,086,363)	1,897,182	(1,939,031)
-100 basis points parallel shift in all yield curves	(2,091,030)	3,343,823	(1,897,182)	2,100,437

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 system of the Group is mainly divided into three levels. The first level is the Board of Directors and its special committee, Supervisory Board and its special committees; the second level is the senior management and its special committee; the third level is the functional departments of the head office and the branches. The Board of Directors shall bear the ultimate responsibility for liquidity risk management, examine and approve liquidity risk preferences, liquidity risk management strategies, important policies and procedures, etc. 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 2021							
	Overdue/ undated	On demand	Less than 1	1-3 months (inclusive)	3 months - 1 year (inclusive)	1-5 years (inclusive)	More than 5 years	Total
Financial assets								
Cash and balances with central bank	53,714,628	16,561,198	-	-	-	-	-	70,275,826
Due from banks and other financial institutions	-	13,030,414	4,646,662	577,543	3,232,401	-	-	21,487,020
Placements with banks and other financial institutions	-	-	25,990,899	5,360,189	28,005,978	2,509,136	-	61,866,202
Financial assets purchased under resale agreements	-	-	46,323,733	682,445	-	-	-	47,006,178
Loans and advances to customers	6,553,898	-	33,016,509	51,919,415	159,435,873	172,665,173	198,061,114	621,651,982
Held-for-trading financial assets	183,000	-	7,819,709	5,506,221	33,129,568	2,438,636	25,801,031	74,878,165
Debt investments	857,533	-	3,981,830	2,997,797	20,817,643	110,111,858	26,885,179	165,651,840
Other debt investments	-	-	1,242,403	2,530,746	7,914,826	60,777,584	44,006,362	116,471,921
Other equity instrument investments	111,500	-	-	-	-	-	-	111,500
Finance lease receivables	299,391	-	613,450	1,715,503	5,591,805	12,782,106	233,410	21,235,665
Long-term receivables	-	-	524,949	736,870	3,496,790	11,580,151	84,602	16,423,362
Other financial assets	55,704	-	378,311	-	-	-	-	434,015
Total financial assets	61,775,654	29,591,612	124,538,455	72,026,729	261,624,884	372,864,644	295,071,698	1,217,493,676
Financial liabilities								
Loans from the central bank	-	-	(3,621,069)	(3,178,550)	(33,452,910)	-	-	(40,252,529)
Due to banks and other financial institutions	-	(3,105,241)	(1,100,978)	(397,688)	(369,141)	-	-	(4,973,048)
Placements from banks and other financial institutions	-	-	(10,015,685)	(6,065,156)	(19,468,928)	-	-	(35,549,769)
Financial liabilities at fair value through profit or loss	-	(46,699)	-	-	-	-	-	(46,699)
Financial assets sold under repurchase agreement	-	-	(25,563,934)	(2,096,249)	(1,546,852)	-	-	(29,207,035)
Customer deposits	-	(368,144,879)	(31,779,921)	(73,564,039)	(154,851,867)	(251,099,165)	(724)	(879,440,595)
Debt securities issued	-	-	(21,690,000)	(9,488,172)	(38,220,032)	(11,695,113)	(7,332,303)	(88,425,620)
Lease liabilities	-	-	(17,392)	(33,054)	(156,185)	(395,257)	(79,476)	(681,364)
Other financial liabilities	-	-	(3,180,165)	-	-	-	-	(3,180,165)
Total financial liabilities	-	(371,296,819)	(96,969,144)	(94,822,908)	(248,065,915)	(263,189,535)	(7,412,503)	(1,081,756,824)
Net value	61,775,654	(341,705,207)	27,569,311	(22,796,179)	13,558,969	109,675,109	287,659,195	135,736,852

Item	The Group							
	As at 31 December 2020							
	Overdue/ undated	On demand	Less than 1	1-3 months (inclusive)	3 months - 1 year (inclusive)	1-5 years (inclusive)	More than 5 years	Total
Financial assets								
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
Total financial assets	63,348,186	26,367,140	103,772,766	67,677,603	229,425,404	335,549,295	283,984,157	1,110,124,551
Financial liabilities								
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)
Total financial liabilities	-	(331,400,479)	(82,565,342)	(80,243,630)	(236,847,448)	(233,898,249)	(11,004,005)	(975,959,153)
Net value	63,348,186	(305,033,339)	21,207,424	(12,566,027)	(7,422,044)	101,651,046	272,980,152	134,165,398

Item	The Bank							
	As at 31 December 2021							
	Overdue/ undated	On demand	Less than 1	1-3 months (inclusive)	3 months - 1 year (inclusive)	1-5 years (inclusive)	More than 5 years	Total
Financial assets								
Cash and balances with central bank	52,249,170	13,995,791	-	-	-	-	-	66,244,961
Due from banks and other financial institutions	-	12,724,536	4,089,186	51,007	1,014,307	-	-	17,879,036
Placements with banks and other financial institutions	-	-	25,990,898	5,883,573	30,092,944	2,509,136	-	64,476,551
Financial assets purchased under resale agreements	-	-	46,023,593	682,445	-	-	-	46,706,038
Loans and advances to customers	6,383,506	-	32,643,879	51,237,028	155,402,694	164,054,425	186,093,818	595,815,350
Held-for-trading financial assets	183,000	-	7,819,709	5,506,221	33,129,568	2,438,636	25,801,031	74,878,165
Debt investments	857,533	-	3,981,831	1,741,253	20,070,635	109,949,485	26,885,179	163,485,916
Other debt investments	-	-	1,242,403	2,530,746	7,914,826	60,777,584	44,006,362	116,471,921
Other equity instrument investments	111,500	-	-	-	-	-	-	111,500
Other financial assets	53,657	-	283,067	-	-	-	-	336,724
Total financial assets	59,838,366	26,720,327	122,074,566	67,632,273	247,624,974	339,729,266	282,786,390	1,146,406,162
Financial liabilities								
Loans from the central bank	-	-	(3,609,864)	(3,031,424)	(32,762,812)	-	-	(39,404,100)
Due to banks and other financial institutions	-	(5,419,141)	(2,034,704)	(882,215)	(1,372,412)	-	-	(9,708,472)
Placements from banks and other financial institutions	-	-	(6,669,595)	(1,067,647)	(3,211,146)	-	-	(10,948,388)
Financial liabilities at fair value through profit or loss	-	(46,699)	-	-	-	-	-	(46,699)
Financial assets sold under repurchase agreement	-	-	(25,563,934)	(2,096,249)	(1,546,852)	-	-	(29,207,035)
Customer deposits	-	(356,691,112)	(31,170,287)	(70,196,880)	(150,930,761)	(242,527,684)	(724)	(851,517,448)
Debt securities issued	-	-	(21,690,000)	(9,488,172)	(38,220,032)	(11,695,113)	(7,332,303)	(88,425,620)
Lease liabilities	-	-	(15,414)	(29,290)	(131,529)	(326,657)	(59,619)	(562,509)
Other financial liabilities	-	-	(3,058,480)	-	-	-	-	(3,058,480)
Total financial liabilities	-	(362,156,952)	(93,812,278)	(86,791,877)	(228,175,544)	(254,549,454)	(7,392,646)	(1,032,878,751)
Net value	59,838,366	(335,436,625)	28,262,288	(19,159,604)	19,449,430	85,179,812	275,393,744	113,527,411

Item	The Bank							
	As at 31 December 2020							
	Overdue/ undated	On demand	Less than 1	1-3 months (inclusive)	3 months - 1 year (inclusive)	1-5 years (inclusive)	More than 5 years	Total
Financial assets								
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
Total financial assets	67,150,881	27,245,353	101,423,980	64,963,142	220,104,830	303,573,475	270,616,980	1,055,078,641
Financial liabilities								
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)
Total financial liabilities	-	(321,490,531)	(83,545,286)	(80,871,470)	(212,641,928)	(220,714,472)	(10,773,321)	(930,037,008)
Net value	67,150,881	(294,245,178)	17,878,694	(15,908,328)	7,462,902	82,859,003	259,843,659	125,041,633

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 2021					
	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	More than 5 years	Total
Interest rate derivatives	816	(8,991)	(20,034)	(34,276)	-	(62,485)
Precious metals derivatives	(5,330)	8,155	(22,452)	-	-	(19,627)
Credit risk mitigation	-	-	-	1,358	-	1,358
Total	(4,514)	(836)	(42,486)	(32,918)	-	(80,754)

Item	The Group and the Bank					
	As at 31 December 2020					
	Less than 1	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
Total	27,141	25,286	(46,354)	(6,320)	-	(247)

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 2021					
	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	More than 5 years	Total
Exchange rate derivatives						
-Cash inflow	31,957,886	18,676,141	1,282,350	-	-	51,916,377
-Cash outflow	(32,055,527)	(18,111,700)	(1,271,876)	-	-	(51,439,103)
Total	(97,641)	564,441	10,474	-	-	477,274

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)
Total	(38,234)	19,953	22,052	-	-	3,771

2.4.3 Off-balance-sheet items

Item	The Group			
	As at 31 December 2021			
	Within 1 year	1-5 years	More than 5 years	Total
Credit-related commitments	30,130,761	10,335,891	16,527,911	56,994,563
Bank acceptances	13,780,282	-	-	13,780,282
Issued letters of guarantee	2,208,143	894,654	11,895	3,114,692
Issued letters of credit	8,032,730	121,043	-	8,153,773
Capital commitments	117,877	7,472	-	125,349
Total	54,269,793	11,359,060	16,539,806	82,168,659

Item	The Group			
	As at 31 December 2020			
	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
Bank acceptances	10,365,103	-	-	10,365,103
Issued letters of guarantee	3,307,690	473,187	4,600	3,785,477
Issued letters of credit	3,052,231	-	-	3,052,231
Operating lease commitments	243,396	494,729	100,046	838,171
Capital commitments	112,854	10,094	-	122,948
Total	48,814,535	6,736,908	18,533,587	74,085,030

Item	The Bank			
	As at 31 December 2021			
	Within 1 year	1-5 years	More than 5 years	Total
Credit-related commitments	30,130,761	10,335,891	16,527,911	56,994,563
Bank acceptances	13,780,282	-	-	13,780,282
Issued letters of guarantee	2,206,187	894,654	11,895	3,112,736
Issued letters of credit	8,032,730	121,043	-	8,153,773
Capital commitments	82,011	-	-	82,011
Total	54,231,971	11,351,588	16,539,806	82,123,365

Item	The Bank			
	As at 31 December 2020			
	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
Bank acceptances	10,365,103	-	-	10,365,103
Issued letters of guarantee	3,307,190	473,187	4,600	3,784,977
Issued letters of credit	3,052,231	-	-	3,052,231
Operating lease commitments	201,617	405,418	73,500	680,535
Capital commitments	86,673	10,094	-	96,767
Total	48,746,075	6,647,597	18,507,041	73,900,713

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 and the Bank			
	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Placements with banks and other financial institutions at fair value through other comprehensive income	-	-	911,620	911,620
Loans and advances to customers at fair value through other comprehensive income	-	-	70,577,100	70,577,100
Loans and advances to customers at fair value through profit or loss	-	-	3,965,552	3,965,552
Held-for-trading financial assets				
- Bonds	-	16,049,888	-	16,049,888
- Trusts and asset management plans	-	-	21,037,639	21,037,639
- Securities investment funds	-	26,654,108	-	26,654,108
- Wealth management products issued by other banks	-	-	8,678,369	8,678,369
Other debt investments				
- Bonds	-	102,036,545	-	102,036,545
Other equity instruments	-	-	111,500	111,500
Derivative financial assets				
- Exchange rate derivatives	-	73,100	-	73,100
- Interest rate derivatives	-	759,196	-	759,196
- Precious metals	-	227,878	-	227,878
- Credit risk mitigation	-	2,697	-	2,697
Total financial assets	-	145,803,412	105,281,780	251,085,192
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	(46,699)	-	(46,699)
Derivative financial liabilities				
- Exchange rate derivatives	-	(44,804)	-	(44,804)
- Interest rate derivatives	-	(836,183)	-	(836,183)
- Precious metals	-	(166,243)	-	(166,243)
Total financial liabilities	-	(1,093,929)	-	(1,093,929)

Item	The Group and the Bank			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
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
Loans and advances to customers at fair value through profit or loss	-	-	-	-
Held-for-trading financial assets				
- Bonds	-	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
Other debt investments				
- Bonds	-	90,947,908	-	90,947,908
Other equity instruments	-	-	11,500	11,500
Derivative financial assets				
- 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
Total financial assets	-	137,068,433	91,008,620	228,077,053
Financial liabilities				
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)
Total financial liabilities	-	(933,460)	-	(933,460)

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 cash flows, 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 2021 and 2020.

3.1.2 Reconciliation of level 3 items

Item	The Group and 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 2021	-	62,736,755	4,104,650	10,834,527	13,321,188	11,500	91,008,620
Comprehensive income							
- Profit or loss	88,257	-	-	364,545	793,426	-	1,246,228
- Other comprehensive income	-	71,653	6,692	-	-	-	78,345
Purchase/issue	3,962,817	59,396,249	6,256	11,050,000	10,550,000	100,000	85,065,322
Disposal/settlement	(85,522)	(51,627,557)	(3,205,978)	(13,570,703)	(3,626,975)	-	(72,116,735)
As at 31 December 2021	3,965,552	70,577,100	911,620	8,678,369	21,037,639	111,500	105,281,780

Item	The Group and 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 2020	636,054	72,898,519	2,292,277	3,218,927	12,646,372	11,500	91,703,649
Comprehensive income							
- Profit or loss	1,390	-	-	315,797	217,214	-	534,401
- Other comprehensive income	-	(39,436)	(3,189)	-	-	-	(42,625)
Purchase/issue	-	57,828,408	1,815,562	11,600,000	11,470,000	-	82,713,970
Disposal/settlement	(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

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, finance lease receivables, long-term 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 and debt securities issued are set as follows:

Debt investments

Fair value of held-to-maturity investment is based on quoted market price. If a quoted market price is not available, discounted cash flow mode can be used for the debt investments. In certain circumstances, the Group uses prices of products with similar credit risks, maturity date and rate of return for quotation.

Debt 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 2021		As at 31 December 2020	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Debt investments	151,128,116	147,621,457	158,267,744	156,317,618
Financial liabilities				
Debt securities issued	85,806,197	85,313,202	87,792,894	87,683,730

Item	The Bank			
	As at 31 December 2021		As at 31 December 2020	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Debt investments	149,040,527	145,541,114	157,308,306	155,355,746
Financial liabilities				
Debt securities issued	85,806,197	85,313,202	87,792,894	87,683,730

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 2021, 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 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Net Core Tier 1 Capital	95,304,268	78,403,963	89,715,688	73,386,273
Net Tier 1 Capital	95,544,712	78,609,505	89,715,688	73,386,273
Net Capital	111,457,637	96,779,439	104,621,034	90,676,404
Risk-weighted assets	729,584,359	671,905,275	683,816,367	632,112,983
Core Tier 1 Capital Adequacy Ratio (%)	13.06	11.67	13.12	11.61
Tier 1 Capital Adequacy Ratio (%)	13.10	11.70	13.12	11.61
Capital Adequacy Ratio (%)	15.28	14.40	15.30	14.34

XIII. Comparative figures for the same period

In order to comply with the presentation method of the financial statements, certain comparative figures have been adjusted by the Group.

XIV. FINANCIAL STATEMENTS APPROVED

The financial statements were approved by the Board of Directors on 29 April 2022.

*** END OF FINANCIAL STATEMENTS*

Supplementary Information

1. Breakdown of Non-Recurring Profit or Loss for the Year

Item	2021	2020
Net proceeds from disposal of non-current assets	144,518	7,621
Government grants included in profit or loss for the current period	53,726	58,364
Net gain on disposal of long-term unclaimed deposits	5,280	3,387
Net gains from compensation for breach of contract	11,010	3,931
Donation expenditure	(12,184)	(33,342)
Other non-operating income and expenses except for the above items	10,035	76,640
Sub-total of non-recurring profit or loss (Note)	212,385	116,601
Effect of income tax of non-recurring profit or loss	(54,874)	(18,013)
Total	157,511	98,588
Including: Non-recurring profit or loss that will have impact on the net profit attributable to shareholders of the Bank	146,927	98,551
Non-recurring profit or loss that will have impact on the net profit attributable to non-controlling interest	10,584	37

Note: The above breakdown of non-recurring profit or loss is determined and disclosed in accordance with the Explanatory Announcement No. 1 of Information Disclosure for Public Offering Securities - Non-recurring Profit or Loss (2008) (Announcement of China Securities Regulatory Commission [2008] No.43) issued by China Securities Regulatory Commission. According to the announcement, non-recurring profit or loss arises from the transactions or events that is not directly related to daily operations, or the transactions or events that are associated with normal operations but may affect the investors' proper judgments on the performance and profitability of the Company due to their special and incidental nature. The above non-recurring profit or loss is accounted for in other income, gains from disposal of assets, non-operating income or non-operating expenses accordingly. Gains or losses arising from investments entrusted to or assets managed by others, reversal of loss allowance of loans for which the impairment is tested on an individual basis, investment income from the holding and disposal of financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and available-for-sale financial assets, and custodian fee income from entrusted operations are gains or losses arising from the Group's normal operating activities. Therefore, they are not incorporated in the scope of disclosure of non-recurring profit or loss.

2. Return on Net Assets and Earnings Per Share ("EPS")

The return rate on net assets and EPS have been prepared by the Group in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share (2010 Revision) issued by China Securities Regulatory Commission.

Return rate on net assets

Item	2021	2020
Net assets at the end of the year attributable to ordinary equity holders of the Bank	93,768,103	77,210,844
Weighted average net assets attributable to ordinary equity holders of the Bank	85,115,635	74,042,929
Before the deduction of non-recurring profit or loss		
Net profit for the year attributable to ordinary equity holders of the Bank	9,697,866	8,160,671
Weighted average return on equity (%)	11.39	11.02
After the deduction of non-recurring profit or loss		
Net profit for the year attributable to ordinary equity holders of the Bank	9,550,939	8,062,120
Weighted average return on equity (%)	11.22	10.89

EPS

Item	2021	2020
Weighted average of number of outstanding ordinary shares ('000)	9,001,481	8,680,000
Before the deduction of non-recurring profit or loss		
Net profit for the year attributable to ordinary equity holders of the Bank	9,697,866	8,160,671
Basic earnings per share(RMB)	1.08	0.94
Diluted earnings per share (RMB)	N/A	N/A
After the deduction of non-recurring profit or loss		
Net profit for the year attributable to ordinary equity holders of the Bank	9,550,939	8,062,120
Basic earnings per share (RMB)	1.06	0.93
Diluted earnings per share (RMB)	N/A	N/A

All copy right reserved by Shanghai Rural Commercial Bank.
It is not allowed to transfer and reprint without permission.
Welcome to put forward your suggestion and advice.

We Make Banking Convenient for You

Welcome to dial our 24-hour customer service hotline 86-21-962999 or login our website www.srcb.com
Address: No.70, Zhongshan No.2 Road (E), Huangpu District, Shanghai, China Tel: 021-61899999 Post: 200002