SHRCB 上海农商银行

2024 ANNUAL REPORT

Shanghai Rural Commercial Bank

Stock code: 601825

– Mission –

Inclusive Finance Delivers Better Life

– Strategic Vision –

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

– Core Values –

Sincerity Responsibility Creation Benefit

– Core Spirit of Corporate Culture –

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

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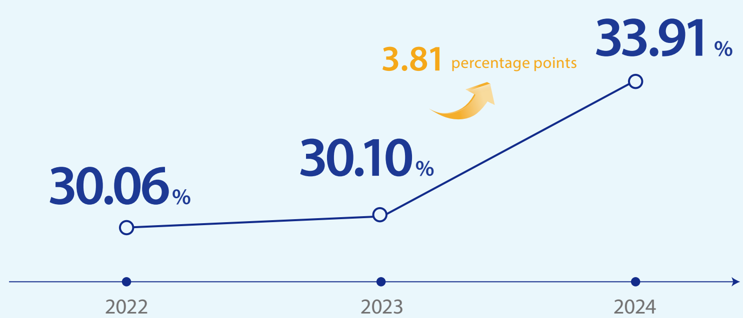
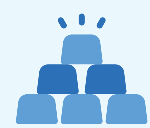
Performance Overview

Shareholder return

Cash dividend ratio



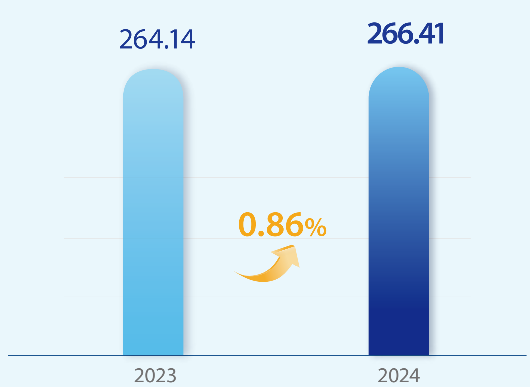
Cumulative cash dividend



RMB 41.66 billion (tax included)

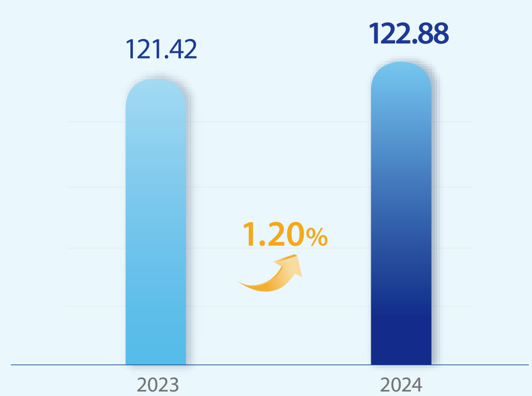
Operating income

Unit: RMB 100 million



Net income attributable to the parent company

Unit: RMB 100 million



Average return on asset

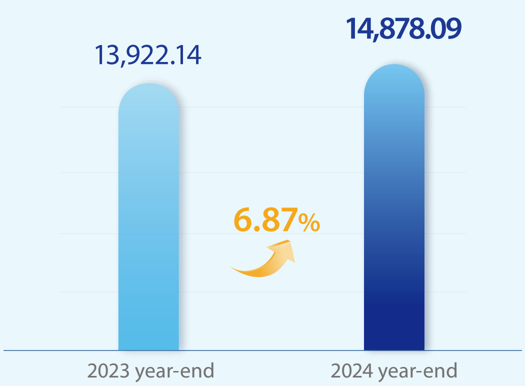
0.88%

Weighted average return on equity

10.35%

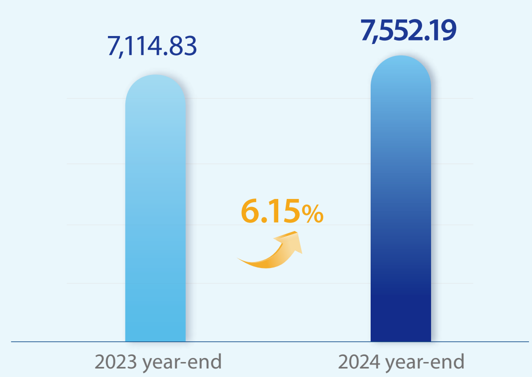
Total assets

Unit: RMB 100 million



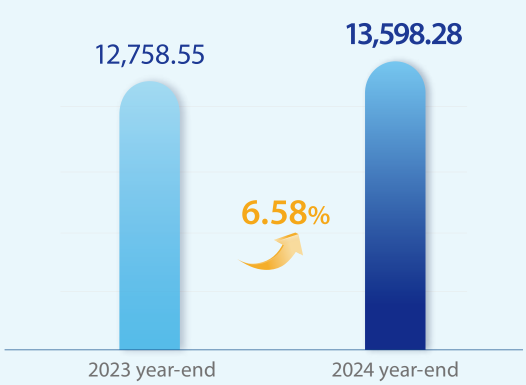
Total loans and advances

Unit: RMB 100 million



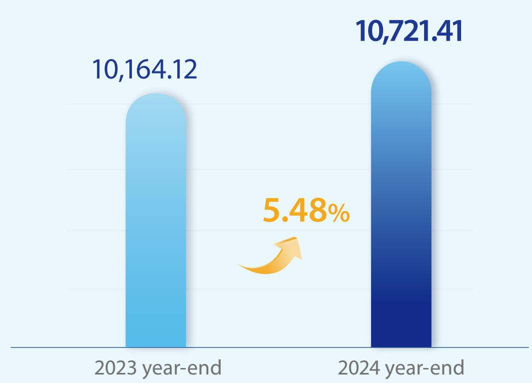
Total liabilities

Unit: RMB 100 million



Deposit principal

Unit: RMB 100 million



NPL%	Capital adequacy ratio	Tier-I capital adequacy ratio	Core tier-I capital adequacy ratio
0.97%	17.15%	14.76%	14.73%

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 3rd Meeting of the Board of Directors on April 24, 2025. 14 directors should attend the meeting, and 14 directors actually attended the meeting in person. Some supervisors and non-director senior management of the Company were present at the meeting.
- The financial statements prepared by the Company in accordance with Chinese Accounting Standards ("CAS") have been audited by KPMG Huazhen (LLP), who issued a standard unqualified audit report.
- Xu Li (legal representative of the Company), Gu Jianzhong (president of the Company), Yao Xiaogang (CFO) and Chen Nanhua (person in charge from the accounting firm) warrant the authenticity, accuracy and completeness of the financial statements in this report.
- The profit distribution proposal for the reporting period reviewed by the Board of Directors of the Company: Based on the total share capital registered on the date of share registration for equity distribution, a cash dividend of RMB 1.93 (inclusive of tax) will be distributed for every 10 ordinary shares, amounting to a total of RMB 1.861 billion (inclusive of tax). Together with the interim cash dividend of RMB 2.305 billion (inclusive of tax) already distributed for 2024, the cumulative cash dividend distributed in 2024 will be RMB 4.166 billion (inclusive of tax), accounting for 33.91% of the net profit attributable to shareholders of the parent company for 2024. For 2024, the Company does not issue bonus shares and does not convert capital reserve to share capital. This proposal is yet to be submitted to the Company's 2024 Annual Shareholders' meeting for review.
- There is no misappropriation of the Company's funds by its controlling shareholders or other related-parties for non-operating purposes.
- The Company has no instance of providing external guarantee that is in breach of the established decision-making procedure.
- Disclaimers on forward-looking statements: the forward-looking statements that involve future plans and development strategies etc. do not constitute a substantive commitment by the Company to its investors. Investors and people concerned should be fully aware of the risks and understand the differences between plans, forecast and commitment.
- Notice on major risks: the Company has no foreseeable major risks. Major risks of the Company's operation include credit risk, market risk, liquidity risk, and operational risk etc., and the Company has adopted various measures to effectively manage all types of risks. Please refer to the section "Management Discussion and Analysis" for details.

Definitions

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

Definitions of frequent terms

The Company/Bank/parent company/SHRCB	Shanghai Rural Commercial Bank Co.
The Group	Shanghai Rural Commercial Bank Co., Ltd. and its subsidiaries
Yangtze Financial Leasing	Yangtze United Financial Leasing Co., Ltd.
Central Bank/ PBOC	People's Bank of China
China Accounting Standards	Accounting Standard for Business Enterprises issued by the Ministry of Finance
Former CBIRC	Former China Banking and Insurance Regulatory Commission
CSRC	China Securities Regulatory Commission
SASAC Shanghai	Sate-owned Assets Supervision and Administration Commission of the State Council-Shanghai
NFRA Shanghai	National Financial Regulatory Administration- Shanghai
Shanghai FTZ	China Shanghai Pilot Free Trade Zone
Lingang Special Area / Lingang Free Trade Special Area	Lingang Special Area of China (Shanghai) Pilot Free Trade Zone
Yuan	Renminbi
Reporting Period	January 1, 2024 to December 31, 2024

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

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

Catalog of Documents Available for Reference

I. Financial statements signed by the legal representative, president, CFO, and person responsible from the accounting firm.

II. Original audit reports signed and sealed by the accounting firm and the certified public accountants concerned.

III. Original annual report signed by the Chairman of the Board of Directors.

IV. Original copies of all the documents and announcements publicly disclosed by the Company within the reporting period.

V. Articles of Association.

Message from the Chairman

Party Secretary and Chairman: Xu Li

The sun and the moon alternate as a new year passes by. 2024 is a year of extraordinary significance, characterized by challenges and unprecedented opportunities as the global economy recovers and the industry changes. Under the strong leadership of the CPC Central Committee with General Secretary Xi Jinping at the center, the domestic economy has made steady progress, and high-quality development has been solidly promoted. Meanwhile, we also saw the difficulties and challenges brought by the economic recovery in terms of the lack of domestic demand, the operating difficulties of some enterprises, the continuous narrowing of bank interest rate spreads, and the gradual exposure of financial risks. Under the complicated and volatile external environment, we have always adhered to the original intention, resolutely implemented the spirit of the Third Plenary Session of the 20th CPC Central Committee and the Central Economic Work Conference, firmed our value of finance for the people, focused on the concerns of the people, and practiced the role of state-owned financial enterprise, and always put the interests of our customers and investors in the first place, and endeavored to build a service-oriented bank that creates value for our customers, and a regional integrated financial service group that specializes in professional operation and excellent experience with impact.

In the past year, we have climbed over the hurdles, with an optimistic mindset, to create certainty for our own development in the midst of many external uncertainties.

In the past year, we have worked together through thick and thin, forging ahead, guided by Chinese-style modernization, and striving to write an answer sheet for the high-quality development of rural commercial bank.

In 2024, the asset scale of SHRCB reached RMB 1.49 trillion, the annual operating income of RMB 26.641 billion, net profit of RMB 12.288 billion, increasing in both the operating income and net profit attributable to the parent company. The total market capitalization increased significantly by 48.26%, ranking second in the magnitude of improvement among the banking sector, and was widely recognized by the market and investors. It ranked 128th in UK The Banker's "Top 1000 Global Banks"; ranked 1st in the comprehensive evaluation of rural commercial banks for four consecutive years in the Gyroscope evaluation; corporate credit rating of "AAA_{spc}" by S&P (China) with "stable" outlook on the Bank, further improving our position and influence in the industry.

Those figures and achievements would not have been achieved without the hard work and sweat of all SHRCB people, and the trust and support from the society.

We adhere to strategic determination and maintain strategic confidence. We adhere to the mission of "inclusive finance for a better life" and vigorously promote the three core strategies of "inclusive finance, customer development and digital transformation", which reflects our forward-looking understanding of the political and people-oriented nature of financial work, as well as our scientific grasp of the laws of operation and development trend of the banking industry. The creation of the "five financial service systems" is highly compatible with the "five Great Articles" proposed by the Central Financial Work Conference. Science and technology finance features services to "early-stage" and "small" businesses, actively embraces the wave of scientific and technological innovation, reshapes the industry research system, focuses on customer cultivation and empowerment, and supports the incubation and growth of robust science and technology enterprises and the transformation of disruptive scientific and technological achievements. At the end of the reporting period, the balance of loans to technology-based enterprises amounted to RMB114.984 billion, representing an increase of RMB 22.469 billion or 24.29% over the end of the previous year. The number of customers for science and technology loans amounted to 4,278, representing an increase of 1,003 accounts or 30.63% over the end of the previous year. Included pension finance in the Group's retail transformation strategy and promoted the layout of integrated pension financial services, serving more than 1.2 million pension payment customers in the city with assets under management of more than RMB 300 billion. We have adhered to the concept of sustainable development, strongly supported the transformation of the financial industry and actively participated in the innovation of carbon finance. At the end of the reporting period, the balance of green credit amounted to RMB 84.335 billion, representing an increase of 37.28% over the end of the previous year, which was significantly higher than the overall credit growth rate during the same period. Meanwhile, we strengthened strategic OKR management and strongly promoted the realization of strategic targets through strategic task breakdown, proposal and assessment.

We insist on customer-centricity, and practice the service to "small and diversified businesses". Customer development is our top priority, and it is the foundation for our stability and success. We practice the business strategy of serving "small and diversified businesses", actively participate in the growth cycle of enterprises from "small" to "big" and from "weak" to "strong", and strive to strengthen our ability to withstand economic fluctuations and traverse economic cycles, so as to enhance the soundness and sustainability of our operations. We have deepened the expansion of our customer base in parks and townships, listed and to be listed companies, proactively connected with Suzhou, Zhejiang and Anhui Chamber of Commerce enterprises, and actively supported the integrated development of the Yangtze River Delta, served cumulatively more than 340,000 customers, provided over RMB 340 billion of loans to private enterprises, and supported more than 30,000 Suzhou, Zhejiang and Anhui Province enterprises in Shanghai. We have further penetrated the grassroots level in townships, set up microfinance centers and specialized teams, and constructed a marketing service system of "localization + industry + scenario" to expand the coverage of SME-enterprises. We have deeply mined the industrial chain and capital chain of leading enterprises, concentrated on the customer ecosystem, and promoted the development of customers from "point" to "chain" and from "chain" to "area". We have promoted the construction of a retail digital intelligence system, the quality and quantity of customer segments such as pension payment, salary payment, trade union cards and new citizens, and focused on the diversified asset allocation needs of customers to provide customers with diversified wealth and agency products, resulting in a steady growth of wealth customers and private banking customers.

We insist on pioneering innovation and focus on value creation. In the era of digital economy, people's lives and enterprises' needs are changing day by day. Business innovation and transformation are necessary for a bank to keep pace with the times and promote quality and revenue enhancement. We have continued to promote business innovation, accelerated the construction of the transaction banking system, enhanced customer service experience, customer stickiness and retention of funds, released the "Shixinshiyi" series of transaction banking products, focused on the ten major transaction scenarios, met customers' "financial + non-financial" needs in an all-round way, and created a new "digital intelligence" experience through specialized talents, diversified products and digital transformation. We have built a synergistic development model of "industry + customer segment + financial institution", vigorously promoted the development of M&A, cross-border and foreign exchange business, and endeavored to cultivate new growth points. During the reporting period, finance product aggregate (FPA) amounted to RMB 630.4 billion, an increase of RMB 55.8 billion or 9.70% over the end of the previous year. Adhering to the principle of "finance for good" and focusing on inclusive social values, we have set up more than 1,000 "Heart Home" public service stations in the city, realizing full coverage of all streets and towns, and genuinely bridging the "last mile" of the 15-minute living circle through financial services.

We insist on consolidating the foundation of development. Grasping execution, strengthening the foundation of management, and refining internal strength are the fundamental needs and inevitable requirements for us to adapt to the changes in the external situation, narrow the gap with leading financial institutions, and promote the effective implementation of the strategy. In 2024, we launched the three-year action of "Grasping execution, strengthening management, and refining internal strength", took the initiative to benchmark against the goal of high-quality development and excellent industry peers, clarified the direction of management optimization, identified ten key projects focusing on "institution, process and system", comprehensively promoted the construction of management standardization and digital intelligence, and systematically carried out the reengineering of credit management process and institution management system. We attached great importance across the bank, achieved initial results through ownership, collaboration and supervision, and significantly improved the level of professional operation and refined management. In 2025, we will further focus on people and culture, adhere to customer-centricity and employee-centricity, and continuously improve operation and service quality. We will focus on building a professional talent team, stimulating the internal vitality of the organization, and strengthening the organic momentum for high-quality development. We have long emphasized the development of compliance culture, firmly established the concept of "compliance creates value", and maintained a "zero-tolerance" attitude toward violations of discipline and law. We have focused on the "Four Strict nesses and One Enhancement", pushed forward the construction of compliance digital intelligence, deepened the application of AI in compliance, created the "AI Xiaohe" and the "Eye of Heaven" system of for case prevention, strengthened the identification of compliance and internal control deficiencies and proactive management, and resolutely guarded the bottom line of compliance and sound operation. We have made asset quality stabilization a top priority of our operations, with the NPL% remaining below 1%, overall sufficient provisioning, robust risk mitigation capacity and a solid foundation for sustainable development.

We build a service-oriented bank in practice to uphold our people-centered development philosophy. To this end, we are committed to customer-centricity, redefining services, continuously improving the service process, and comprehensively enhancing the service capability of creating value for customers. In terms of service approach, we should trace the origin of the service, change the back-end type of service mainly based on tracking demand, and commit ourselves to providing source financial services. Starting from customers' development strategies and business models, we will draw a new value-driven customer journey map to identify customers' real needs, plan for customers' future needs, and stimulate customers' potential needs, so that the Bank can become an essential companion in customers' journey. Close the loop in terms of service content, through precise innovation and continuous iteration, we provide comprehensive and integrated full-life-cycle financial services at different stages of customer development and wealth accumulation, connect the bank's own business ecosystem and the customer's operating ecosystem, create more touchpoints and innovate more ways of connecting, and enhance customer loyalty through building a closed loop of services, so that the Bank can become an important participant in the customer ecosystem.

Looking forward to 2025, we will always have "the greatness of the country" in mind, continue to practice the philosophy and culture of "finance for good", moisturize thousands of enterprises and households with the fountain of inclusive finance, and respond to the people's aspirations for a better life by "benefiting the city and the people" and "common aspirations and goodness". We will adhere to the leading tone of "stability", focus on the "Five Articles" to accelerate business development, continuously improve service quality and customer experience, and make every effort to win the battle for high-quality development, so as to deliver a satisfactory result to the society and investors.

Across the sea of stars, the journey is far from its end; with our original aspiration as solid as the rock, we bear our mission on the shoulder. We are willing to join hands with all sectors of society to go through the mountains and the sea, light up with finance, and paint the picture of the times by forging ahead!

Party Secretary and Chairman:

Message from the President

Deputy Party Secretary, Vice Chairman and President: Gu Jianzhong

As the new year comes, a new chapter begins. In 2024, the global economy underwent deep adjustments with more intense market competition and surging industry changes, and we went through an extraordinary journey together. The Bank has adhered to the leadership of the Party, maintained strategic determination, focused on "grasping execution, strengthening management, and refining internal strength", tamped down the foundation of development, highlighted value creation, focused on cultivating specialties, strived to write "Five Great Articles" on finance, built five major financial service systems, and constantly promoted high-quality development.

As at the end of 2024, the Group's total assets amounted to RMB1 .49 trillion, representing an increase of 6.9%. The Group realized net profit attributable to the parent company of RMB 12.288 billion, representing an increase of 1.2%, net operating income of RMB 26.641 billion, representing an increase of 0.9%, ROA of 0.88% and ROE attributable to the parent company of 10.35%. The balance of local and foreign currency deposits amounted to RMB 1,072.1 billion, an increase of 5.5%; the balance of loans amounted to RMB 731.2 billion, an increase of 6.8%.

In 2024, the Bank adhered to its original intention, accelerated innovation and transformation, focused on key areas, and served the real economy to show its commitment.

Made innovative breakthroughs in the development of science and technology finance. "Xindognneng" continued to iterate and upgrade, and exclusive products for specific industries were developed, such as the "Xindongneng Science and Technology Innovation Loan". We continued to deepen close cooperation with various science and technology innovation parks, incubators, and scientific research institutions to explore the conversion of scientific research results. Established an industry research institute and fostered a professional research team. The loan scale of science and technology-based enterprises increased by 24.29% and the number of loan accounts by 30.63%, becoming an important force in science and technology innovation finance in Shanghai.

Deepened the brand of pension finance. We strategically planned integrated pension financial services, established the "Six Specialties" service mechanism for the elderly, and completed the renovation of 55 pension specialty outlets. We made our debut at the Elderly Care Expo. Cooperated with the Municipal Social Security Center on the "Social-Bank Direct Link" project. Cooperated with the National Committee on Ageing on the "One-key Car Hailing" program. Actively explored the service scenarios of the silver economy, and won the flagship award of the "Jiefu Award" for pension finance.

Accelerated and improved the inclusive financial system. We actively implemented the coordination mechanism for financing SMEs, landed a fast track for inclusive loans, continued to promote the integration and development of microfinance business and branches, and intensified non-principal repayable loan renewals to strongly enhance the service capacity for SMEs. Formally established a team of more than 600 inclusive account managers. Launched the rural revitalization grid as a pilot.

Steadily progressed green finance. The first financial loan for the transformation of the chemical industry in China was landed. Improved the green credit identification and risk management evaluation system. Launched the second phase of the Green Finance System, significantly enhancing the efficiency of the green finance business. We debuted at the 18th Global Roundtable Forum of the Finance Initiative of the United Nations Environment Program, growing our influence of the green finance brand. The balance of green credit increased by 37.3%.

Digital transformation reached a new level. The level of Fintech continued to be strengthened, with the efficiency of technology delivery increased by 19%, personal and corporate mobile banking upgraded, and key projects such as the marketing management system Linglong 2.0 completed and commissioned. Data governance achieved results, with significant improvement in regulatory data quality ranking, and passed the DCMM Level 4 certification of data management maturity, becoming the first rural commercial bank in China to be awarded the certification.

Solidly promoted integrated financial services. We integrated the core advantages and scenarios of transaction banking and launched the "Shixinshiyi" series of transaction banking products. Deepened the "Hundred Parks and Ten Thousand Enterprises" program, implemented one policy for each park, and increased loans to specialty parks. Actively promoted industrialization and implemented special credit policies. The international business made a big breakthrough and became the first bank in the rural credit system to obtain the CIPS direct participation qualification.

In 2024, the Bank focused on internal improvement, dared to face the problems, and launched the "Grasp Execution, Strengthen Management, Refine Internal Strength" initiative to consolidate the basic management capability.

The Bank carried out the "Ten Key Projects" to improve and re-engineer institutions, processes and systems, effectively improved the professional management capability and the level of refined management, and continued to build a service-oriented bank that creates value for its customers, thus bringing all its work to a new level.

Continuously improved comprehensive risk management system. We actively promoted the re-engineering of the credit management process, continuously improved the level of digital intelligence in risk control, and launched the second phase of the Credit Risk Early Warning System, the Comprehensive Risk Monitoring and Early Warning Platform, etc., while the new CMIS system continued to be iterated and optimized. The embedded risk control model was launched, and risk management teams were stationed in the business teams of retail online lending, corporate banking and tax lending, and science and technology finance to improve the quality of business risk management and control. The year-end NPL% was 0.97%, and asset quality remained resilient.

Maintained solid and robust compliance supervision and management. The system of rules and regulations were reengineered and the number of systems were significantly streamlined. A series of compliance motto activities and a compliance calligraphy exhibition were launched to strengthen employees' awareness of compliance and create a culture of compliance. Centralized internal audit management was implemented to promote the centralization of audit institutions, matters and personnel. Optimized and improved the intelligent control platform for consumer protection, making the complaint handling process more efficient and providing strong support for source management and rectification.

Integrated management strongly empowered operations. A management standardization system was initially established. Innovated exploration of administrative management digital intelligence by launching online meetings, seal integrated management system "Anxin sign" and other platforms. The pilot construction of a digital archive room for enterprise groups of the National Archives Administration passed acceptance, becoming one of the top ten units in China and the first one in Shanghai to pass the acceptance.

Strengthened management of the Group. The rural bank achieved good results in facilitating rural revitalization, with a 12.2% increase in loans for supporting agriculture and small businesses, and the strategic value of the "Three Insistences" gradually appeared. The asset scale of Yangzi Financial Leasing expanded steadily and the business structure was optimized continuously, with the green and science and technology leasing scale increasing by 55.3% and 27.5% respectively. The first single ship operating lease business was launched innovatively. The strategic synergy mechanism of the participating banks was further optimized.

In 2024, the Bank raised its stance, adhered to putting people first, and achieved remarkable results in soft power enhancement, injecting a strong impetus for high-quality development.

The Bank has always been adhering to the corporate mission of "Inclusive finance for a better life ", adhering to the business approach of "earning money through hard work, professionalism operation and integrity", and pursuing a higher value beyond profits.

Actively practiced financial culture with Chinese characteristics. Strengthening our sense of mission and responsibility as a local bank in Shanghai, we steadily carried out the "Heart Home" public service project, completed the construction of 1,001 sites, formed a standardized operation manual, enriched service contents, and held 14,000 events throughout the year, reaching 2-million-person times. New vitality was injected into the development of corporate culture, with the release of the song "You Must Have Seen Me", the launch of the "Bubble" internal publicity platform, the continuous enrichment of the employee growth platform, and the innovative establishment of the "Inheritance" SHRCB Lecture Hall.

Effectively stimulated organizational vitality and traction. We held a conference on talent work, issued a number of opinions on the development of talent teams and programs, such as the talent market in the bank, and fully implemented the talent inventory. Continuously strengthened the construction style , set up a leading group for improving work style, actively solved the urgent difficulties and worries of the grassroots, and created a favorable atmosphere for entrepreneurship.

The year 2025 is a critical year full of opportunities and challenges. Standing at a new starting point in history, the Bank will uphold the original intention, forge ahead, and start a new journey of high-quality development with firmer belief, fuller enthusiasm and more pragmatic initiatives.

We will continue to work hard on science and technology innovation finance, increase resource, optimize service mode, and facilitate Shanghai in building a science and technology innovation highland with global influence. We will strengthen in-depth cooperation with universities, research institutions and technology enterprises, focus on "early, small and hard-core" science and technology enterprises, build a full chain and all-round science and technology innovation financial service ecosystem, and provide stronger financial support for the growth and development of science and technology enterprises.

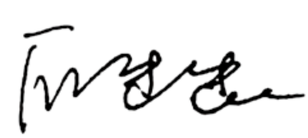
We will further expand the breadth and depth of inclusive finance. Focusing on key areas such as rural revitalization, SME private enterprises, and livelihood, we will vigorously promote "first loan, credit, medium and long term", increase the strength of non-principal repayable loans, continue to build a micro-credit system with the characteristics of SHRCB, enhance the coverage and accessibility of financial services, and contribute more to the balanced development of the economy and society.

We will accelerate the pace of digital transformation. We will comprehensively improve the level of Fintech application, deepen the application of big data, artificial intelligence and other technologies in business processes, risk prevention and control, customer service and other areas, create an intelligent and digital financial service platform, and provide customers with a more convenient, efficient and personalized financial experience.

We will also continue to optimize our business structure and enhance our integrated financial service capabilities. We will strengthen the synergistic development of wealth management, investment banking, financial markets and other business segments to create diversified profit growth points. We will adhere to our customer-centered approach and provide one-stop and integrated financial service solutions to meet the all-round financial needs of our customers.

The past can serve as a guide, the present can be acted upon, and the future holds promise. We will break through barriers with fearless courage, lead change with innovative thinking, anchor our goals with unwavering conviction, and write a glorious chapter with unremitting hard work. In this new journey, we will continue to forge ahead, overcome challenges, and scale new heights. We will demonstrate our commitment through hard work and define our future through perseverance, continuing to write a more brilliant and glorious chapter for SHRCB.

Deputy Party Secretary, Vice Chairman and President:



Deputy Party Secretary
Ying Changming

Member of Party Committee, Vice President
Jin Jianhua

Vice President
Zhang Hongbiao

Vice President
Gu Xianbin

Vice President
Shen Dong

Board Secretary & CFO
Yao Xiaogang

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Company Profile

I. Corporate Information

(I) Basic Information

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

(II) Contact Person and Contact Information

	Board secretary	Securities representative
Name	Yao Xiaogang	Bai Zhenghui
Contact address	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai
Telephone	021-61899333	021-61899333
Fax	021-61899460	021-61899460
Email	ir@shrcb.com	

(III) Disclosure of Information and Availability

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

(IV) Company Stock Profile

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

(V) Other Related Information

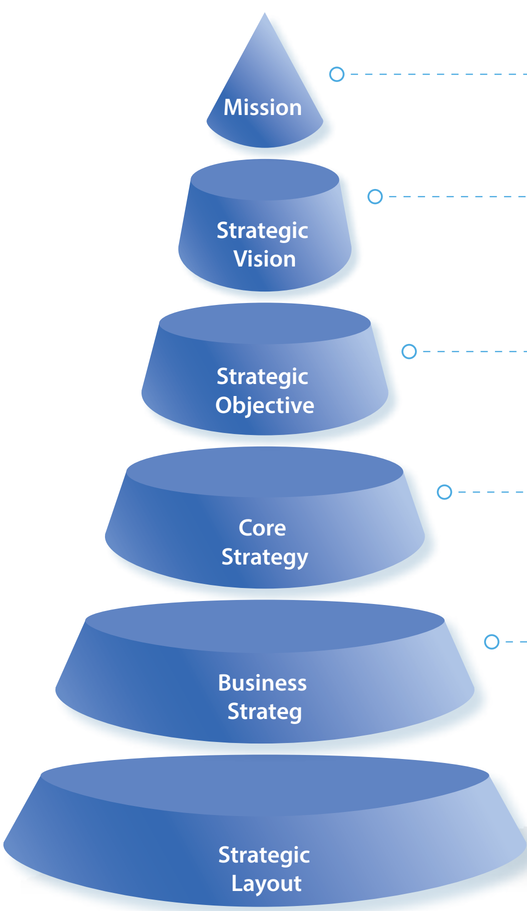
Appointed auditor	Name	KPMG Huazhen (LLP)
	Office address	8th Floor, East 2 Office Building, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing
	Certified Public Accountants who signed the auditor's report	Li Ying, Zhang Chenchen

II. Company Business Overview

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

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

III. Development Strategy, Investment Value and Core Competitiveness



Mission

Inclusive finance for a better life.

Strategic Vision

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

Strategic Objective

Create a quality bank with steady development, a model bank for ESG management, and a pioneer bank in inclusive finance.

Core Strategy

Customer centricity, inclusive finance and digital transformation.

Business Strateg

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

Strategic Layout

Build a retail financial service system driven by wealth management, an integrated financial service system driven by trading banking, an inclusive financial service system based on agricultural finance, a science and technology financial service system featuring science and technology innovation finance, and a sustainable financial service system underpinned by green finance.

Investment Value and Core Competitiveness:

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

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

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

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

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

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

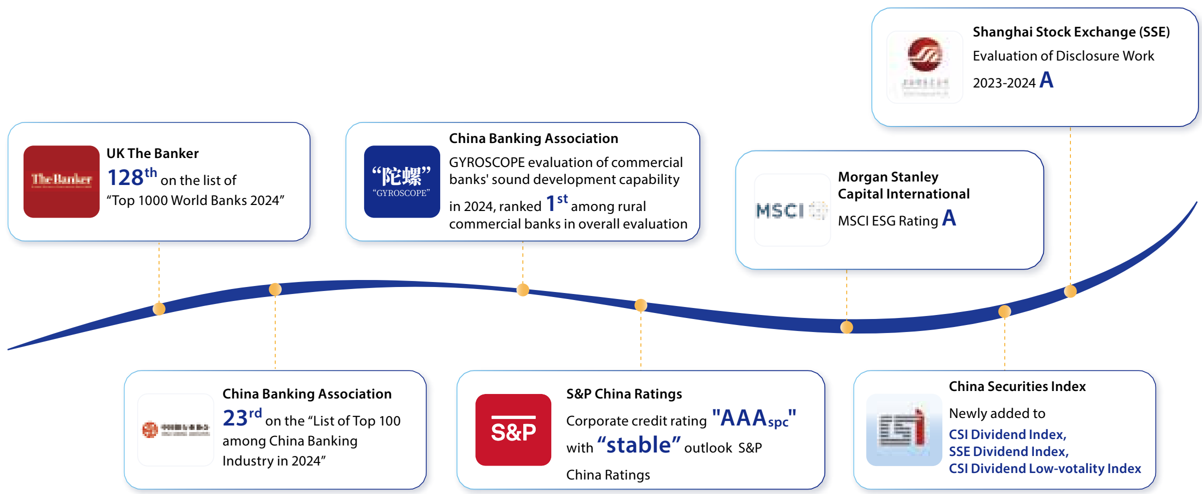
Mature and sound corporate governance. The Company has a clear and balanced equity structure that features "diversified interest, effective balance and coordinated operation" with central enterprises, local state-owned enterprises, private enterprises and natural persons. The Company has established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

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

[1] "Five Centers" refers to the five centers of international economy, finance, trade, shipping, science and technology innovation.
[2] "Five New Towns" refers to the Five New Towns of Jiading, Qingpu, Songjiang, Fengxian and Nanhui in Shanghai.

IV. Honors and Awards

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



Ratings

Long-term corporate credit rating of "BBB" by S&P Global Ratings	S&P
CSI ESG Rating AAA	Sino-Securities Index Information Service (Shanghai) Co., Ltd.

Awards

2024 China Listed Company Yinghua Award "A-Share Value Award".	China Fund
ESG "Pioneer 100 Index" of Listed State-owned Enterprises	State Council State-owned Assets Supervision and Administration Commission (SASAC)
2024 China Asset Management and Wealth Management Industry "Golden Honor Award" for "Excellence in Asset Management Among Rural Commercial Banks" and "Outstanding Hybrid Bank Wealth Management Products". "Outstanding Bank Wealth Brand" "Outstanding Wealth Management Rural Commercial Bank".	PY Standard
2024 Retail Bank of the Year - Jiefu Awards "Pension Finance of the Year"	Caishiv.com
The Fifth Banking Industry Financial Bull Award "Financial Bank Golden Bull Award"	China Securities Journal
DCMM (Data Management Capability Maturity) Quantitative Management Level (Level 4)	China Federation of Electronics and Information Industry
2024 Digital Transformation Excellence and Innovation Team Award, 2024 Digital Transformation Leadership Enterprise Award	World Conference on Artificial Intelligence and High-Level Conference on Global Governance of Artificial Intelligence Business AI Summit
Market Influencer Organization of the Year 2024, Market Innovative Business Organization of the Year	China Foreign Exchange Trade System
Third Prize in the 2023 FinTech Development Awards	People's Bank of China

02

Accounting Data and Financial Indicators Highlights

I. Main Accounting Data

Unit: RMB 000

Operating results	2024	2023	+/- YoY (%)	2022
Operating income	26,641,344	26,413,798	0.86	25,627,270
Operating profit	14,995,910	14,264,150	5.13	13,674,623
Profit before tax	14,973,478	14,886,467	0.58	13,668,975
Net Profit	12,607,609	12,487,375	0.96	11,393,177
Net profit attributable to shareholders of the parent company	12,288,156	12,141,958	1.20	10,974,378
Net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses	11,840,393	11,523,415	2.75	10,950,581
Per share (RMB Yuan/share)				
Basic earnings per share	1.27	1.26	0.79	1.14
Diluted earnings per share	1.27	1.26	0.79	1.14
Basic earnings per share after deducting non-recurring gains and losses	1.23	1.19	3.36	1.14
Scale indicators	December 31, 2024	December 31, 2023	+/- YoY (%)	December 31, 2022
Total Assets	1,487,809,495	1,392,213,700	6.87	1,281,399,121
Total loans and advances[3]	755,218,660	711,483,312	6.15	670,623,035
Corporate loans and advances	438,347,088	415,012,575	5.62	381,972,865
Personal Loans and Advances	213,689,933	210,949,238	1.30	213,891,965
Bill discounting	103,181,639	85,521,499	20.65	74,758,205
Loan loss reserve [4]	(25,705,338)	(28,049,658)	-8.36	(28,214,612)
Total liabilities	1,359,827,664	1,275,855,205	6.58	1,175,683,474
Deposit principal	1,072,140,898	1,016,411,756	5.48	943,484,521
Shareholders' equity	127,981,831	116,358,495	9.99	105,715,647
Net assets attributable to shareholders of the parent company	123,836,410	112,426,981	10.15	101,833,969
Share capital	9,644,444	9,644,444	-	9,644,444
Net capital	145,266,251	133,517,933	8.80	122,997,899
Including: Core Tier-I net capital	124,771,366	112,967,044	10.45	103,073,479
Risk-weighted assets	846,842,026	848,308,505	-0.17	795,442,350
Per share (RMB Yuan/share)				
Net assets per share attributable to shareholders of the parent company	12.84	11.66	10.12	10.56

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

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

II. Main Financial Indicators

Unit: %

Profitability Indicators	2024	2023	+/- YoY (%)	2022
Average return on total assets	0.88	0.93	-0.05	0.93
Weighted average return on equity	10.35	11.34	-0.99	11.22
Weighted average return on equity after deducting non-recurring gains and losses	9.97	10.76	-0.79	11.20
Net interest spread	1.45	1.61	-0.16	1.75
Net Interest margin	1.50	1.67	-0.17	1.83
Cost-to-income ratio	33.30	32.67	0.63	30.50
Percentage of net non-interest income	24.53	21.63	2.90	19.01
Capital adequacy indicators (standard values)	**December 31, 2024**	**December 31, 2023**	**+/- YoY (%)**	**December 31, 2022**
Capital adequacy ratio (≥10.5)	17.15	15.74	1.41	15.46
Tier-I capital adequacy ratio (≥8.5)	14.76	13.35	1.41	12.99
Core Tier-I capital adequacy ratio (≥7.5)	14.73	13.32	1.41	12.96
Asset quality indicators (standard values)	**December 31, 2024**	**December 31, 2023**	**+/- YoY (%)**	**December 31, 2022**
NPL% (≤5)	0.97	0.97	-	0.94
Provision coverage ratio	352.35	404.98	-52.63	445.32
Provision-to-loan ratio	3.40	3.94	-0.54	4.21

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

Unit: RMB 000

Item	2024	2023	2022
Net income from the disposal of non-current assets	549,665	34,239	19,717
Government subsidy included in the current profit and loss	98,138	75,247	25,364
Gains arising from the cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise being lower than the fair value of the investee's identifiable net assets at the time of investment acquisition	-	468,816	-
Non-operating income and expenses other than those listed above	(22,432)	112,910	(5,648)
Less: Income tax impact	158,636	60,372	13,471
Minority interest impact (after tax)	18,972	12,297	2,165
Total	447,763	618,543	23,797

IV. 2024 Key Financial Data by Quarter

Unit: RMB 000

Item	Q1(Jan.-Mar.)	Q2（Apr.-June）	Q3(July-Sept.)	Q4（Oct.-Dec. ）
Operating income	7,084,730	6,832,332	6,566,785	6,157,497
Profit before tax	4,389,132	4,235,625	4,301,936	2,046,785
Net profit attributable to shareholders of the parent company	3,551,958	3,418,871	3,514,359	1,802,968
Net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses	3,145,534	3,409,589	3,491,437	1,793,833
Net cash flow from operating activities	29,594,890	2,990,315	(1,665,136)	20,282,928

V. Other Financial Information Disclosed According to Regulatory Requirements

Unit: %

Item	Standard value	2024	2023	2022
Liquidity ratio	≥25	62.55	63.25	63.09
Proportion of loans to the largest customer [5]	≤10	2.13	2.26	2.39
Proportion of loans to the top ten customers [6]	≤50	17.96	19.57	19.06

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

03

Management Discussion and Analysis

I. Overall Business Performance

During the reporting period, the external environment remained severe and complex, and competition among peers intensified. The Group maintained its strategic resolve, made every effort to build five major financial service systems, strived to write"Five Great Articles" in the financial sector, focused on "grasping execution, strengthening management and refining internal strength", and continuously strengthened the development foundation. Focusing on "execution, management and internal strength", the Company continuously consolidated its development foundation and strengthening risk control. All business operations continued to maintain a positive momentum of development.

Profit level maintained growth. During the Reporting Period, the Group realized operating revenue of RMB 26.641 billion, up by 0.86% year-on-year; total profit of RMB 14.973 billion, up by 0.58% year-on-year; net profit of RMB 12.608 billion, up by 0.96% year-on-year; net profit attributable to shareholders of the parent company of RMB 12.288 billion, up by 1.20% year-on-year; average ROA of 0.88%, a decrease of 0.05 percentage points; weighted average ROE of 10.35%, down by 0.99 percentage points from the previous year.

The strength of scale grew steadily. At the end of the reporting period, the total assets of the Group amounted to RMB1,487.809 billion, representing an increase of 6.87% over the end of last year; of which, the total loans and advances amounted to RMB 755.219 billion, representing an increase of 6.15% over the end of last year. The Group's total liabilities amounted to RMB 1,359.828 billion, representing an increase of 6.58% from the end of the previous year; of which, the deposit principal amounted to RMB 1,072.141 billion, representing an increase of 5.48% from the end of the previous year.

Asset quality remained stable. During the reporting period, the balance of non-performing loans of the Group amounted to RMB 7,295 million, an increase of RMB 369 million as compared with the end of the previous year; the NPL% was 0.97%, unchanged as compared with the end of the previous year; the provision coverage ratio was 352.35%, a decrease of 52.63 percentage points as compared with that of the end of the previous year; and the loan provision ratio was 3.40%, a decrease of 0.54 percentage points as compared with that of the end of the previous year.

The capital adequacy level continued to be in good shape. At the end of the reporting period, the Group's capital adequacy ratio was 17.15%, Tier I capital adequacy ratio was 14.76% and core Tier I capital adequacy ratio was 14.73%, which was consistently higher than the capital requirements stipulated by the National Financial Regulatory Administration and maintained a high level among peers, with a relatively sufficient capital buffer.

II. Industry Situation

In 2024, the operating environment of the banking industry underwent profound changes, and the complexity, uncertainty and challenges of the development environment of the banking industry further increased. In terms of macroeconomy, under the general tone of "seeking progress amidst stability, promoting stability through progress, and e stablishing the new before abolishing the old ", China's growth-stabilizing policies have continued to strengthen, with overall stable and steady economic operation, rapid development of new quality productivity, and successful completion of the annual economic and social development goals and tasks, but the problems of insufficient domestic demand and unstable expectations are still prominent, and risks and hidden dangers remain greater in key areas. The Decision of the CPC Central Committee on Further Comprehensively Deepening Reform and Promoting Modernization with Chinese Characteristics, adopted by the Third Plenary Session of the Twentieth Central Committee of the CPC, has made deployments to improve the positioning and governance of financial institutions, and to do a good job in the "Five Great Articles" of finance, which will promote the accurate positioning of commercial banks, improve their corporate governance, strengthen their internal management and risk control, and adhere to their main responsibilities and business, and make every effort to do a good job in writing the "Five Great Articles" of finance and improve the quality and efficiency of services for the real economy.

In terms of monetary policy, the central bank guided interest rates downward from the asset side and liability side, and the asset side LPR was cut for several times, while lowering the interest rate of existing mortgages, the financing cost of enterprises and residents further declined, which also led to a further narrowing of the net interest margin of commercial banks, and the revenue and profit growth faced a severe test. On the liability side, deposit reserve ratio was cut for two times, further released liquidity, regulated the manual interest rate adjustment and interbank deposits, prevented financial risks while reducing the cost of bank liabilities, to promote the bank to invest more resources to further support the development of the real economy. In terms of regulatory policies, a series of institutional measures such as "Measures for Capital Management of Commercial Banks", "Measures for Fixed Asset Loan Management", "Measures for Liquidity Loan Management" and "Measures for Personal Loan Management" were formally launched or revised and implemented, which put forward higher requirements for the banking industry's compliance, risk management and business development, and pushed the banking industry to enhance the quality and efficiency of its financial services, raise compliance awareness, and continuously improve its credit management capability and risk prevention and control.

In the face of the complex domestic and international economic development situation, the banking industry, under the keynote of "stabilizing growth, preventing risks and promoting reforms", has conscientiously implemented the spirit of the Third Plenary Session of the 20th CPC Central Committee, the Central Financial Work Conference and the Central Economic Work Conference, continuously strengthened its asset-liability management, paid more attention to improving quality and increasing efficiency, focused on key areas and weaknesses, and stepped up the implementation of counter-cyclical and cross-cyclical policies, strived to optimize the structure of credit allocation and management mode, effectively coped with the trend of narrowing net interest margin in the industry, and provided services to the development of the real economy in a more stable manner.

During the reporting period, the Company firmly adhered to the strategic positioning of serving the "rural areas, farmers and agriculture", SME businesses, science and technology innovation, and community residents, and ploughed deeply into the local market in Shanghai to serve the real economy, with the advantages of financial inclusion becoming more and more obvious, maintaining its position as the main force and leader in financial services for "rural areas, farmers and agriculture" in Shanghai. The development of science and technology finance was outstanding, and the scale and number of accounts of science and technology enterprises served in Shanghai ranked among the top in the industry.

At the end of the reporting period, the Company ranked 128th in UK The Banker's "Top 1000 Global Banks"; ranked 23rd in the "2024 Top 100 Chinese Banks", second among rural commercial banks nationwide; ranked 1st in the comprehensive evaluation of rural commercial banks for four consecutive years in the Gyroscope evaluation by China Banking Association; corporate credit rating of "AAA_{spc}" by S&P (China) with "stable" outlook on the Bank, further improving our position and influence in the industry.

III. Analysis of Financial Statements

(I) Income Statement Analysis

Unit: RMB 000

Item	2024	2023	Percentage change (%)
Operating income	26,641,344	26,413,798	0.86
Net interest income	20,106,581	20,699,507	-2.86
Net non-interest income	6,534,763	5,714,291	14.36
Operating expense	11,645,434	12,149,648	-4.15
Taxes and surcharges	304,791	313,439	-2.76
Operating and administrative expense	8,854,271	8,599,157	2.97
Credit impairment loss	2,468,288	3,205,811	-23.01
Other asset impairment loss	1,139	1,558	-26.89
Other operating cost	16,945	29,683	-42.91
Operating profit	14,995,910	14,264,150	5.13
Net non-operating income and expense	(22,432)	622,317	-103.60
Profit before tax	14,973,478	14,886,467	0.58
Income tax expense	2,365,869	2,399,092	-1.38
Net profit	12,607,609	12,487,375	0.96
Net profit attributable to shareholders of the parent company	12,288,156	12,141,958	1.20
Minority interest income	319,453	345,417	-7.52

1. Net Interest Income

During the Reporting Period, the Group realized net interest income of RMB 20.107 billion, representing a year-on-year decrease of 2.86%, of which, interest income amounted to RMB 44.899 billion, representing a year-on-year decrease of 1.23%, and interest expense amounted to RMB 24.792 billion, representing a year-on-year increase of 0.13%. During the reporting period, the Group's average yield on interest-earning assets was 3.36%, a decrease of 30 basis points year-on-year, the average cost ratio of interest-bearing liabilities was 1.91%, a decrease of 14 basis points year-on-year, the net interest spread was 1.45%, a decrease of 16 basis points year-on-year, and the net interest margin was 1.50%, a decrease of 17 basis points year-on-year.

Unit: RMB 000

Item	2024			2023		
	Average balance[1]	Interest income/ expense	Average yield/ cost ratio (%)	Average balance[1]	Interest income/ expense	Average yield/ cost ratio (%)
Assets						
Loans and advances	716,156,540	26,992,201	3.77	673,473,941	28,534,334	4.24
Financial investment	396,232,200	11,906,143	3.00	346,336,702	10,963,171	3.17
Due from and placements with banks and other financial institutions [2]	120,089,588	2,931,555	2.44	124,153,246	2,985,092	2.40
Balance with Central Bank	62,830,685	885,566	1.41	62,953,470	916,303	1.46
Finance Leasing[3]	41,267,871	2,183,296	5.29	34,602,147	2,061,250	5.96
Total interest-earning assets	1,336,576,884	44,898,761	3.36	1,241,519,506	45,460,150	3.66

Unit: RMB 000

Item	2024			2023 年		
	Average balance[1]	Interest income/ expense	Average yield/ cost ratio (%)	Average balance[1]	Interest income/ expense	Average yield/ cost ratio (%)
Liabilities						
Deposits from customers	1,038,163,510	18,507,528	1.78	961,284,352	18,769,551	1.95
Debt securities issued	87,320,289	2,126,074	2.43	96,129,291	2,502,773	2.60
Borrowings from Central Bank	50,149,836	1,078,808	2.15	39,354,841	900,540	2.29
Due to and placements from banks and other financial institutions[4]	122,797,230	3,079,770	2.51	113,085,581	2,587,779	2.29
Total interest-bearing liabilities	1,298,430,865	24,792,180	1.91	1,209,854,065	24,760,643	2.05
Net interest income			20,106,581			20,699,507
Net interest spread (%) [5]			1.45			1.61
Net interest margin (%) [6]			1.50			1.67

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

(1) Interest Income on Loans and Advances

During the reporting period, the Group's interest income from loans and advances granted amounted to RMB 26,992 million, a decrease of 5.40% year-on-year, with the average yield at 3.77%, a decrease of 47 basis points year-on-year. The yield on newly issued loans continued to go down mainly due to the weak demand for effective financing from the real economy, and fierce competition among peers, which, overlaid with factors such as LPR repricing and the reduction in interest rates for existing mortgages, resulted in a further decline in loan yields.

Unit: RMB 000

Item	2024			2023		
	Average balance	Interest income	Average yield (%))	Average balance	Interest income	Average yield (%)
Corporate loans	418,605,620	15,490,468	3.70	396,026,874	16,450,741	4.15
Personal loans	204,842,217	10,208,855	4.98	209,157,701	10,958,342	5.24
Discounted bills	92,708,703	1,292,878	1.39	68,289,365	1,125,251	1.65
Total loans and advances	716,156,540	26,992,201	3.77	673,473,941	28,534,334	4.24

Note: During the reporting period, the yield on general short-term loans was 3.42% and the yield on medium- and long-term loans was 4.10%.

(2) Interest Expense on Deposits

During the reporting period, the Group's interest expenses on deposit taking amounted to RMB 18,508 million, a decrease of 1.40% year-on-year, and the average interest payment rate was 1.78%, a decrease of 17 basis points year-on-year. This was mainly due to the Group's continuous strengthening of active management of deposit term structure, implementation of deposit pricing requirements of the Central Bank and the self-regulatory mechanism, and proposal of deposit cost suppression.

Unit: RMB 000

Item	2024			2023		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Corporate demand deposit	267,286,628	1,682,128	0.63	268,801,952	1,873,056	0.70
Corporate time deposit	211,580,611	4,810,727	2.27	184,846,179	4,609,731	2.49
Personal demand deposit	78,474,007	128,264	0.16	75,735,852	165,460	0.22
Personal time deposit	480,822,264	11,886,409	2.47	431,900,368	12,121,304	2.81
Total deposit	1,038,163,510	18,507,528	1.78	961,284,352	18,769,551	1.95

2. Net Non-interest Income

During the Reporting Period, the Group realized net non-interest income of RMB 6,535 million, representing a year-on-year increase of 14.36%, and accounting for 24.53% of operating income, representing an increase of 2.90 percentage points as compared with the previous year.

(1) Net Fee and Commission Income

During the reporting period, the Group realized net fee and commission income of RMB 2,042 million, representing a year-on-year decrease of 9.97%, of which: fee and commission income from agency business amounted to RMB 1,473 million, representing a year-on-year decrease of 16.84%, which was mainly attributable to the impact of the decrease in insurance premium rates and the decrease in fee income from agency insurance business; fee and commission income from clearing and settlement business, fee and commission income from guarantees and commitments business amounted to RMB 310 million and RMB 65 million respectively, representing an increase of 23.08% and 17.77% respectively, which were mainly attributable to the Group's continuous proposal of integrated financial services and the increase in fee income from bills, certificates and letters.

Unit: RMB 000

Item	2024	2023
Fee and commission income	2,280,509	2,513,743
Including: Agency business	1,472,842	1,771,026
Consulting & advisory	310,293	252,107
Settlement and clearing	259,163	255,361
E-banking	84,615	88,194
Guarantees and commitment	65,205	55,366
Bank card	53,411	51,232
Other businesses	34,980	40,457
Fees and commission expense	238,310	245,322
Net cee and commission income	2,042,199	2,268,421

(2) Other Net Non-interest Income

Other net non-interest income included investment income, gain on fair value changes and exchange, other operating income, gain on disposal of assets and other income. During the reporting period, the Group realized other non-interest net income of RMB 4,493 million, representing a year-on-year increase of 30.38%. Among them: investment income and gain from changes in fair value amounted to RMB 3,589 million in total, representing a year-on-year increase of 14.01%, which was mainly due to the enhancement of the Group's forward-looking research and judgment of the market, proactive grasping of trading opportunities, optimization of the structure of asset allocation, and improvement in operating efficiency; exchange gain/loss of RMB 213 million, representing a year-on-year increase of 17.57%, which was mainly due to the growth of exchange gains generated by the Group's foreign exchange derivatives and foreign-currency assets; gain on disposal of assets amounted to RMB 550 million, representing a year-on-year increase of 1,505.38%, which was mainly attributable to the Group's gain on compensation for property expropriation.

Unit: RMB 000

Item	2024	2023
Investment income	2,444,545	1,525,284
Profit /(loss) from fair value changes	1,144,321	1,622,524
Profit/(loss) on exchange	212,999	181,172
Other operating income	42,896	47,995
Profit /(loss) on asset disposal	549,665	34,239
Other income	98,138	34,656
Total	4,492,564	3,445,870

3. Operating and Administrative Expenses

During the Reporting Period, the Group incurred operating and management expenses of RMB 8,854 million, representing a year-on-year increase of 2.97%, mainly due to the Group's adherence to its digital transformation strategy and continued increase in investment in technology resources.

Unit: RMB 000

Item	2024	2023
Employee remuneration	5,726,662	5,660,043
Depreciation, amortization and lease expense	1,066,806	1,024,251
Other general and administrative expenses	2,060,803	1,914,863
Total	8,854,271	8,599,157

4. Credit Impairment Losses/Asset Impairment Losses

During the reporting period, the Group recorded credit impairment losses of RMB 2,468 million, a decrease of 23.01% year-on-year, mainly due to the fact that the overall asset quality of the Group remained stable and the credit impairment losses recorded decreased.

Unit: RMB 000

Item	2024	2023
Loans and advances measured at amortized cost	1,951,986	2,377,760
Loans and advances measured at fair value through other comprehensive income	181,613	(74,621)
Debt investment	8,719	154,075
Other debt investment	3,768	296,348
Financing lease receivables and long-term receivables	285,513	308,310
Off-balance sheet expected credit impairment losses	45,028	93,322
Other	(8,339)	50,617
Total credit impairment losses	2,468,288	3,205,811

5. Income Tax Expense

During the reporting period, the Group accrued income tax expense of RMB 2,366 million, which was basically the same as that of the previous year.

Unit: RMB 000

Item	2024	2023
Profit before tax	14,973,478	14,886,467
Income tax expense	2,365,869	2,399,092

(II) Balance Sheet Analysis

1. Assets

During the reporting period, the Group served the development of the real economy, adhered to inclusive finance, and accelerated innovative transformation, 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 1,487.809 billion, representing an increase of RMB 95.596 billion or 6.87% over the end of the previous year. The growth in asset scale was mainly attributable to the growth in the Group's loans and advances and financial investments.

Unit: RMB 000

Item	December 31, 2024		December 31, 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances	755,218,660	50.76	711,483,312	51.10
Accrued loan interest	1,274,972	0.09	1,230,190	0.09
Loan loss reserve [1]	(25,308,285)	(1.70)	(27,834,218)	(2.00)
Net loans and advances	731,185,347	49.15	684,879,284	49.19
Financial investment [2]	524,116,846	35.23	494,078,101	35.49
Cash, and balance with Central Bank	72,922,497	4.90	69,533,946	4.99
Due from and placements with banks and other financial institutions [3]	97,466,370	6.55	89,301,726	6.41
Finance leasing [4]	39,506,607	2.66	34,797,958	2.50
Other [5]	22,611,828	1.52	19,622,685	1.41
Total assets	1,487,809,495	100.00	1,392,213,700	100.00

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

(1) Loans and Advances

During the reporting period, the Group followed the guidance of national financial policies and continuously enhanced its ability to serve the real economy, achieving steady growth in loan scale. As at the end of the reporting period, the total loans and advances of the Group amounted to RMB 755,219 million, representing an increase of RMB 43,735 million, or 6.15%, as compared with the end of last year. For details of the Group's loans and advances, please refer to the section *"Loan Quality Analysis"*.

(2) Financial Investments

During the reporting period, the Group actively responded to changes in the market, reasonably optimized its investment structure and maintained the steady development of its financial investment business. At the end of the reporting period, the Group's total financial investments amounted to RMB 524.117 billion, representing an increase of RMB 30.039 billion, or 6.08%, over the end of the previous year.

Unit: RMB 000

Item	December 31, 2024		December 31, 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Held-for-trading financial assets	51,633,537	9.85	59,242,408	11.99
Debt investment	186,537,759	35.59	173,856,650	35.19
Other debt investment	285,584,050	54.49	260,742,543	52.77
Investments in other equity instrument	361,500	0.07	236,500	0.05
Total financial investment	524,116,846	100.00	494,078,101	100.00

Of these, the composition of financial investments by nature of financial assets is as follows:

Unit: RMB 000

Item	December 31, 2024		December 31, 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Debt investment	523,755,346	99.93	493,841,601	99.95
Equity instrument	361,500	0.07	236,500	0.05
Total financial investment	524,116,846	100.00	494,078,101	100.00

Held-for-trading Financial Assets

Held-for-trading financial assets are financial assets measured at fair value through profit or loss. At the end of the reporting period, the balance of financial assets held for trading amounted to RMB 51,634 million, mainly including fund investments and bond investments. For details, please refer to Note V.7 to the financial statements.

Debt Investment

Debt investments are investments in debt instruments measured at amortized cost. At the end of the reporting period, the balance of debt investments amounted to RMB 186,538 million, mainly including bond investments and debt financing plans. For details, please refer to Note V.8 to the financial statements.

Other Debt Investments

Other debt investments are debt instrument investments measured at fair value through other comprehensive income. At the end of the reporting period, the balance of other debt investments amounted to RMB 285,584 million, mainly bond investments. For details, please refer to Note V.9 to the financial statements.

Other Equity Instrument Investment

Other equity instrument investments are investments in equity instruments that are measured at fair value through other comprehensive income. At the end of the reporting period, the balance of investments in other equity instruments amounted to RMB 362 million, which were mainly non-trading equity investments held by the Group with no control, joint control or material impact over the investees. For details, please refer to Note V.10 to the financial statements.

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

Unit: RMB 000

Bond Name	Nominal value	Coupon rate (% per annum)	Maturity (of an investment bond)	Provision for impairment
2018 Policy Bank Bonds	8,810,000	4.0400	2028/7/6	-
2016 Policy Bank Bonds	6,870,000	3.0500	2026/8/25	-
2022 Policy Bank Bonds	4,850,000	2.8200	2027/6/17	-
2016 Policy Bank Bonds	4,810,000	3.1800	2026/4/5	-
2018 Policy Bank Bonds	4,580,000	4.0000	2025/11/12	-
2018 Policy Bank Bonds	4,500,000	4.6500	2028/5/11	-
2023 Policy Bank Bonds	4,343,631	2.8500	2033/7/7	-
2020 Policy Bank Bonds	4,010,000	3.3400	2025/7/14	-
2017 Policy Bank Bonds	3,920,000	4.0400	2027/4/10	-
2016 Policy Bank Bonds	3,650,000	3.3300	2026/2/22	-

2. Liabilities

During the reporting period, the Group actively optimized its liability structure, consolidated its deposit base, broadened its sources of high quality liabilities and flexibly used active financing instruments to achieve steady growth in the scale of liabilities. At the end of the reporting period, the total liabilities of the Group amounted to RMB 1,359,828 million, representing an increase of RMB 83,972 million, or 6.58%, as compared with the end of last year.

Unit: RMB 000

Item	December 31, 2024		December 31, 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Deposits	1,092,917,510	80.37	1,037,738,098	81.34
Due to and placements from banks and other financial institutions [1]	129,573,297	9.53	83,541,444	6.55
Borrowings from Central Bank	48,734,870	3.58	50,215,083	3.94
Debt securities issued	73,589,243	5.41	92,120,146	7.22
Other [2]	15,012,744	1.10	12,240,434	0.96
Total liabilities	1,359,827,664	100.00	1,275,855,205	100.00

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

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

(1) Deposits

During the reporting period, the Group adhered to the "customer-centric" principle and continued to strengthen its customer base, enrich its product system and expand its customer acquisition methods, thereby realizing steady growth in deposits. At the end of the reporting period, the principal amount of deposits absorbed by the Group amounted to RMB 1,072.141 billion, representing an increase of RMB 55.729 billion, or 5.48%, as compared with the end of last year.

Unit: RMB 000

Item	December 31, 2024		December 31, 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate deposits	422,833,284	38.69	421,414,561	40.61
Demand deposit	246,938,461	22.59	261,622,802	25.21
Time deposit	175,894,823	16.09	159,791,759	15.40
Personal deposits	584,474,737	53.48	532,567,799	51.32
Demand deposit	80,770,443	7.39	76,930,384	7.41
Time deposit	503,704,294	46.09	455,637,415	43.91
Pledged deposits	12,881,912	1.18	10,463,430	1.01
Other	51,950,965	4.75	51,965,966	5.01
Principal amount of deposits	1,072,140,898	98.10	1,016,411,756	97.94
Accrued interest	20,776,612	1.90	21,326,342	2.06
Total deposits	1,092,917,510	100.00	1,037,738,098	100.00

(2) Liability Quality Analysis

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

During the reporting period, the Group focused on the six elements of liability quality and gradually improved the quality of liabilities by strengthening refined management. Firstly, the Group actively expanded its liability channels. While consolidating deposits as the main source of liabilities, the Group flexibly utilized various types of market-oriented debt financing tools such as financial bonds and certificates of deposit to reasonably supplement its working capital. Secondly, consolidated the effectiveness of active management of deposit term structure and continued to reduce the proportion of high-cost deposits on the basis of controllable liquidity risk. Third, continued to improve internal and external pricing mechanisms, closely tracked market prices and interbank trends, dynamically adjusted pricing strategies, and effectively guided the reduction of various types of funding costs.

At the end of the reporting period, the Group's ratio of deposit-taking to total liabilities was 80.37%, a decrease of 0.97 percentage points from the end of the previous year, with deposits continuing to contribute a stable source of funding; the Group's liquidity ratio was 62.55%, liquidity coverage ratio was 185.89%, and net stable funding ratio was 138.26%, all higher than the regulatory requirements, with good liability quality overall.

3. Shareholders' Equity

At the end of the reporting period, the Group's shareholders' equity amounted to RMB 127,982 million, representing an increase of RMB 11,623 million, or 9.99%, as compared with the end of the previous year.

Unit: RMB 000

Item	December 31, 2024	December 31, 2023	+/- from the end of the previous year (%)
Share capital	9,644,444	9,644,444	-
Capital reserve	16,547,850	16,550,194	-0.01
Other comprehensive income	8,394,578	3,310,694	153.56
Surplus reserve	36,745,387	32,135,260	14.35
General risk reserve	15,354,359	14,511,669	5.81
Undistributed profits	37,149,792	36,274,720	2.41
Total equity attributable to shareholders of the parent company	123,836,410	112,426,981	10.15
Minority interest	4,145,421	3,931,514	5.44
Total shareholders' equity	127,981,831	116,358,495	9.99

(III) Cash Flow Statement Analysis

During the reporting period, the Group generated a net cash inflow of RMB51,203 million from operating activities, which was mainly attributable to the net increase in customer deposits and deposits with interbank and other financial institutions; a net cash outflow of RMB19,247 million from investing activities, which was mainly attributable to cash paid for investments; and a net cash outflow of RMB27,004 million from financing activities, which was mainly attributable to cash paid for debt repayment.

(IV) Items in the Accounting Statements with Changes Over 30% and the Reasons

Unit: RMB 000

Item	December 31, 2024	December 31, 2023	+/- from previous year-end (%)	Main reasons for changes
Precious metals	181,132	77,099	134.93	Increase in precious metal assets
Derivative financial asset	4,774,385	2,036,268	134.47	Increase of interest rate and fair value of precious metal derivative financial assets
Buy-back financial assets	27,155,019	18,054,688	50.40	Increase in pledged buy-back bonds
Investments in other equity instruments	361,500	236,500	52.85	Increased equity in the Green Development Fund
Other assets	4,301,164	2,832,634	51.84	Increase in prepaid finance leases
Deposits with interbank and other financial institutions	9,959,773	7,005,581	42.17	Increase in deposits with other domestic financial institutions
Loans from other banks and financial institutions	72,208,279	44,915,989	60.76	Increase in loans from domestic banks
Financial liabilities held for trading	187,693	97,128	93.24	Increase in Jicunjin trading financial liabilities
Derivative financial liabilities	3,176,137	1,781,336	78.30	Increase of interest rate and fair value of derivative financial liabilities
Sales of repurchased financial assets	47,405,245	31,619,874	49.92	Increase in pledged sale of repurchased bonds
Other comprehensive income	8,394,578	3,310,694	153.56	Increase in changes in fair value of financial assets classified as at fair value through other comprehensive income
Item	**2024**	**2023**	**+/- over the same period of the previous year (%)**	**Main reasons for changes**
Investment income	2,444,545	1,525,284	60.27	Increase in investment income from trading financial assets
Gain on disposal of assets	549,665	34,239	1,505.38	Increase in gain on disposal of properties
Other gains	98,138	34,656	183.18	Increase in government grants received
Other operating costs	16,945	29,683	-42.91	Reduced expenditure on voucher costs
Non-operating income	36,695	671,034	-94.53	Increase in non-operating income from prior year's participation in Hangzhou United Rural Commercial Bank Co.
Other comprehensive income, net of tax	5,083,884	1,694,676	199.99	Increase in changes in fair value of financial assets classified as at fair value through other comprehensive income

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

Refer to *note X of the financial statements* for details.

IV. Analysis of Loan Quality

During the reporting period, in the face of changes in the internal and external economy, the Group has always put asset quality control as the core of risk management. On the one hand, shifted the credit risk control gate and strictly controlled the increase of non-performing assets; on the other hand, increased the efforts in disposing non-performing assets, and actively promoted the resolution of existing risk, and adhered to the strict determination of the risk classification of loans so as to truly reflect the quality of assets and maintain asset quality at a stable level.

(I) Loan Distribution by Five-category Classification

Unit: RMB 000

	December 31, 2024		December 31, 2023		+/- from the end of the previous year (%)
	Amount	Percentage (%)	Amount	Percentage (%)	
Normal	738,281,902	97.76	695,782,722	97.80	6.11
Special mention	9,641,383	1.28	8,774,335	1.23	9.88
Substandard	2,952,987	0.39	3,798,285	0.53	-22.25
Doubtful	731,538	0.10	1,398,718	0.20	-47.70
Loss	3,610,850	0.48	1,729,252	0.24	108.81
Total loans and advances	755,218,660	100.00	711,483,312	100.00	6.15
Total balance of non-performing loans	7,295,375	0.97	6,926,255	0.97	5.33

During the reporting period, the Group insisted on strictly determining the risk classification of loans and truly reflecting the quality of assets, the scale of credit assets grew steadily and non-performing loans remained low. At the end of the reporting period, the Group's total loans and advances amounted to RMB 755,219 million, representing an increase of 6.15% as compared with the end of the previous year; the balance of non-performing loans amounted to RMB 7,295 million, representing an increase of RMB 369 million as compared with the end of the previous year; the NPL% was 0.97%, unchanged as compared with that at the end of the previous year; the proportion of loans under the category of "special mention" accounted for 1.28%, representing a rise of 0.05 percentage point as compared with that at the end of the previous year; and the proportion of loans under the category of loss accounted for 0.48%, representing a rise of 0.24 percentage points, mainly due to the implementation of the Measures for Risk Classification of Financial Assets of Commercial Banks and the gradual implementation of the reclassification of the latter three types of existing loans before July 1, 2023 in accordance with the transition plan.

(II) Loan Structure and Quality by Product Type

Unit: RMB 000

Item	December 31, 2024			December 31, 2023		
	Loan balance	NPL balance	NPL%	Loan balance	NPL balance	NPL%
Corporate loans and advances	438,347,088	4,469,608	1.02	415,012,575	4,565,498	1.10
Personal loans and advances	213,689,933	2,825,768	1.32	210,949,238	2,353,435	1.12
Bill discounting	103,181,639	-	0.00	85,521,499	7,323	0.01
Total loans and advances	755,218,660	7,295,375	0.97	711,483,312	6,926,255	0.97

At the end of the reporting period, the balance of the Group's corporate loans and advances amounted to RMB 438,347 million, representing an increase of 5.62% over the end of last year, with NPL% of 1.02%, down by 0.08 percentage point from the end of last year; the balance of personal loans and advances amounted to RMB 213,690 million, representing an increase of 1.30% over the end of last year, with NPL% of 1.32%, up by 0.20 percentage point from the end of last year; and bill discounting increased by 20.65% from the end of the previous year, and the NPL% was zero.

(III) Loans to the Top 10 Sectors

Unit: RMB 000

Sector	December 31, 2024			December 31, 2023		
	Loan balance	NPL balance	NPL%	Loan balance	NPL balance	NPL%
Real estate	116,721,445	1,340,172	1.15	104,664,765	2,284,006	2.18
Leasing and commercial services	88,533,328	733,496	0.83	95,013,113	542,953	0.57
Manufacturing	84,532,106	587,664	0.70	83,730,810	430,023	0.51
Wholesale and retail	37,667,357	925,698	2.46	33,388,568	462,938	1.39
Transportation, warehousing and postal services	17,297,712	168,994	0.98	15,353,415	37,051	0.24
Information transmission, software and IT services	13,890,412	91,934	0.66	13,926,035	61,559	0.44
Financial sector	13,878,816	3,884	0.03	8,005,163	-	-
Building industry	12,514,308	300,301	2.40	11,368,635	134,850	1.19
Accommodation and catering	7,020,858	88,739	1.26	7,111,178	60,132	0.85
Scientific research and technical services	6,136,228	71,552	1.17	6,279,788	53,444	0.85

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

During the reporting period, the Group's corporate loans were mainly concentrated in the real estate industry, the leasing and business services industry and the manufacturing industry, with loan balance accounting for 15.46%, 11.72% and 11.19% of the Group's total loans respectively. The Group focused on key industries and implemented credit risk management and control to effectively alleviate the increasing pressure of non-performing loans. At the end of the reporting period, the NPL% of the real estate industry decreased as compared to the end of the previous year. The NPL% of the construction and wholesale and retail industries increased as compared to the end of the previous year due to the impact of uneven economic recovery and risk exposure of several large corporate customers. The Group proactively implemented various initiatives and stepped up collection and disposal efforts to effectively prevent and control credit risks and ensure controllable asset quality.

(IV) Loan Structure and Quality by Region

Unit: RMB 000

Item	December 31, 2024			December 31, 2023		
	loan balance	NPL balance	NPL% (%)	loan balance	NPL balance	NPL% (%)
Shanghai	717,908,167	6,731,535	0.94	674,564,475	6,396,923	0.95
Non-Shanghai	37,310,493	563,841	1.51	36,918,837	529,332	1.43
Total loans and advances	755,218,660	7,295,375	0.97	711,483,312	6,926,255	0.97

As a regional bank headquartered in Shanghai, the Group's loans were mainly in the Shanghai region. At the end of the reporting period, the balance of loans in the Shanghai region accounted for 95.06% of the total loans, while those outside Shanghai accounted for only 4.94%; the NPL% of loans in the Shanghai region was 0.94%, representing a decrease of 0.01 percentage point as compared with that at the end of the previous year; and the NPL% of loans outside Shanghai was 1.51%, representing an increase of 0.08 percentage point as compared with that at the end of the previous year.

(V) Loan Structure and Quality by Type of Collateral

Unit: RMB 000

Item	December 31, 2024			December 31, 2023		
	loan balance	NPL balance	NPL% (%)	loan balance	NPL balance	NPL% (%)
Credit loans	154,249,916	1,734,836	1.12	144,577,030	1,710,335	1.18
Guaranteed loans	110,358,774	2,122,684	1.92	112,682,655	1,445,583	1.28
Secured loans	372,595,010	3,407,452	0.91	355,640,187	3,719,010	1.05
Pledged loans	118,014,960	30,404	0.03	98,583,440	51,328	0.05
Total loans and advances	755,218,660	7,295,375	0.97	711,483,312	6,926,255	0.97

The Group attaches importance to the credit risk mitigating role of pledge guarantees and strengthens the foundation of credit risk defense through collateral and security. At the end of the reporting period, the proportion of the Group's pledged loans to total loans was 64.96%. The NPL% of credit loans, mortgages and pledged loans decreased as compared with the end of the previous year, while the NPL% of guaranteed loans increased due to the risk exposure of several large corporate customers.

(VI) Loan Migration Ratios

Unit: %

Item	December 31, 2024	December 31, 2023	December 31, 2022
Migration ratio of normal loans	1.85	2.24	1.34
Migration ratio of special mention loans	11.16	40.82	21.21
Migration ratio of substandard loans	95.13	20.44	55.79
Migration ratio of doubtful loans	87.37	24.33	37.11

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

At the end of the reporting period, the migration rate of normal loans by parent company definition was 1.85%, the migration rate of special-mention loans was 11.16%, the migration rate of substandard loans was 95.13%, and the migration rate of doubtful loans was 87.37%. Among them, the migration rate of normal and special-mention loans decreased from the end of the previous year, while the migration rate of substandard and doubtful loans increased. This was mainly due to the implementation of the Measures for the Classification of Financial Asset Risks of Commercial Banks, which stipulated that loans overdue for more than 270 days shall be classified as at least doubtful, and loans overdue for more than 360 days shall be classified as loss, resulting in an accelerated downgrade of risk classifications.

(VII) Loans to the Top 10 Single Borrowers

Unit: RMB 000

the borrower	December 31, 2024	
	Amount	Percentage of total loans and advances (%)
Customer A	3,091,000	0.41
Customer B	2,995,000	0.40
Customer C	2,791,408	0.37
Customer D	2,739,770	0.36
Customer E	2,675,510	0.35
Customer F	2,469,938	0.33
Customer G	2,440,000	0.32
Customer H	2,423,472	0.32
Customer I	2,352,553	0.31
Customer J	2,107,700	0.28
Total	26,086,351	3.45

At the end of the reporting period, the Group's largest single borrower had a loan balance of RMB 3,091 million, or 0.41% of total loans, and the top ten single borrowers had a combined loan balance of RMB 26,086 million, or 3.45% of total loans.

(VIII) Loan Distribution by Overdue Period

Unit: RMB 000

Item	December 31, 2024		December 31, 2023	
	Amount	Percentage of total loans and advances (%)	Amount	Percentage of total loans and advances (%)
1 day-90 days overdue (inclusive)	4,263,345	0.56	2,364,033	0.33
91 days-360 days overdue (inclusive)	3,451,749	0.46	3,565,360	0.50
361 days-3 years overdue (inclusive)	2,847,734	0.38	2,718,075	0.38
3 years+ overdue	416,940	0.06	251,955	0.04
Total	10,979,768	1.45	8,899,423	1.25

At the end of the reporting period, the Group's overdue loans amounted to RMB 10,980 million, accounting for 1.45% of overdue loans, representing an increase of 0.20 percentage points as compared with the end of last year. Overdue loans were mainly distributed in the range of 1 to 90 days overdue (inclusive), accounting for 0.56% of overdue loans, representing an increase of 0.23 percentage points as compared with the end of last year. The Group adopted targeted control measures for overdue loans, formulated liquidation and restructuring and conversion plans according to the classification of customers, and actively promoted risk management and resolution, with the overall risk being controllable.

(IX) Restructured Loans

Unit: RMB 000

Item	December 31, 2024		December 31, 2023	
	Amount	Percentage of total loans and advances (%)	Amount	Percentage of total loans and advances (%)
Restructured loans	2,669,400	0.35	2,213,425	0.31

At the end of the reporting period, the Group's restructured loans amounted to RMB 2,669 million, accounting for 0.35%, representing an increase of 0.04 percentage point from the end of the previous year.

(X) Changes in Loan Loss Reserve

Unit: RMB 000

Item	2024	2023
Opening balance	28,049,658	28,214,612
Accrual/(reversal) of the year	2,133,599	2,303,139
Transfers in/(out) of the year	-	-
Write-offs of the year	(4,852,918)	(3,198,257)
Recovery after write-off	374,999	730,164
Closing balance	25,705,338	28,049,658

(XI) Debt Assets and Accrual of Impairment Provision

Unit: RMB 000

form	December 31, 2024		December 31, 2023	
	Amount	provide for impairment	Amount	provide for impairment
Houses and buildings	45,216	(17,425)	41,140	(16,286)

V. Analysis of Capital Adequacy Ratio

(I) Capital Adequacy Ratio

Unit: RMB 000

Item	December 31, 2024 (definition of new capital regulation)	December 31, 2023
Core Tier-I capital	125,816,071	113,641,737
Including: Eligible portion of paid-in capital	9,644,444	9,644,444
Eligible portion of capital reserve	16,547,850	16,826,301
Surplus reserves	36,745,387	31,571,069
General reserve	15,354,359	13,956,708
Undistributed profits	37,149,792	37,131,631
Eligible portion of minority interest	1,979,660	1,877,798
Other	8,394,578	2,633,785
Other Tier-I capital	263,489	250,373
Including: Other Tier-I capital instruments and premiums	-	-
Eligible portion of minority interest	263,489	250,373
Tier-II capital	20,231,396	20,300,516
Including: Tier-II capital instruments and related premium	10,000,000	10,000,000
Excess loan loss reserve	9,706,389	9,804,043
Eligible portion of minority interest	525,008	496,473
Total capital	146,310,956	134,192,625
Deductions		
Core Tier-I capital deduction	1,044,705	674,692
Net core Tier-I capital	124,771,366	112,967,044
Other Tier-I capital deduction	-	-
Net Tier-I capital	125,034,855	113,217,417
Tier-II capital regulatory deduction	-	-
Net capital	145,266,251	133,517,933
Risk-weighted assets	846,842,026	848,308,505
Including: Credit risk-weighted assets	786,217,495	794,127,460
Market risk-weighted assets	12,676,409	6,879,440
Operational risk-weighted assets	47,948,122	47,301,606
Core Tier-I capital adequacy ratio (%)	14.73	13.32
Tier-I capital adequacy ratio (%)	14.76	13.35
Capital adequacy ratio (%)	17.15	15.74

Notes: 1. The Group measured the capital adequacy level from January 1, 2024 onwards in accordance with the relevant requirements of the Capital Management Measures for Commercial Banks.
2. For more capital information, please refer to the SHRCB FY2024 Pillar 3 Disclosure Report disclosed on the Company's official website (http://www.shrcb.com).

(II) Leverage ratio

Unit: RMB 000

Item	December 31, 2024 (Definition of new capital regulation)	December 31, 2023
Net Tier-I capital	125,034,855	113,217,417
Adjusted on-and-off-balance sheet asset balance	1,570,661,806	1,460,212,577
Leverage ratio (%)	7.96	7.75

Note: The Group measures the leverage ratio from January 1, 2024 onwards in accordance with the relevant requirements of the Capital Management Regulations for Commercial Banks.

(III) Information on Various Risk Exposures

1. On-and-off-balance Sheet Credit Risk Exposure

The Company uses the weighting method to measure credit risk. At the end of the reporting period, the total consolidated on-and-off balance sheet credit risk exposure of the Group is detailed in the table below:

Unit: RMB 000

Item	Pre-mitigation risk exposure	Post-mitigation risk exposure
On-balance sheet credit risk exposure	1,464,840,123	1,380,234,005
Off-balance sheet converted credit risk exposure	68,006,086	49,347,460
Total	1,532,846,209	1,429,581,465

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 1,014 million, and the capital employed for specific risks is detailed in the table below:

Unit: RMB 000

Interest rate risk	Equity risk	Exchange rate risk	Commodity risk	Specific risk exposure of trading book securitization	Total
925,781	0	88,332	0	0	1,014,113

3. Operational Risk Exposure

The Company uses the standardized approach to measure operational risk capital. At the end of the reporting period, the operational risk capital requirement was RMB3,836 million on a consolidated group basis.

4. Other Risk Exposures

(1) Counterparty Credit Risk Exposure

The risk-weighted assets of the Company's counterparty credit risk exposure mainly include counterparty credit risk arising from derivative transactions and securities financing transactions. At the end of the reporting period, the Group's counterparty credit risk-weighted assets under the consolidated criteria amounted to RMB5,887 million.

(2) Bank Book Equity Risk Exposure

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

Unit: RMB 000

Type of invested institutions	December 31, 2024	
	Public trading risk exposure	Non-public trading risk exposure
Banking financial institutions	-	2,021,112
Non-Banking financial institutions	-	11,500
Non-financial institutions	-	350,000
Total	-	2,382,612

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

VI. Operating Information of Business Segments

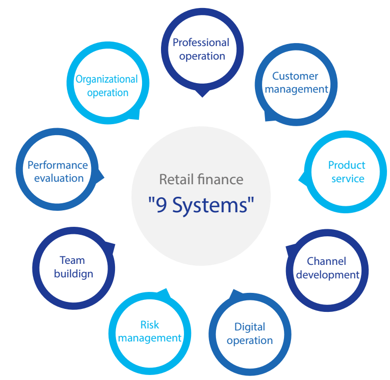
Refer to *note IX of the Financial Report* for details.

VII. Implementation of the Development Strategy

During the reporting period, the Company continued to deepen its five financial service systems and write "Five Great Articles" on finance, focusing on its strategic development plan for 2023-2025, and strived to build a service-oriented bank that creates value for customers.

(I) Insisted on customer-centricity, steadily improved the quality of retail finance

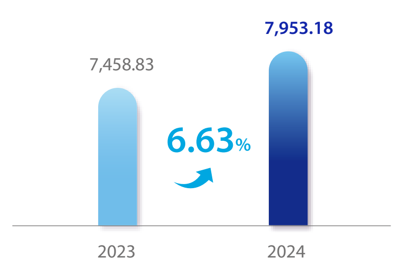
The Company firmly promoted the construction of the "Nine Systems" of retail finance [7], adhered to the customer-centered approach, focused on value creation, deepened the retail transformation in a comprehensive manner, and built a retail financial service system with wealth management as the engine to drive the business forward steadily and improve quality. By optimizing customer experience, meeting customer needs and enhancing service effectiveness, the retail financial business achieved improvement in both scale and efficiency, providing solid support for the Bank's high-quality development. At the end of the reporting period, the balance of retail assets under management (AUM) amounted to RMB 795.318 billion, an increase of RMB 49.436 billion, or 6.63%, over the end of the previous year.



Refined segmented management to enhance customer value. The Company continued to advance its customer segmentation strategy, focusing on the business philosophy of "excellence in high-end, optimization in mid-range, and solid foundation in basics." Centering on the customer, the Company further optimized its customer lifecycle management system, provided personalized products and services tailored to the needs of customers at different stages, enhanced customer loyalty and satisfaction, and promoted high-quality development of customer group operations. As of the end of the reporting period, the number of VIP and wealth management customers, private banking customers, and retail assets under management (AUM) increased by 6.62% and 8.34%, respectively, compared to the end of the previous year.

Retail AUM balance

Unit: RMB 100 million



Diversified product system to meet customer needs. The Company continued to build a product system centered on diversified asset allocation for customers and characterized by sound wealth management, and enriched the "shelf" of wealth management products based on the excavation of high-quality assets, so as to fully satisfy the diversified allocation needs of customers. During the reporting period, 270 wealth products were newly launched. By optimizing the structure of loan products and increasing support for the real economy, we have met the financial needs of customers in various aspects such as consumption, home purchase and business operation, and promoted the stable development of the economy.

Integrated and coordinated services to enhance customer experience. With the deep integration of "network + APP + remote" as the core, the Company constructed an all-round, multi-level service network between online and offline, significantly improving customer experience and business efficiency. During the reporting period, the Company continued to optimize the layout of its outlets, enhanced the ability of offline channels to radiate and reach customers, and created special outlets for the elderly; continued to iterate the functions of mobile banking, enhanced the ability of digital intelligence management, and launched Personal Mobile Banking 8.0; strengthened the operation of remote banking, pushed forward the application of intelligent customer service technology, and carried out video banking services to enhance customer satisfaction; and explored the construction of "online direct + offline specialized" service system to broaden customer service channels and enhance the convenience of service.

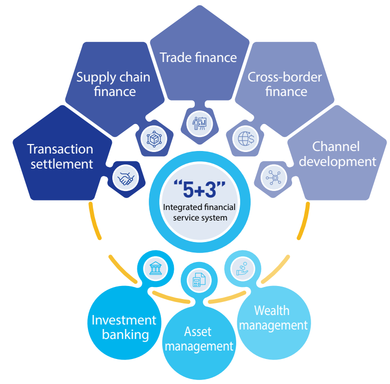
[7] The "Nine Systems" refer to specialized management system, customer management system, product service system, channel construction system, digital management system, risk management system, team building system, performance evaluation system, and organization and operation system.

Empowered business with technology and enhanced operational efficiency. The Company enhanced customer experience, optimized operational efficiency, expanded business boundaries and facilitated the creation of value through intelligent marketing, data-driven decision-making, scenario-based services and other initiatives. Upgraded the retail marketing strategy platform and realized marketing strategy visualization, deployment automation and decision-making intelligence promoted the transformation of traditional marketing to intelligent marketing, and the strategy deployment cycle was reduced from a few weeks to a few minutes, resulting in significant results in cost reduction and efficiency enhancement. During the reporting period, the efficiency and accuracy of customer reach was effectively improved through precise marketing strategies, and the number of customers reached increased by more than 10 times.

Accelerated the layout of silver hair services and built a brand of financial services for the elderly. Last year, the Company remained committed to practicing people-oriented finance, actively fulfilling its social responsibility of providing financial assistance to the elderly, closely integrating national policies with market demand, and promoting the integration of pension finance business into the Bank's retail transformation strategy. With an integrated system approach, the Company improved its pension finance service layout and deepened the development of a comprehensive pension finance service brand combining "finance + non-finance," "branch + community," and "online + offline" services. During the reporting period, we established 55 specialized elderly financial service branches and achieved full coverage of Shanghai's streets and towns with over 1,000 "Heart Home" public service stations. As of the end of the reporting period, the Company served over 4 million elderly customers aged 60 and above in Shanghai, covering approximately 70% of the city's permanent elderly population, with managed customer assets exceeding RMB 470 billion, representing a year-on-year increase of 9.22%.

(II) Strengthened the transaction banking engine and advanced comprehensive financial services

The Company continued to focus on the strategic layout of "integrated financial service system with transaction banking as the engine", focusing on customers, closely connecting its business ecosystem with the customer management ecosystem, promoting the construction of the "5+3" [8] system, and upgrading the level of integrated financial services. During the reporting period, finance product aggregate (FPA) for corporate customers amounted to RMB 630.446 billion, representing an increase of RMB55.761 billion or 9.70% over the end of the previous year.

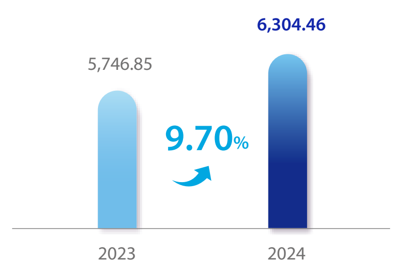


Promoted product upgrades and optimized customer experience. During the reporting period, the Company released the "Shixinshiyi" series of transaction banking products, focused on ten major transaction scenario solutions to meet customers' "financial + non-financial" needs in all aspects and create a new "digital and intelligent" experience through specialized talents, diversified products and digital transformation; refreshed and upgraded multi-bank treasury business, launched five major customer solutions for municipal state-owned enterprises, district state-owned enterprises, township-level customers, private groups, and agricultural/inclusive finance customers; launched the asset pooling business, which supported the online pooling of pledge financing and met the needs of customers for mobilizing liquid assets; and became the first bank in China to obtain the direct participation qualification for the Cross-border Interbank Payment System (CIPS), providing enterprises with more convenient and secure cross-border payment and fund management services.

Strengthened system construction and enhanced digital empowerment. During the reporting period, the Company actively promoted the construction of the transaction banking system cluster, replaced and upgraded corporate internet banking and mobile banking, and added corporate WeChat banking, forming a "1+2" [9] online service layout for corporate finance; continued to optimize the online functions of the transaction bank such as electronic letter of guarantee, intelligent supply chain, multi-bank treasury, capital pooling, and Xin ledger, and improved the business processes to facilitate customer operations; iteratively upgraded the CCRM corporate customer management system, strengthened the support of data application, and realized the visualization of customer information, customer management process, and closed-loop task management, so as to provide one-stop services for the corporate customer operation of frontline marketing personnel; accelerated the creation of an online and integrated trade and finance business system, successfully launched the third phase of the new international settlement system, focusing on optimizing the domestic letter of credit and forfaiting business processes. We continued to strengthen the construction of cross-border payment infrastructure system to enhance the efficiency and convenience of cross-border payment, and launched the CIPS direct participation system to optimize the process and reduce the cost, so that the cross-border RMB payment and receipt are smoother.

Corporate Customer FPA

Unit: RMB 100 million



Strengthened the business line team system and improved roles and responsibilities. We cultivated specialized and distinctive teams, optimized the existing organizational structure, took the lead in establishing and separating specialized teams for corporate and inclusive banking customer managers, formulated the Work Plan for Optimizing the Structure of Corporate Customer Manager Teams, and promoted its implementation. We released the Corporate Financial Product Manager Position Management Measures, completed the first product manager rating, strengthened mid-desk support, and solidified the foundation for development.

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

[9] 1 i.e. Enterprise Internet Banking, 2 i.e. Enterprise Mobile Banking and Enterprise WeChat Banking.

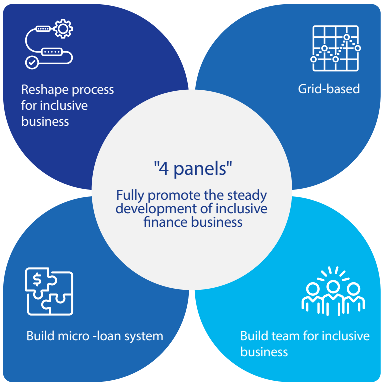
Focused on integrated finance and strengthened service capabilities. The Company strengthened channel construction, signed a strategic cooperation agreement with the Hongkou District People's Government, successfully entered the list of commercial banks approved by the Shanghai Civil Affairs Bureau to undertake advance payment custody services for elderly care institutions, and fully implemented services such as land transaction fund supervision, commercial housing pre-sale fund supervision, migrant worker wage guarantees, and carbon emission trading fund custody. We further deepened cooperation with chambers of commerce and associations, signing strategic cooperation agreements with the Shanghai Zhejiang Chamber of Commerce, the Shanghai Jiangsu Chamber of Commerce, and the Shanghai Modern Service Industry Federation. Focusing on customer needs, actively engaged with 181 key industrial parks, strengthened industry research and connections with core enterprises within the parks, and utilized specialized and differentiated products to develop customized comprehensive service solutions tailored to each park. We also launched the "100 Days, 100 Towns" initiative to support rural revitalization and high-quality development in towns and villages, engaging with 108 administrative towns (townships) to develop customized financial service solutions and signing strategic cooperation agreements.

Integrated into regional economic development and supported private economic development. The Company provided financial services for major municipal projects and livelihood projects in Shanghai, including the urban village renovation project in Zhaojialou, Pujiang Town, the West Bank Media Port Project, and the Shanghai East Station and supporting projects. We fully supported the development of Shanghai's "Smart Manufacturing Space," achieving "end-to-end financing and one-stop service" for financing operations. The Company also formulated a special work program for the "Shanghai Financial Support for High-Quality Development of the Private Economy Service Month," conducting on-site visits, organizing "finance into parks" and "private enterprises into banks" initiatives, strategic customer award ceremonies, and other activities to gain a better understanding of their financial needs, optimize service strategies, and enhance service quality and efficiency. During the reporting period, we visited a total of 23,000 private enterprises in key sectors such as science and technology innovation, advanced manufacturing, and low-carbon green development, signed strategic cooperation agreements with 19 private enterprises, and organized activities such as a "Going Global" bank-enterprise matching conference for private enterprises, a "Xindongneng" customer-exclusive themed salon, and a special seminar for supply chain enterprises. [10] At the end of the reporting period, the balance of loans to private enterprises amounted to RMB 344.486 billion, representing a net increase of RMB 24.459 billion, or 7.64%, compared with the end of the previous year.

[10] According to the statistical definition of the National Financial Regulatory Administration, it includes loans to privately held enterprises and personal business loans.

(III) Stayed true to our original mission and improved the quality and coverage of inclusive finance.

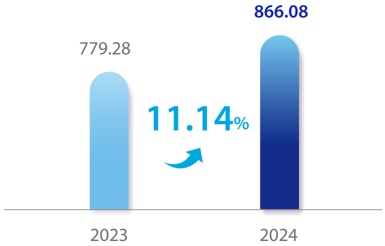
Focusing on the customer-centered business philosophy and comprehensive business strategy, the Company adhered to the business positioning of "agriculture, rural areas and farmers", SME-enterprises, science and technology innovation, and community residents, and built an inclusive financial service system with agricultural finance as its core, and promoted the steady development of inclusive financial business through the establishment of "Four Task Forces" [11] . At the end of the reporting period, the balance of the Company's inclusive micro and small business loans amounted to RMB 86.608 billion, an increase of 11.14% from the end of the previous year; with 52,000 accounts for inclusive micro and small business loans, an increase of 3.53% from the end of the previous year; the balance of the agricultural loans amounted to RMB 67.787 billion, an increase of 2.12% from the end of the previous year; and more than RMB 3 billion was disbursed to the agricultural industry chain business in the same year.



The transformation of inclusive lending processes continued to deepen, resulting in significant improvements in service quality and efficiency. The company established a fast-track process for inclusive lending services, reducing the time required to complete the entire process by approximately 30%, thereby effectively enhancing operational efficiency. We optimized the design of post-loan management schemes and improved the differentiated post-loan management system for inclusive lending. We advanced the construction of credit documentation systems, enabling the digitization of credit documents to reduce the amount of paper materials collected by customer managers during the business process by over 50%, significantly improving operational efficiency. We launched a transaction statement due diligence system to enhance the ability to analyze transaction statement data.

Balance of Inclusive SME Loans

Unit: RMB 100 million



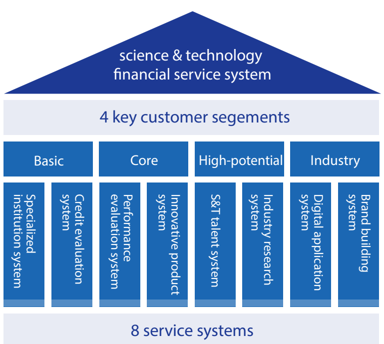
Implemented the grid-based task force mechanism and innovated the "Shanghai Model". The Company set up a grid-based financial task force for rural revitalization to promote grid-based financial services and jointly promote financial support for the enhancement of rural governance. During the reporting period, 109 credit villages and 5 credit towns were newly identified, with a cumulative total of 268 credit villages and 9 credit towns (townships) identified; the Company further improved the integrated financial services in the pilot villages, and constructed a "1+4" service system on a grid basis, strengthened the financial ecology for the "agricultural, rural areas and farmer" customerele starting from improving mechanisms, optimized the "agricultural, rural areas and farmer" product system and empowered rural governance, served rural revitalization with financial services in a solid and orderly manner, charting a "Shanghai path" for financial support to modernize urban agriculture.

Deepened the construction of micro-credit system and generated new business momentum. During the reporting period, the Company initially formed a "physical grid + industry grid" dual-wheel marketing management system, and through "channel sinking, product specialization, and micro-services", the Company further clarified the distribution of customer segments, industry characteristics, scale and action plan in the regions where the business was conducted, gave full play to the localization of our business, and continued to strengthen the "effective navigation" of customer expansion in the industry cluster. Promoted the pilot integration of "head office direct operation + branch operation", deeply cultivated local development, and continued to extend the service to the local inclusive finance customer base; through the cross-marketing of micro-credit business and traditional business and product supplementation, we realized complementarity. During the reporting period, the Company added nearly 600 first-time microfinance customers, with new first-time microfinance credit exceeding RMB 700 million, and the average ticket size for first-time microfinance customers was reduced to less than RMB 1.3 million, with the momentum of the microfinance business increasing steadily, and the business strategy of serving "small and diversified businesses" was further consolidated.

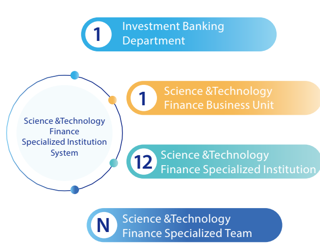
[11] The "Four Task Forces" refer to the Task Force on Reinventing the Inclusive Business Process, the Task Force on Gridding, the Task Force on Building the Microfinance System, and the Task Force on Building the Inclusive Finance Team.

Strengthened the construction of the inclusive finance team and boosting business development. During the reporting period, the Company promoted the reshaping of the team system of the inclusive finance business line, constructed a gradient team of inclusive account managers with differentiated levels and professional specialties, set up differentiated assessment and unimpeded career development channels to fully stimulate the inclusive team's professionalism, self-drivenness and creativity. We set up a microfinance training academy and built a tiered and classified training and cultivation system, so as to ensure the education of account managers; established and improved the standardized management system of key positions in the inclusive business line, so as to ensure the control and management of the inclusive finance business team.

(IV) Seek new changes based on science and technology finance, continuously optimizing science and technology finance.



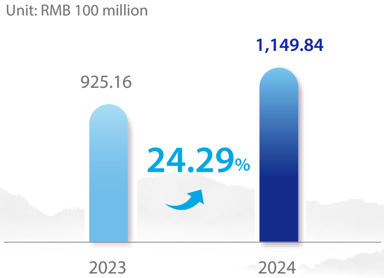
The Company closely followed the requirements for the construction of Shanghai Science and Technology Innovation Center and Science and Technology Innovation Financial Reform Pilot Zone, adhered to the development concept of "Four Beams and Eight Pillars" of Science and Technology Finance [12], and made further breakthroughs and innovations to promote financial services for science and technology-based enterprises in higher quality. At the end of the reporting period, the balance of loans to science and technology-based enterprises amounted to RMB 114.984 billion, representing an increase of RMB 22.469 billion, or 24.29%, compared with the end of the previous year, and the number of science and technology-based enterprise loan customers amounted to 4,278, representing an increase of 1,003 customers, or 30.63%, compared with the end of the previous year.



Fully deepened the six specialized mechanisms [13]. During the reporting period, the Company continued to improve the system of specialized institutions in science and technology finance, and initially formed a "1+1+12+N"e [14] specialized, dedicated and featured organizational structure, covering the Science and Technology Finance Division, science and technology sub-branches, science and technology finance featured sub-branches and science and technology finance featured teams, and optimized supporting policies in areas such as differentiated assessment and incentives, centralized dedicated approval, due diligence and exemption, etc.; continued to build a system of professional talents in science and technology finance, focusing on Shanghai's modernized industrial system and cultivated a professional team of science and technology finance account managers, product managers, and risk control managers who understand the industry and know how to conduct researches; we have continued to optimize the system of digital application of science and technology finance and launched a number of information management systems such as intellectual property rights evaluation system, evaluation model of science and technology innovation business incubator and incubated enterprises and other information management systems, and empowered science and technology finance with digital technology; continued to build a highly efficient credit evaluation system for science and technology finance, implemented the new "three-check" credit mechanism with a venture capitalist mindset, reshaped the logic of credit evaluation for science and technology enterprises, and comprehensively optimized the evaluation system before, during and after the lending.

Balance of Loans to Technology Enterprises

Unit: RMB 100 million



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

[13] The "Six Specialized Mechanisms" refer to a specialized organizational structure, a professional management team, a dedicated risk management system, a specialized incentive and assessment mechanism, a specialized information management system, and a specialized evaluation standard for customers.

[14] "1+1+12+N" refers to the Investment Banking Department of the Company+ Science and Technology Finance Division + 12 Science and Technology Finance Franchise Institutions+ Multiple Science and Technology Finance Franchise Teams.

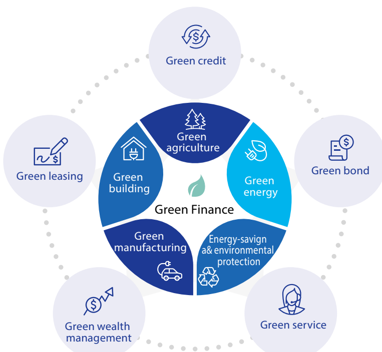
Improved the quality and efficiency of innovative products. During the reporting period, the Company introduced new products based on the "core talent + core technology + core advantages" of science and technology innovation enterprises. Focusing on park finance, the Company iteratively updated the Science and technology innovation Loan 4.0 in Lingang Park, further deepened the service channel between the incubators and investment funds of science and technology innovation enterprises in the park, and set up cooperation mechanisms such as joint evaluation and joint listing; focused on enterprise cultivation, the Company actively developed innovative products such as "Forward Win-Win Interest" with stepped interest rate as the pricing mechanism, and further increased its efforts to expand customers and cultivate early stage high-quality science and technology-based enterprises. In serving early-stage enterprises, the Company conducted in-depth research and judgment on the development track, technological attributes, core technologies, controllers and team background of the enterprises through the perspective of "looking into the future", so as to provide guidance on the development of enterprises at the stages of "0-1", "1-10" and "1-10". Focusing on IPR, we were the only banking institution to support the issuance of Shanghai's first fully market-based credit enhancement IPR securitization project. Focusing on industrial finance, in accordance with Shanghai's industrial development plan, we launched innovative products such as integrated circuit chip loans, artificial intelligence computing power loans, and biomedical license loans, formulated special service plans for integrated circuit chip design and biomedical CXO and other sub-sectors, and explored capital solutions for industrial technology innovation scenarios. Focusing on technological innovation, we launched the "Five Measures for Transforming Results" [15] to meet the funding needs of various stages from achievement transformation, talent entrepreneurship, technology R&D to technology transfer.

Further strengthened the empowerment system. During the reporting period, the Company deepened the implementation of the "Xindongneng" strategic emerging customer cultivation program and reinforced the "Xindongneng" 3.0 comprehensive service system centered on "five specialized services + six-dimensional empowerment." We established a full growth cycle incubation chain, categorizing "Xindongneng" customers into five stages—Silver Seed, Gold Seed, Xin Seed, Pre-IPO, and Mature—based on their different growth phases, and built a dedicated cultivation system; we developed a Five Specialized Services Innovation System, centered on "Xindongneng" customers, introducing specialized approval mechanisms, dedicated financial products, professional service teams, customized service solutions, exclusive benefit systems to continuously enhance service efficiency for customers; and constructed a six-dimensional empowerment ecosystem by collaborating with government departments, investment institutions, industrial parks, incubators, and other external organizations to establish a "1+N" platform service model. This model provides "Xindongneng" customers with "investment banking + commercial banking" and "financial + non-financial" empowerment value-added services across six dimensions: industrial resource integration, policy resource matching, investment institution introductions, professional consulting and guidance, talent management services, and technology transfer empowerment.

Continued to upgrade industry research. During the reporting period, based on the existing 11 strategic emerging industry research teams, the Company innovatively established an Industry Research Institute and achieved certain results in terms of organizational structure creation, work system improvement, and professional team training. In terms of organizational structure, the Industry Research Institute had 12 research branches covering key industries such as Shanghai's "3+6" and multiple research tracks under each branch. In terms of work system, we gradually established a relatively standardized industry research work system, formulated industry research work management measures, research work guidelines, and various industry research result templates, and launched relevant industry research functional modules in the system. In terms of professional teams, we initially formed the first batch of industry researchers covering all branches, middle, and back offices, established an evaluation system for industry research branches and industry researchers, and actively promoted the orderly construction of a professional talent team through internal training and external expert collaboration. Through the continuous optimization of industry research work, the Industry Research Institute will play a crucial role in achieving information sharing, supporting marketing efforts, coordinating risk management, and providing strategic recommendations for the industry, gradually becoming the guiding star and compass for the development of the company's technology-driven financial services business.

[15] "Five Measures for Transforming Results" refers to Increase technical incubation loans for start-ups, technical enhancement loans to accelerate the conversion of intellectual property value, technical transfer loans to deepen the matching of technical supply and demand, technical research and development loans to accelerate breakthroughs in core technologies, and technical talent loans to strengthen talent innovation and entrepreneurship.

(V) Steady promoted green finance in line with the concept of sustainable development

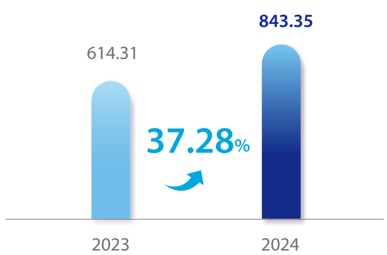


The Company actively advocated and practiced the concept of sustainable development, assisted customers in green transformation and development based on the long term, explored the path of high-quality development of green finance, continuously improved the governance structure, strengthened the business development and product innovation, promoted digital transformation, building the greenest bank in the Yangtze River Delta region.

Optimized governance structure and strengthened policy support. The Company continued to improve its green finance top-level design and organizational structure, established an ESG working group with a green finance working group under it, and continued to strengthen the overall leadership of green finance work. A special green finance department was added to the front and middle office departments of the head office to promote the green finance development of the Company through a dual-wheel drive. Increased support for green finance in the credit allocation policy, and the relevant systems for the recognition and assessment of green loans were optimized and improved to provide institutional support for the sound development of green finance business.

Balance of Green Credit

Unit: RMB 100 million



Expanded the scale of investment and financing to facilitate customers in green transformation and development. The Company continued to establish the concept of sustainable development, focusing on five core sectors, namely green agriculture, green energy, energy conservation and environmental protection, green manufacturing and green building, and providing green financial services around five business directions, namely green credit, green bonds, green services, green wealth management and green leasing. At the end of the reporting period, the balance of green credit of the Company amounted to RMB 84.335 billion [16], representing an increase of 37.28% over the end of the previous year, which was significantly higher than the overall credit growth rate during the same period. The balance of on-balance-sheet green bond investment amounted to RMB 15.212 billion, representing an increase of 31.71% from the end of last year; the balance of off-balance-sheet wealth management investment in green bonds amounted to RMB 2.334 billion, representing an increase of 9.09% from the end of last year; and the balance of green leasing amounted to RMB 15.767 billion[17], representing an increase of 55.38% from the end of last year.

Improved green financial products and enhanced customer service capabilities. The Company comprehensively utilized carbon emission reduction support tools, green financial bonds, water-saving incentives, and other green financial monetary policy tools to actively support the development of green energy and other industries. We expanded the scope of green financial support, successfully securing the first-ever financial loan for industrial transformation in the chemical industry and the first batch of climate finance projects in Shanghai. We promoted government-enterprise collaboration, becoming one of the first institutions to join the Shanghai Green Financial Services Platform, securing a spot in the first batch of Shanghai Green Project Libraries, and being designated as one of the first banks to participate in the "Industrial Green Loan" program by the Shanghai Municipal Commission of Economy and IT. These efforts effectively integrated green finance with the green transformation of the economy and society.

Promoted digital and intelligent transformation to empower green business development. The Company continued to accelerate the digital transformation of green finance and actively promoted the construction of a green finance business management system. During the reporting period, the second phase of the green finance business management system was successfully launched, embedding the green credit identification process into the business system and improving the efficiency of green credit recognition by 35%. The Company won the "Digital Finance Leader Award" from the Alliance of Small and Medium-sized Banks and the "Excellent Case of Security and Controllability" among rural credit banks.

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

[17] According to the statistical definition of the National Financial Regulatory Administration.

(VI) Empowered high-quality development and achieved remarkable results in management optimization.

The Company initiated the action of "grasping execution, strengthening management and refining internal strength" to improve and reengineer system, process and system, to promote the key projects, and to enhance the specialized operation capability and the level of refined management.

First, solid and steady risk compliance management. During the reporting period, the Company actively promoted the re-engineering of the whole process of credit management, added a new central sub-branch lending model and a differentiated post-loan inspection model to reduce the burden and increase the capacity of account managers. The second phase of the Credit Risk Early Warning System II and the Comprehensive Risk Monitoring and Early Warning Platform were launched, and the new CMIS system continued to be iteratively optimized, so that the level of digital intelligence of risk control was continuously improved. The embedded risk control model was launched, and risk management was assigned to the business teams of retail online lending, corporate banking and tax lending, and science and technology finance to improve the quality and efficiency of business approvals. The regulatory system was reengineered, and the total number of rules and regulations of the head office were reduced by nearly 21.5%. Centralized internal audit management was implemented to promote the centralization of audit institutions, audit matters and audit personnel. Optimized the intelligent control platform for consumer protection, making the handling process more efficient and providing strong support for source management and rectification.

Secondly, the allocation of resources became more precise and professional. During the reporting period, the Company implemented dynamic management of segmented performance quota, and the match between segmented resource allocation and business progress was enhanced. We strengthened the assessment support for customer development, improved the awareness and ability of data analysis, and focused on key customer segments and businesses to implement data research and judgment of customer behavior, so as to better empower business development. Deepened capital efficiency management and completed the construction of various systems and adjustment of measurement definitions under the new capital regulations. Held a conference on talent work, issued a number of opinions on the development of talent team, the bank's talent market and other programs, promoted the structural adjustment of the Yangtze River Delta segment in a steady and orderly manner, and implemented the talent inventory of branches to effectively stimulate the vitality of the organization.

Thirdly, digital transformation reached a new level. During the reporting period, the Company continued to promote its digital transformation aspirations, and its process innovation projects achieved remarkable results, with a significant reduction in the time-consuming business processes such as acceptance of banknotes and purchase of wealth management, continuous optimization of debt reconciliation and significant reduction in the burden of the grassroots. The level of Fintech continued to be strengthened, with the efficiency of technology delivery increased by 19%, and key business projects such as Mobile Banking 8.0 and Transaction Banking "Shixinshiyi" were all commissioned. The Company's IT supervisory ratings improved significantly, and the Company was once again honored with the Central Bank's "Fintech Development Award". Data governance was effective, and the regulatory data quality ranking was significantly improved. We passed the DCMM Level 4 certification of data management capability maturity, becoming the first rural commercial bank in China to be awarded the certification.

Fourthly, the control of costs and expenses was more refined. During the reporting period, the Company adhered to the goal of high-quality development, continuously improved the level of financial management refinement, tightly controlled costs and expenses and enhanced the effectiveness of resource allocation by strengthening budgetary constraints and optimizing business processes. The Company improved the budget management mechanism, formulated budget control strategies, and safeguarded resource investment in important strategic areas. Realized financial digital transformation, improved the automation level of financial work through scientific and technological empowerment, set up online tiered financial approval process, improved the ability of financial risk system management and control, and refined cost aggregation and analysis, so as to help financial management transform from efficiency improvement to value creation. Comprehensively combined business processes, identified inefficient expenditures, fully justified the necessity of major projects, reduced daily operating costs through process re-engineering, intensive management and market-oriented operation, and promoted cost reduction and efficiency.

Fifthly, new vitality was injected into the development of corporate culture. During the reporting period, the Company amended the Articles of Association to actively implement the overall requirements of the CPC Central Committee on promoting high-quality financial development and building a strong country in finance, and for the first time included the mission, vision, values and corporate culture in the Articles of Association, establishing their statutory status and reflecting the value orientation of the financial culture with Chinese characteristics. The "Bubble" internal publicity platform was launched; the "Inheritance" Lecture Hall was set up innovatively, and the first Skills Competition was launched around the five major financial service systems, enriching the platform for the growth of employees; continued to strengthen its style of work by setting up a leading group for improving work style, conducting a comprehensive style review, and actively solving urgent, difficult and worrying problems at the grassroots.

VIII. Business Overview

(I) Retail Finance

Centering around the strategic layout of "retail financial service system with wealth management as the engine", the Company focused on value creation, enhanced specialized operation, empowered management and brand building, deepened retail transformation, accelerated high-quality development, and provided customers with a "financial + non-financial" integrated service system. During the reporting period, the business scale of the retail finance segment grew steadily, the business structure continued to be optimized, the deposit and loan spreads rose steadily, the net income achieved positive growth, and the value creation ability continued to strengthen.

Key Indicators for Retail Finance Business (Partial)

Unit: RMB 000

Dimension	Item	2024 December 31st	2023 December 31st	Change from previous year (%)
Size	Retail AUM balance	795,318,400	745,882,655	6.63
	-Savings AUM balance	560,188,277	508,323,469	10.20
	-Non-savings AUM balances	235,130,123	237,559,186	-1.02
	Personal loan balances (excluding credit cards)	193,408,299	189,895,929	1.85
	-Housing mortgage loan balances	103,915,602	101,936,325	1.94
	-Non-housing mortgage loan balances	89,492,698	87,959,604	1.74
	Pension payments	4,218	3,791	11.26
Customers	Number of personal customers (excluding credit card customers) (Unit: 10,000 accounts)	2,473.22	2,324.60	6.39
	-Number of VIP and wealth customer(Unit: 10,000 accounts)	105.91	99.36	6.60
	-Number of private banking customers (Unit: 10,000 accounts)	0.39	0.34	14.44
	Number of pension payment customers (Unit: 10,000 accounts)	127.51	121.88	4.62
	Number of users on personal online channels (Unit: 10,000 accounts)	649.63	613.28	5.93

Retail Customers and AUM

The Company adhered to a customer-centric approach and shaped a customer segmentation strategy based on omni-channel customer acquisition, multi-dimensional operations, and full life cycle services. Through the integration of corporate and private sectors, retail operations, online and offline channels, and community outlets, the Company focused on leveraging synergies to enhance the effectiveness of customer operations and services. Meanwhile, the Company explored a "government-led, community-empowered" governance model, enriched the connotation of the "Heart Life" service brand, and steadily operated the "Heart Home" public welfare service brand. As of the end of the reporting period, the number of personal customers (excluding credit card customers) reached 24.7322 million, an increase of 1.4862 million compared to the end of the previous year, representing a growth rate of 6.39%. Retail assets under management (AUM) stood at RMB 795.318 billion, an increase of RMB 49.436 billion compared to the end of the previous year, representing a growth rate of 6.63%.

Focused on the "two payments" customer base, deepened corporate-private collaboration to explore new opportunities, adhered to the principle of expanding customer base and business operations in tandem, and mapped out a comprehensive customer lifecycle management framework. By the end of the reporting period, the number of customers receiving pension payment services increased by 56,300 compared to the end of the previous year, retail AUM grew by 12.74% year-on-year, and the volume of pension payment increased by 11.26% year-on-year. The Company's pension payment customer base ranked second in the city. The average payroll payment amount per account increased by 2.73% compared to the end of the previous year, and the average retail AUM per payroll customer increased by 7.27% compared to the end of the previous year, demonstrating steady improvements in wealth aggregation and management capabilities.

Focused on customers' favorite consumption scenarios, the Company organized a series of people-oriented activities, such as first-time binding and consumption discounts, to help boost consumption in the city. Meanwhile, we focused on the employees in Shanghai and strengthened cooperation with the Shanghai Federation of Trade Unions to bring people-oriented services and convenient financial services into parks and enterprises, upgrade the rights and benefits system for union members, enrich the forms of services for union members, and effectively improve the happiness of the employee group. As of the end of the reporting period, the Company had issued a total of 22.0138 million debit cards, including 6.2287 million union member service cards (debit cards), representing a year-on-year increase of 4.09%. The cumulative number of credit cards issued reached 2.1103 million.

Wealth Management

During the reporting period, the Company proactively responded to changes in the market environment and customers' needs, focused on key customer segments, built up specialized comprehensive service capabilities, and continuously upgraded its product and service system which focuses on customers' diversified asset allocation and features sound wealth management.

Focused on value creation, the Company enhanced its product portfolio, established an asset allocation system, and improved its professional operational capabilities. Through differentiated pricing, optimized marketing strategies, and total volume control, it continued to optimize the structure of savings deposits, achieving effective reduction in liability costs while maintaining scale growth. As of the reporting period, retail AUM stood at RMB 795.318 billion, an increase of RMB 49.436 billion compared to the end of last year, representing a growth rate of 6.63%. Among this, savings AUM reached RMB 560.188 billion, an increase of RMB 51.865 billion compared to the end of last year, representing a growth rate of 10.20%. The Bank ranked fourth in the Shanghai region in terms of the market share of RMB personal deposits, up one position from the end of the previous year. The interest rate on RMB savings deposits continued to decline by 28 basis points from the end of the previous year, with a cumulative reduction of 62 basis points over the past three years.

The Company continued to enrich its wealth product system featuring "stability", adhering to the basic principles of "comprehensive" as the foundation and "stability" as the root, and improved its ability to provide diversified wealth products. During the reporting period, the Company approved the access of 9 new institutions and launched 270 new wealth products on the shelf, further enriching the wealth product matrix, and provided and customized exclusive wealth products for key customer segments such as private banking, pension payment, payroll payment and mortgages customer segments to satisfy the diversified investment needs of the customer segments; the sales of insurance products increased by more than 30% year-on-year, and the cumulative paid-up premiums for new policies ranked the second highest in the Shanghai region, with an increase of 55.46%, which was the highest among the Shanghai regions. Sales of wealth management products increased by nearly 200% year-on-year, and the scale of wealth management products increased by more than 100% compared with the end of the previous year.

The Company advanced the construction of a tiered and categorized wealth management customer operating system, enhancing operational capabilities from three dimensions—customer segment management, product management, and team building—to achieve high-quality development of customer segments. During the reporting period, the Company continued to build a wealth management customer benefits system, enrich customer tags, and improve digital intelligence management capabilities; developed differentiated product configurations, launched direct sales and asset allocation systems to meet the wealth asset allocation needs of different customer segments; established an investment advisory middle office research and investment system, strengthened team empowerment and support, and enhanced the Bank's overall asset allocation capabilities; and reinforced the three-tier service system comprising wealth management specialists, VIP customer managers, and private banking customer managers. Focusing on a "tailored approach for each individual," the Company enhanced the professional competence and service capabilities of wealth management advisors; deepened private banking customer operations, provided comprehensive services across legal, tax, and investment/financing dimensions, supported pension finance, and offered customized services such as inheritance and asset segregation for senior customers and corporate customers. As of the end of the reporting period, the number of VIP and wealth management customers and private banking customers increased by 6.60% and 14.44%, respectively, compared to the end of the previous year.

Personal Loan

During the reporting period, the Company actively used digital means to empower its personal loan business, continued to strengthen risk management, optimized pricing management, further enhanced its risk management capabilities, expanded the scope of its service customers, and achieved good development of its personal loan business.

In terms of housing mortgage loans, the Company actively responded to the government's call to implement the national real estate policy, and always regarded supporting the reasonable demand of residents for home ownership as the core task, and further enhanced the efficiency of the whole process of operation through digital empowerment to improve the customer experience. At the end of the reporting period, the Company's share of the personal housing mortgage loans in the Shanghai region was significantly increased, and the market share increased by one place compared with the end of the previous year to realize the sound development of the mortgage loans. In terms of non-housing mortgage loans, in order to actively respond to the national policy direction of boosting consumption, the Company vigorously expanded the business of "New Citizen" and automobile consumption loans, and effectively met the diversified consumption needs of residents by optimizing the product design and approval process. Meanwhile, the Company continued to optimize the structure of its personal loan business by deepening its digital transformation and continuously improving its risk management and control capabilities to ensure the healthy and steady development of its personal loan business.

At the end of the reporting period, the balance of the Company's personal loans (excluding credit cards) amounted to RMB193.408 billion, representing an increase of RMB 3.512 billion or 1.85% over the end of last year. Driven by both digital empowerment and policy adjustments, the balance of housing mortgage loans amounted to RMB 103.916 billion, representing an increase of RMB 1.979 billion, or 1.94%, over the end of last year; the balance of non-housing mortgage loans amounted to RMB 89.493 billion, representing an increase of RMB 1.533 billion, or 1.74%, over the end of last year, among which: the balance of personal consumption loans amounted to RMB 40.226 billion, representing an increase of RMB 880 million; personal business loan balance of RMB 49.266 billion, an increase of RMB 653 million from the end of the previous year.

(II) Corporate Finance

The Company closely followed national strategies and regional development plans, focusing on four major corporate financial strategies: an integrated financial service system driven by transaction banking; an inclusive financial service system centered on agriculture, rural areas, and farmers; a technology financial service system characterized by science and technology innovation; and a sustainable financial service system based on green finance. The Company continued to strengthen its services to the real economy, consolidate its customer base, innovate business models, enhance technological capabilities, and improve the quality of its professional operations. As of the reporting period, the Company had a total of 345,400 corporate customers, an increase of 0.31% compared to the end of the previous year; corporate loan balances reached RMB 489.689 billion, an increase of RMB 37.666 billion compared to the end of the previous year, representing a growth rate of 8.33%, with suburban corporate loan balances accounting for 62.58% of the total; corporate deposit balances reached RMB 482.387 billion, an increase of RMB 5.066 billion compared to the end of the previous year, representing a growth rate of 1.06%, with suburban corporate deposits accounting for 56.27% of the total; the interest rate on corporate deposits decreased by 9 basis points.

Key Indicators for Corporate Finance Business (partial)

Unit: RMB 000

Dimension	Item	2024 December 31st	2023 December 31st	Change from previous year (%)
Scale	Total corporate customer finance (FPA)	630,446,137	574,685,131	9.70
	-Non-credit FPA	166,949,062	143,739,447	16.15
	Balance of corporate loans	489,689,119	452,023,341	8.33
	--Manufacturing loan balance	97,124,219	93,302,670	4.10
	-Balance of loans to private enterprises	344,486,379	320,027,041	7.64
	-Balance of loans to technology-based enterprises	114,984,247	92,515,644	24.29
	-Balance of agriculture-related loans	67,786,827	66,377,680	2.12
	-Balance of inclusive SME loans	86,608,003	77,927,601	11.14
	-Green credit balance [18]	84,334,893	61,430,550	37.28
	Balance of corporate deposits[19]	482,387,448	477,321,465	1.06
Customers	Number of corporate customers (10,000 accounts)	34.54	34.43	0.31
	-Number of manufacturing loan customers (10,000 accounts)	4,602	4,337	6.11
	- Number of science and technology enterprise loan customers (10,000 accounts)	4,278	3,275	30.63
	-Number of inclusive SME loan customers (10,000 accounts)	5.20	5.03	3.53

Trading Bank

The Company continued to implement the "customer-centered" service concept, focusing on the "5+3" integrated financial service system of transaction settlement, supply chain finance, trade finance, cross-border finance, channel construction, investment banking, asset management, and wealth management, and continuously innovated products and services to build a more open and inclusive financial service ecosystem.

Transaction settlement services. The Company focused on developing its "Xinyi Treasury" multi-bank business, with the objectives of expanding service functions, improving operational efficiency, and enhancing customer experience. We comprehensively upgraded our multi-bank treasury management system, establishing five solutions as "model cases" for municipal state-owned asset groups, SASAC supervision, private groups, township-level supervision, and inclusive finance for agriculture. As of the end of the reporting period, the Company had 2,516 treasury management customers, with a total transaction of RMB 364.6 billion in treasury services. The number of active corporate settlement customers reached 45,400. During the reporting period, the total RMB transaction via online channels for corporate customers reached RMB 2.90 trillion, representing a year-on-year increase of 6.23%.

With regard to supply chain financial services, the Company actively responded to the demand for high-quality development of the real economy, ploughed deeply into supply chain finance, and continuously improved the supply chain financial product system and service model. We continued to optimize the "Xinyi Smart Chain" intelligent supply chain platform and comprehensively upgraded the diversified financial service solutions, including seller factoring, reverse factoring and dealer financing, to provide in-depth services to the core enterprises of the industrial chain as well as upstream and downstream SMEs. Relying on the advantages of Shanghai as the national

[18] According to the statistical definition of the National Financial Regulatory Administration, it includes green loans, green letters of credit and green promissory notes.
[19] Includes margin deposits and other corporate deposits.

economic center, the Company continued to strengthen its technology and data-driven capabilities, and provided efficient, convenient and low-cost financial solutions supported by digital operation and intelligent risk control, effectively helping enterprises optimize fund management and improve operational efficiency, realizing an all-round upgrade of the value of supply chain financial services, and injecting strong kinetic energy into the development of the real economy. During the reporting period, the Company provided various types of on- and off-balance sheet financing services through various types of supply chain financial products around more than 100 core enterprises, and around the production, sales and other business cycles of nearly 1,500 upstream and downstream enterprises, to implement the strategy of serving "small and diversified businesses". During the year, the number of enterprises served increased by more than 400 compared with the previous year, and disbursed over 10,000 loans with loan amount exceeding RMB 10 billion.

Trade financial services. The Company consistently implemented the strategic plan of financial services for the real economy, accurately met enterprise needs through technological empowerment and product innovation, effectively reduced enterprise operating costs, and comprehensively empowered the high-quality development of market entities. We innovated and developed the "Xinyi Letter of Guarantee Micro-loan Model" and improved the inclusive financial service system. By the end of the reporting period, the letter of guarantee business matrix had served nearly 30,000 small, medium, and micro enterprise customers in opening letters of guarantee, realizing a fully online service process. We deepened government-bank cooperation, established direct system connection with the Shanghai Public Resources Trading Center, and launched electronic verification services for bid bonds and performance bonds in collaboration with the Shanghai Construction Project Bidding and Tendering Platform. These services were successfully applied in construction project bidding and tendering scenarios, significantly enhancing transaction transparency and security. Focusing on the restructuring of bill business processes, we created convenient and efficient bill business services. By the end of the reporting period, our bill discounting reached RMB 53.347 billion, an increase of RMB 13.803 billion compared to the end of the previous year, representing a growth rate of 34.90%. During the reporting period, the Company served a total of 1,453 discounting customers, an increase of 279 customers compared to the previous year, representing a growth rate of 23.76%. Through trade financing products such as domestic letters of credit, international letters of credit, and tier-I market forfaiting, the Company actively provided customized comprehensive transaction banking service solutions tailored to customers' trade backgrounds. During the reporting period, the Company's letter of credit issuance amounted to RMB 21.191 billion, an increase of 2.74% compared to the previous year.

For cross-border financial services, the Company actively applied to the State Administration of Foreign Exchange for qualification to conduct high-level opening and facilitation of cross-border trade business and successfully obtained approval, further improving the efficiency of business processing. During the reporting period, the Company was approved as a direct participant in the Cross-border Interbank Payment System (CIPS), becoming the only rural financial institution currently qualified to participate directly in CIPS.

Channel construction services, the Company basically completed the layout of three major electronic channels for corporate customers: corporate online banking, corporate mobile banking, and corporate WeChat banking. During the reporting period, the Company's corporate online banking continued to iterate and upgrade, launching important functions such as one-stop transfer, express letter of guarantee, and asset pool, accelerating the upgrade of online banking towards service richness and professionalism; launched corporate mobile banking 5.0, focusing on "agile office, intelligent service, secure protection, intuitive communication, flexible interconnectivity." This has effectively enhanced the company's mobile service capabilities for corporate financial services. Through the introduction of customer experience officers and collaborative efforts, the electronic channels have cumulatively converted over 1,000 customer suggestions, resulting in continuously improved customer experience and high customer recognition.

Investment banking services, the Company continued to implement the "investment and commercial banking integration" development philosophy, achieving full coverage of mainstream investment banking products and providing customers with comprehensive financial services throughout the entire life cycle. First, the Company maintained a solid position in bond underwriting. During the reporting period, the Company's bond underwriting amount reached RMB 39.412 billion, ranking fifth among lead underwriters in the Shanghai region, unchanged from the end of last year. Second, we successfully launched multiple innovative bond projects, including the first private enterprise asset-backed debt financing instruments in China and Shanghai, the first hybrid science and technology innovation bills in Shanghai with arrangements for future corporate exit, and our first "carbon neutrality/rural revitalization/revolutionary old areas" bond. Third, we actively implemented the "Shanghai Action Plan for Supporting Listed Companies in Mergers and Acquisitions (2025-2027)," focusing on Shanghai state-owned enterprises, listed companies, industrial capital, merger and acquisition funds, and large equity investment institutions, strengthened our layout in response to the core demands of enterprises in industrial mergers and acquisitions and enhanced industrial synergy. Fourth, we are fully committed to building a matching ecosystem, focusing on two customer segments—inclusive finance and technology finance—and striving to establish a comprehensive matching ecosystem encompassing various non-bank financial institutions such as insurance, trust, securities, leasing, and fund management. During the reporting period, our agency proposal business maintained steady growth, with technology-oriented enterprises served accounting for 23.87% of the total.

Asset management services, the Company actively leveraged the dual engine function of its asset management business, namely "funds" and "assets," to continuously deepen value creation and business integration. Through diversified measures such as collaborative innovation, customized wealth management, and asset linkage, the Company focused on local projects and customer resources in Shanghai, implemented precise cross-selling strategies, expanded its full-chain enterprise services for REITs, and established a service system that combines product-driven, service-supported, flagship products, and comprehensive supporting services, comprehensively supporting our customers in achieving steady wealth appreciation and sustainable corporate development goals. In the asset custody business, we successfully passed the on-site inspection and acceptance of the China Securities Regulatory Commission (CSRC) and the CSRC Shanghai for our securities investment fund custody business, obtained the renewed "License for Securities and Futures Business," and officially launched the asset custody business. Since its establishment, the Company has actively expanded its market presence, strengthened cooperation with peer financial institutions such as fund management companies, securities companies, commercial bank wealth management subsidiaries, and trust companies, and successfully introduced and operated a variety of custody products including public mutual funds, fund management company asset management plans, securities company asset management plans, standardized trust plans, and asset securitization products, achieving a solid start to its business operations.

For wealth management services, the Company continued to optimize its product channels and system functions, strengthen investment strategy services, and improve customer service experience. In terms of RMB agency services, the Company enriched product investment and trading strategies, launched real-time quotation and order placement functions for Jicunjin, expanded digital RMB subscription channels for counter bonds, and responded to customers' diversified wealth management needs. In foreign exchange agency services, we fully leveraged the advantage of our trade finance products' low capital requirements as off-balance sheet products, offering domestic letters of credit, international letters of credit, and tier-I market forfaiting products to actively tailor comprehensive transaction banking solutions for customers.

Inclusive Finance

During the reporting period, the Company focused on the new three-year development strategy and adhered to the business strategy of serving "small and diversified businesses" to promote the high-quality and sustainable development of inclusive finance, and accelerated the improvement of the inclusive financial system. At the end of the reporting period, the balance of the Company's inclusive SME loans amounted to RMB 86.608 billion, representing an increase of 11.14% from the end of the previous year; there were 52,000 inclusive SME loan customers, representing an increase of 3.53% from the end of the previous year, and the coverage of the customer base continued to be expanded, further manifesting the results of the business strategy of serving "small and diversified businesses". During the reporting period, the weighted average interest rate on newly disbursed inclusive SME loans was 4.05%, basically unchanged from the previous year, and the interest rate on inclusive SME loans was maintained at a reasonable level.

The Company expanded its customer service scope by expanding deeper customer channels. During the reporting period, the Company actively implemented the financing coordination mechanism for SMEs, strengthened the connection between banks and enterprises, and combined activities such as the park expressway, "10,000 enterprises, 100 billion yuan," and "1,000 enterprises, 10,000 accounts" for first-time borrowers to increase the coverage of services for SMEs. The Company launched activities such as "Inclusive Finance Proposal Month" and "Personal Business Service Month" to promote the precise allocation of credit funds to SMEs. We expanded the service radius for first-time borrowers and explored a progressive financial service path for "no-loan account – first-time borrowers – partner customers." We flexibly utilized credit products to meet the funding needs of first-time borrowers. We deeply explored the needs of no-loan accounts, launched a special marketing campaign to activate inclusive no-loan accounts, and utilized CCRM to achieve closed-loop management of marketing activities. We focused on high-quality tax-paying no-loan accounts and potential EVA value accounts, effectively improving the efficiency of expanding inclusive SME customer bases. Deepening cooperation with municipal guarantee institutions to promote innovation, the Bank successfully implemented the first 5 million yuan "innovation guarantee loan" supporting leading industries and the first "chamber of commerce batch loan" business in Shanghai. As of the end of the reporting period, the total balance of municipal guarantee business across the Bank reached RMB 14.317 billion, maintaining a leading position among peers. The scales of innovation guarantee, agricultural guarantee, and "government-bank-insurance-guarantee" batch loans all ranked first in Shanghai.

The two business wings advanced in tandem to create a new digital landscape. First, process restructuring continued to deepen, and service quality and efficiency continued to improve. A rapid process for inclusive business was created, streamlining job nodes throughout the entire process of credit application, contract application, and loan review, reducing the time required to complete the entire process by approximately 30% and effectively releasing business efficiency. A pilot project for full electronic processing was launched, enabling "more use of data" through the digitization of credit information, significantly reducing the amount of paper materials collected during business processing. We also launched a transaction statement due diligence system, standardized the format of various transaction statement data, fully mined customer information, and provided comprehensive evaluation reports, thereby achieving transaction statement data mining and analysis capabilities. At the end of the reporting period, the Bank's inclusive online loan balance was RMB 25.2 billion, of which "Business e-Loan" balance was RMB 22.82 billion. Second, we optimized our product system and strengthened our digital service capabilities. We established a mechanism for the coordinated integration and optimization of inclusive credit products, focusing on enhancing the systematic nature, functionality, and innovation of the Bank's inclusive credit product system. We completed the optimization and iteration of 11 key products, including SME statement loans, corporate tax loans, daily balance linked loans, "Business e-Loan," and inclusive easy loans, achieving a reduction in the number of products and an upgrade in product efficiency. We reshaped the inclusive easy loan product model by creating an effective tool for inclusive scenario finance through online big data risk control and customized financial solutions for customer segments; increased support for products with no principal repayment upon renewal, expanded the coverage, optimized the scoring card admission mechanism, launched the "Business e-Loan" and "Personal Business Assistance Loan" models with no principal repayment upon renewal, and made the renewal process quick and efficient, further improving the suitability of products with no principal repayment upon renewal. During the reporting period, a total of RMB 67.294 billion was disbursed for SME seamless renewal loans, with a cumulative amount of RMB 23.757 billion for principal-free renewal loans.

We consolidated our customer base in the agricultural sector and expanded our financial services coverage to rural areas. First, we promoted the financial coverage initiative for new types of agricultural business entities, continued to increase assessment incentives, strengthened internal motivation, flexibly allocated products, and improved credit coverage to further consolidate our customer base in the agricultural sector and steadily increase our market share in the agricultural sector. As of the end of the reporting period, the Company's agricultural loan balance was RMB 67.787 billion, an increase of 2.12% over the end of last year; inclusive agricultural loan balance was RMB 15.202 billion, an increase of 6.34% over the end of last year, with the service coverage continuing to expand, maintaining the Company's position as the main force and leader in rural financial services in Shanghai. Second, established a service system for agricultural technology enterprises, identifying a list of agricultural technology enterprises; strengthened investment banking thinking, launched customized products suitable for agricultural technology enterprises, and explored the creation of market brands with regional influence in the agricultural technology sector. As of the end of the reporting period, the Company's reach rate for agricultural technology enterprises was 79%, the credit coverage rate was 17%, and the credit balance was RMB 4.2 billion.

Extended the agricultural industry chain and enriched the connotation of financial support for agriculture. Focusing on local specialty and high-quality agricultural products, the Company supported a series of geographical indications agricultural products, including "Baihe strawberries", "Liantang wild rice", "Tinglin melon", etc., and contributed to the development of local high-quality agricultural brands. During the reporting period, the Company invested RMB 3.009 billion in loans to 406 agriculture-related entities in the agricultural industry chain; fully utilized the four-party cooperation mechanism of "government, bank, insurance and guarantee" to increase credit support in key agricultural fields such as agricultural equipment upgrading and grain production security, and disbursed policy agricultural credit guarantee loans amounting to RMB 400 million, representing an increase of over 300% over the previous year.

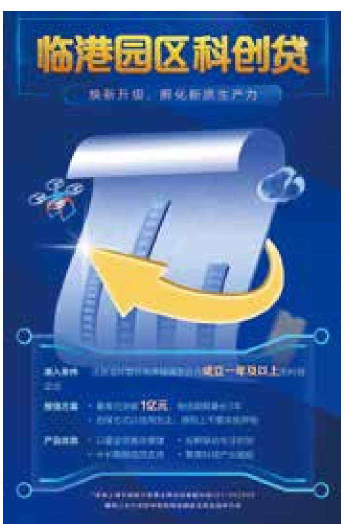
Science and Technology Finance

The Company continued to implement its service philosophy of "more advanced science and technology, more comprehensive technology, and more cutting-edge scientific research," and built a science and technology financial service system featuring science and technology innovation finance. During the reporting period, the Company focused on enhancing the institutional framework for science and technology finance, refining specialized operations, optimizing the product portfolio, and strengthening collaborative partnerships within the science and technology finance ecosystem. These efforts have consistently improved the Company's professional and comprehensive service capabilities in science and technology finance. During the reporting period, the Company was honored with the "2024 Outstanding Company for Science and Technology Financial Services in Shanghai" award by the Shanghai Banking Association.

Further shifted our service focus downward and provided long-term credit support. At the end of the reporting period, the balance of loans to technology-based enterprises was RMB 114.984 billion, an increase of 24.29% over the end of the previous year. The number of technology-based enterprise loan customers was 4,278, an increase of 30.63% over the end of the previous year. Both the scale and number of customers ranked among the top in Shanghai's peer group, with small, medium, and micro technology-based enterprises accounting for 97.55% of the total number of customers. The proportion of credit loans to technology-based enterprises accounted for 20.42% of the total, while medium- and long-term loans accounted for 44.11% of the total, further strengthening the support of credit and medium- and long-term loans.

Further strengthened customer management and optimized the structure of customer base. The Company focused on enterprises listed in the certification lists of high-tech, specialized, and innovative enterprises, as well as science and technology-based small and medium-sized enterprises. As of the end of the reporting period, the Company had provided services to nearly half of the "specialized, refined, distinctive, and innovative 'small giant' enterprises" and approximately 30% of the "specialized, refined, distinctive, and innovative" small and medium-sized enterprises in Shanghai. Among these, 242 "specialized, refined, distinctive, and innovative 'small giant' enterprises" and 2,260 "specialized, refined, distinctive, and innovative" small and medium-sized enterprises in Shanghai were the Company's credit customers. The credit balances were RMB 10.452 billion and RMB 45.345 billion, representing increases of 18.13% and 16.69% respectively compared to the end of last year. The loan balances were RMB 9.236 billion and RMB 38.610 billion, representing increases of 23.74% and 17.22% respectively compared to the end of last year, ranking among the top in Shanghai in terms of loan scale. As of the reporting date, the 4,278 technology-based enterprises with outstanding loans were primarily concentrated in the manufacturing industry, information transmission, software, and IT services, and scientific research and technology services sectors, accounting for 54.39%, 17.27%, and 10.19% of the total number of accounts, respectively.

The Company further extended its service reach and expanded the channel acquisition mechanism. The Company collaborated with the Municipal Guarantee Center to launch the "Xinfu Guarantee Loan" business program and successfully implemented the first project. We continued to advance the "Xinfu Loan" special service program. During the reporting period, the Company established a total of 232 incubators. We released the "Science and Technology Innovation Xinfu Incubation Base Construction Program" and designated 10 "Science and Technology Innovation Xinfu Incubation Bases." Through the incubators, we acquired 816 new customers, of which 342 have already been settled. During the reporting period, a total of ten collaboration events were held, including 66 one-on-one targeted roadshows, providing equity investment and financing matching services for science and technology enterprises; 604 new customers were acquired through investment institutions, with 281 of them having already settled. As of the end of the reporting period, there were 268 investment institutions in the Company's fund pool, an increase of 54 compared to the end of the previous year. Cooperation with universities and research institutes flourished in multiple areas, boldly exploring the uncharted territory of technology transfer. The Company established a list-based system to connect with key universities and research institutes in Shanghai, providing dedicated support for the early-stage conversion of disruptive technological achievements and the accelerated incubation of hard-core technology enterprises in the "0-1" stage.



Further strengthened industry research and reshaped the management mechanism of industry research. During the reporting period, the Company effectively integrated relevant research resources, optimized its industry research management system, innovatively established an industry research institute, and orderly advanced industry research work conducted in a coordinated manner across the entire bank and between head office and branches. The Company's industry research is dedicated to playing a pivotal role in cutting-edge research, identifying high-quality enterprises in the industry, cultivating technology companies, and controlling industry risks. Through measures such as centralized sharing of research results, industry training support, interactive research channels, participation in risk management, and collaboration with external experts, the Company continuously enhanced the integration of industry research with actual business development, thereby providing high-quality financial services to support the full lifecycle growth of key technology-driven enterprises. Besides, through industry research, the Company has gradually built a professional team that understands industries, enterprises, and finance, thereby supporting the high-quality and sustainable development of its technology-focused financial services.

Continuously built a multi-level system of specialized institutions. During the reporting period, the Company established seven new technology-focused secondary branches and four technology-focused teams in key industrial clusters across Shanghai. Each specialized institution has gradually developed a technology industry service model tailored to its own characteristics and a professional talent pool integrating front, middle, and back-office functions. As of the end of the reporting period, the Company has established Shanghai's first headquarter-level technology finance division and the first technology finance branch. It has cumulatively established 12 technology finance specialty secondary branches and 6 technology finance specialty teams, with over 100 dedicated technology finance professionals. A dedicated technology finance review and approval team has been set up, and a centralized approval mechanism is in place.

The Company continued to enrich its multi-scenario specialty product system. During the reporting period, the Company comprehensively upgraded the Lingang Park Science and Technology Innovation Loan 4.0 product, which won the first prize in the 2024 Science and Technology Finance Special Achievement Competition organized by the Shanghai Banking Association; vigorously promoted the development and model innovation of "intellectual property pledge financing" business; actively implemented distinctive products such as biopharmaceutical clinical loans, "Xindongneng" R&D loans, and the "Five Approach to Technology Transfer" service scheme, precisely matching the financing needs of science and technology innovation enterprises. As of the end of the reporting period, the Company had cumulatively provided credit support to over 1,000 industrial park enterprises in Shanghai, with a total disbursement amount of RMB 11.9 billion; the balance of intellectual property pledge financing exceeded RMB 4.6 billion, representing an increase of over 100% compared to the end of the previous year, with both scale and customer numbers ranking first among peers in Shanghai for consecutive years; the "Xindongneng" R&D Loan won the "Excellent Award" for Outstanding Achievements in Empowering New Productive Forces in the Financial Industry at the 18th Shanghai Financial Services for the Real Economy Conference and Forum in 2024.

Continuously built an ecological customer empowerment system. During the reporting period, the Company focused on the diversified "financial + non-financial" needs of "Xindongneng" customers and continuously deepened, solidified, and refined the six-dimensional empowerment system. We launched the "Xindongneng" Leadership Program series of empowerment activities, organizing nearly 60 events throughout the year, including industry salons, investment and financing matching sessions, and IPO consultation meetings. We developed a policy resource package tailored for technology companies, the "Xinzhiku," which has released 26 editions, assisting multiple customers in accessing various government policies. We implemented a routine empowerment mechanism for "Xindongneng" customers, helping several customers successfully secure investment institutions or downstream customer resources. As of the end of the reporting period, the Company had 1,041 "Xindongneng" customers, with over 230 listed or to-be-listed companies in the database, demonstrating outstanding comprehensive cultivation results.

Green Finance

The Company actively implemented the national "dual carbon" strategy, practiced the concept of sustainable development, clearly proposed to build a "sustainable financial service system with green finance as its foundation," promoted green development with financial strength, and vigorously advanced green finance.

Continuously improved the green financial system. During the reporting period, the Company focused on promoting financial services in the areas of green power and carbon emission reduction, which are part of monetary policy tools, and formulated the "Transition Financial Services Program (Trial)," the "Green Power Loan Financial Services Program," and the "Work Instructions on Financial Services in the Areas of Carbon Emission Reduction Support Tools," thereby improving the supporting institutional system.

Actively strengthened the innovation of green financial products and services. Comprehensively utilized green financial monetary policy tools such as carbon emission reduction support tools, green financial bonds, and water conservation benefits to actively support the development of green energy and other industries. We expanded the scope of green financial support and launched the first chemical industry transformation financial loan in China and the first batch of climate investment and financing projects in Shanghai. We promoted government-enterprise cooperation, became one of the first institutions to join the Shanghai Green Finance Service Platform, established Shanghai's first green project repository, and became one of the first banks to join the Shanghai Municipal Commission of Economy and IT's "Industrial Green Loan" program, effectively connecting green finance and supporting the green transformation of the economy and society. At the end of the reporting period, the Company's green loan balance was RMB 84.335 billion [20], an increase of 37.28% from the end of the previous year, mainly invested in green upgrading of infrastructure, energy conservation and environmental protection industries, and green financing consumption. The balance of green bond investments on the balance sheet was RMB 15.212 billion, an increase of 31.71% from the end of the previous year; the balance of green bond investments in off-balance sheet wealth management products was RMB 2.334 billion, an increase of 9.09% from the end of the previous year; and the balance of green leasing was RMB 15.767 billion[21] , an increase of 55.38% from the end of the previous year. During the reporting period, the Company underwrote green bonds totaling RMB 730 million.

Strengthened climate risk management and actively explored cutting-edge areas. The Company continued to carry out environmental benefit calculations for green project loans, improved its carbon emission calculation methodology, expanded the coverage of carbon emission calculation for investment and financing as well as its own operations, deepened its carbon footprint management, and was honored with the title of "Pilot Unit of Carbon Emission Accounting and Disclosure for Financial Institutions in Pudong New Area". Continuously explored the climate transition risk stress test, assessed the probability of defaults and changes in credit ratings of banks in the face of climate change, and strengthened the foresight in addressing climate risks.

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

[21] According to the statistical definition of the National Financial Regulatory Administration.

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

During the reporting period, the Company's financial market business focused on the dual core business of "trading + agency services." Facing a complex macroeconomic and financial environment, the Company adhered to a prudent business philosophy, strengthened investment and trading potential, and strived to improve asset management efficiency. The Company maintained close cooperation with financial markets and policy institutions to provide high-quality financial services to key areas and weak links in economic and social development. Meanwhile, we continued to deepen the construction of our FI ecosystem, strengthen business synergy within and outside the group, and build a comprehensive financial service system. We also iterated the functions of our agency product system, enriched product types and strategy support, and promoted customer acquisition, expansion, and efficiency improvements.

Investment Trading

During the reporting period, the Company focused on high-quality development and adhered to the principle of long-termism, with steady progress in its proprietary investment and trading business. First, promoted the development of the real economy through investment and trading, continuing to increase its investment in bonds in areas such as green finance, agriculture, rural areas, and rural revitalization. Among these, the scale of green debt financing instruments ranked first among rural financial institutions in China, and the "Yangtze River Delta Green Commercial Bank Financial Bond Basket" was included in the market's "active basket" list. Second, actively responded to the market environment of declining interest rates, strengthened our forward-looking analysis of market trends, dynamically optimized the types and term structures of our asset holdings, and improved our overall returns through multi-sector portfolio rotation and diversified strategies. Third, effectively fulfilled our responsibilities as a primary dealer in the open market, a market maker for bonds in the interbank bond market, and a underwriter of government bonds and policy financial bonds. Ensured market liquidity transmission and participated in the underwriting of thematic bonds such as "green bonds," "Belt and Road Initiative," "support for Shanghai's foreign trade," and "Beijing-Tianjin-Hebei coordinated development," demonstrating our sense of responsibility and commitment. Fourth, actively integrated into the innovation of the factor market, launched several "first batch" and "first deal" businesses such as "general repurchase" and "cash ratio supplement to the policy financial bond basket" at the Foreign Exchange Trade System, and promoted the joint construction of the trading ecosystem.

During the reporting period, the Company participated in RMB foreign exchange transactions exceeding USD 410 billion at the Foreign Exchange Trade System, ranking among the top 40 in the market for four consecutive years; foreign currency money market transactions exceeded USD 320 billion, ranking among the top 20 in the market.

During the reporting period, the Company maintained active market participation, conducting investment and trading activities through various exchange products. It was awarded the "Annual Market Influence Institution" by the Foreign Exchange Trade System, the "Outstanding Counter-Traded Bond Business Institution" and the "Outstanding Underwriter of China Green Bond Index" by the CCDC, the "Outstanding Guaranteed Asset Business Participant" by the Shanghai Clearing House, and the "Most Innovative Institution in the Market" by the Beijing Financial Assets Exchange.

During the reporting period, the Company utilized policy-based bank financial bond underwriting services as a key tool to support the real economy, assisting issuers in supporting national key projects and livelihood construction initiatives. The Company was awarded the "Outstanding Underwriter Award" by the China Development Bank, the "Best Agricultural Service Among Rural Commercial Bank" by the Agricultural Development Bank of China, and the "Outstanding Underwriter Award" by the China Exim Bank.

Agency Business

During the reporting period, the Company optimized the product management and service system of its agency business, and carefully built the "Xinxiangying" agency brand to improve the quality and efficiency of the development of its agency business.

In terms of RMB agency services, first, we covered three major product systems, namely quotation, liability, and hedging, added real-time quotation and pending order trading functions for mobile banking Jicunjin, launched a new digital RMB subscription channel for counter bonds, promoted Shanghai Clearing House custody, and continued to enhance product competitiveness and user experience. Second, we matched customers' differentiated needs for investment, financing, and hedging, regularly released product strategy research reports, and strengthened investment strategy service support. During the reporting period, the number of active customers for the Company's RMB agency products increased by approximately 80% year-on-year.

In terms of foreign exchange agency business, we actively promoted the concept of exchange rate risk neutrality, improved the foreign exchange agency product system, and endeavored to encourage corporate customers to hedge exchange rate risks through foreign exchange derivatives. During the reporting period, the transaction volume of foreign exchange derivatives for agency customers reached USD 4.516 billion, representing a year-on-year increase of 41.79%.

Financial Institution (FI) Business

During the reporting period, the Company continued to strengthen cooperation with the financial industry to create multi-scenario, customized and comprehensive financial service solutions for customers. First, the Company deeply engaged in the construction of the industry ecosystem, and carried out mutual visits to the headquarters and grass-roots outlets with financial institutions, focusing on the dual-wheel drive of "customer acquisition" and "customer activation" to realize the quality of traffic diversion. Secondly, actively seek changes in the attraction mode, innovated the ecosystem cooperation mode in terms of line research, products and channels, further explored the potential of cooperation with the industry, and enhanced the stickiness of cooperation with the financial institutions in an all-round and multi-dimensional manner.

Meanwhile, the Company set up an exhibition for the first time at 2024 Beijing SIBOS (SWIFT International Banking Operations Summit), actively displaying its brand image, promoting communication and cooperation among peers, and expanding its global correspondent banking network. At the end of the reporting period, the Company's global correspondent banking organizations totaled 601, continuing to maintain its leading position in the domestic rural financial system.

Asset Management

The Company's asset management business adhered to the development concept of "prudent and steady, customer-oriented", focused on the main line of serving the real economy and adding value to the wealth of residents, actively responded to changes in the market, optimized the product layout, deepened the empowerment of investment and research, and guarded against risks, and continued to build a steady financial management brand. At the end of the reporting period, the Company had 430 wealth management products in existence, with a total scale of RMB 178.396 billion [22], the scale of wealth management continued to remain the first in rural financial institutions across the country, and the cumulative annual revenue created for customers was RMB 4.968 billion, a year-on-year increase of 20.99%.

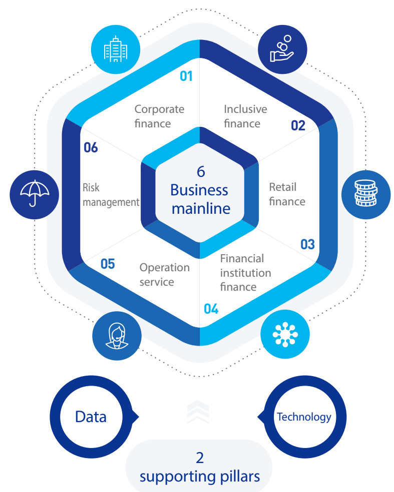
Stick to customer value and consolidated solid advantages. During the reporting period, the Company further broadened its stable product matrix with the "Anxiang" series as the core, comprehensively covering short-term liquidity management to medium- and long-term stable value-added needs. At the end of the period, the size of the R1 "Anxiang Low Fluctuation" series of products increased by RMB 11.609 billion, or 92.77%, compared with that of the previous year, realizing full-time supply and 100% redemption compliance; The Company has also created the "Anxiang Yiyang" series of exclusive financial products for specific age groups, which accurately match the dual needs of the elderly and pensioner segments for flexibility and robustness.

Created differentiated operating characteristics and highlighted finance for the people. During the reporting period, the Company designed and issued "Rural Revitalization" strategy-themed products and holiday products in conjunction with lunar festivals and traditional festivals, and allocated exclusive shares for specific customer segments such as payroll customers, pension customers, and credit villages (townships), etc., and differentiated fee reductions and benefits to benefit the majority of investors in real terms. Meanwhile, the Company actively explored products with rights and launched the first R3 "Superior Selection" fixed income enhanced day-opening FOF product to satisfy customers' demand for advanced product returns.

Enriched our investment and trading strategies and refined the management of the entire product process. During the reporting period, the Company steadily advanced the integration of investment and research, established research frameworks for interest rate timing and quantitative securities selection, actively expanded asset allocation in line with product positioning and risk-return characteristics, and strengthened asset allocation in key areas such as ESG and new productive forces. The Company further improved process management, established a three-level early warning system for wealth management product performance and an investment behavior analysis model, utilized digital tools to establish a comprehensive risk early warning and control mechanism, and continued to provide investor support and protect consumer rights and interests.

During the reporting period, the Company was awarded the "Jiepu Award" by Caishi.com, the "Golden Hazelnut Award" by Cailianshe, the "Golden Bull Award" by China Securities News, the "Annual Asset Management Award" by Shanghai Securities News, and the "Golden Reputation Award" by PY Standard, among other awards.

[22] According to the statistical definition of the National Financial Regulatory Administration.



(IV) Fintech

During the reporting period, the Company continued to actively promote the implementation of the "Shanghai Rural Commercial Bank 2023-2025 Digital Transformation and Fintech Development Strategy." Focusing on six main business lines—corporate finance, inclusive finance, retail finance, FI finance, operational services, and risk management—the Company accelerated the advancement of scenario-based ecosystem development, product self-service, channel integration, digital business operations, intelligent risk control, and operational automation. The two supporting pillars of data and technology were further strengthened, The Company's overall business operations and management, intelligent risk control, data governance and application, system autonomy, and agile R&D innovation capabilities were effectively enhanced.

During the reporting period, the Company invested approximately RMB 1.335 billion in Fintech, representing a year-on-year increase of 17.64%. As of the end of the reporting period, the Company had 904 full-time Fintech personnel, accounting for 9.75% of the total number of employees, an increase of 10.51% compared to the end of the previous year. The Company held 16 software copyrights and 5 national patents, including 3 invention patents.

During the reporting period, the Company was awarded the People's Bank of China Fintech Development Award, the Asian Banker 2023 Regional Financial Best Compliance Risk Technology Implementation Award, the 2024 Digital Intelligence Transformation Leading Enterprise Award, the 5th Financial Institutions Digital Intelligence Transformation Outstanding Case Award, the 2024 FDS Financial Leaders Summit Financial Digital Innovation Leader Award, the 15th Fintech Innovation Award for Fintech Application Innovation, the 2024 Fintech Financial Institution Best Development Award, and the 2024 Mobile Banking Best Accessibility Service Award, among other Fintech competition and innovation awards.

Deepened the top-level design and mechanism of digital transformation

During the reporting period, the Company adhered to its goal-oriented approach and completed the rolling compilation of the third round of business digital transformation planning, further shifting from a system construction orientation to business development leadership. Covering seven major areas, 10 plans were formulated, with nearly 200 transformation goals, nearly 300 business indicators, and more than 400 specific tasks identified, effectively linking long-term strategic directions with medium- and short-term tasks, focusing on goals and concentrated efforts to promote the continuous improvement of financial service levels.

During the reporting period, the Company adhered to a problem-oriented approach, continuously collected and implemented suggestions and opinions from frontline employees on digital transformation, optimized the "Woodpecker Management Platform," and improved the closed-loop management of the entire process of proposing and handling suggestions and opinions. By bringing together the wisdom of the entire Bank, the Company promoted the continuous improvement of its external service levels and more efficient and comprehensive internal management. The relevant work methods were awarded the "2024 Shanghai Advanced Operational Method Innovation Award."

During the reporting period, the Company adhered to a results-oriented approach, strengthened the business process optimization work system, improved the full life cycle management mechanism for process optimization projects, deepened the concept of process restructuring, promoted the optimization of business processes such as salary payment and personal wealth management, improved the smoothness and convenience of processes, optimized the customer experience in business handling, and at the same time reduced the pressure on front-line employees and empowered them.

During the reporting period, the Company adhered to a talent-oriented approach and launched a special initiative to "improve internal strength" in the Fintech sector. Focusing on core capability development and team style building, the initiative aimed to enhance the Company's overall Fintech capabilities. Both business and technical teams worked in tandem, with business personnel focusing on fundamental tasks such as business analysis, solution design, and requirement documentation, while technical personnel enhanced their capabilities in product design, requirement analysis, and coding implementation. Through a combination of learning and practice, training and application, the initiative empowered employees to enhance the Company's core competitiveness.

Strengthened the basic capabilities of Fintech

During the reporting period, the Company focused on the main line of digital transformation and high-quality development, and continued to consolidate the basic capabilities of Fintech, with the level of refined management of science and technology and scientific and technological support capabilities steadily improving.

Progressively advanced R&D management. Completed the construction of R&D process 2.1 and carried out the optimization of R&D process 3.0. The pilot of Agile model was effective and gradually promoted. Promoted the standardization and normalization of the R&D management system and improved the R&D management index system. During the reporting period, the scale of projects put into production increased by 27% year-on-year, the technology delivery cycle was shortened by 19% compared with the previous year, the technology delivery capability was significantly enhanced, and the R&D efficiency was steadily improved.

Continuously improved the construction of test management and quality control system. Completed the overall program of quality control system construction, and carried out the formulation of supporting processes, systems and specifications. Further strengthened the management of testing environment and completed the specification of testing environment construction and resource allocation. Continuously increased the coverage of automated testing and continuously improved testing efficiency. Strengthened the construction and iterative optimization of the testing tool platform to help improve the efficiency of project construction.

Continuously strengthened system coordination and planning. Formed an enterprise-level architect team, established a graded training mechanism, and strengthened technical line empowerment. Improved the tiered technical evaluation mechanism to enhance evaluation efficiency and standardization. Improved the architecture management system construction planning, promoted enterprise-level architecture planning, preliminarily completed the cloud platform 2.0 construction planning, and clarified the construction planning of the four major technical lines. Iterated the application system layered and domain view and application system construction strategy. Continuously improved the information system infrastructure and pushed forward the dual-activity transformation as planned, with the coverage rate significantly increased.

Continuously optimized the IT risk management mechanism. Taking into account the strategic objectives and regulatory requirements, we improved the tiered risk analysis mechanism, conducted in-depth risk investigation, optimized risk indicators, and further strengthened the three pillars of IT risk management. Fault management continued to be in-depth and the implementation of various initiatives was effective. During the reporting period, the number and level of system failure incidents decreased significantly, and system stability was significantly improved.

Further stimulated the vitality of scientific and technological talents. Optimized the structure of the talent team and focused on improving the quality of personnel. Improved the development channel of scientific talents, optimized the "dual-channel" talent development path, established the selection mechanism for scientific and technological experts, and improved the systematic cultivation strategy based on internal training. Strengthened the incentive and constraint mechanism, upgraded the performance appraisal 2.0, and deepened the flexible adjustment mechanism of people and income. Cultivated a good organizational atmosphere to continuously stimulate the vitality and organic power of the science and technology team.

Enhanced data governance capacity

During the reporting period, the Company deeply implemented its 2023-2025 data strategy, continued to improve vertical governance and horizontal coordination and cooperation mechanisms, consolidated the foundation of data governance, and obtained the Data Management Capability Maturity Quantification Management Certificate issued by the China Federation of Electronics and Information Industry, becoming the first rural commercial bank in China to be awarded DCMM Level 4. We introduced data modeling tools and AI technology to enhance data standard management capabilities, deepen data quality management, and improve the three-tier control system covering pre-event, during-event, and post-event stages to prevent errors at the source. We strengthened data asset management and application, established a data asset classification and categorization mechanism, and promoted the release of data asset value. An external data task force was formed to focus on business development bottlenecks, pain points, and difficulties, construct an external data asset map, publish an external data asset white paper, expand application scenarios, integrate internal data to empower intelligence, and support business digital transformation. Data engineering was carried out, an indicator tree was constructed, and regulatory reporting indicators were continuously promoted to improve reporting automation rates, effectively supporting the Bank's digital business decision-making and enhancing data value creation capabilities.

Deepened the innovative use of Fintech

The Company's Usability Research Lab, as a digital customer experience testing ground, comprehensively utilized various professional methods to conduct process experience training, process experience theme salons, and other activities. Closely integrating the specific needs and experiences of users when using electronic channels such as mobile banking, WeChat banking, and online banking in real-life scenarios, the lab deeply promoted the refinement of product functionality design, optimization of process logic, improvement of interaction methods, and enhancement of visual expression, striving to create a more convenient, efficient, and attentive financial service experience for customers.

The Company closely monitored trends in Fintech and paid attention to the latest developments in key technologies such as artificial intelligence. It continued to explore and conduct research in multiple fields such as artificial intelligence and large models, accelerating its digital transformation and development. Among these efforts, the application of large language models in compliance and internal control was successfully selected as an "Outstanding Project in the 2024 Artificial Intelligence Large Model Financial Field Demonstration Scenarios and Innovative Cases," and the pilot project for intelligent OCR achieved positive results. The Company continued to deepen the integration of Fintech, focusing on the cultivation of innovative technology talent. We established an internal Fintech research platform and an innovative research project mechanism to cultivate talent with integrated professional and technological expertise.

The Company actively expanded its Fintech ecosystem. As a member of the Smart Finance Professional Committee of the Shanghai Fintech Industry Alliance, it further strengthened technical exchanges with peer institutions, explored the development trend of smart finance that highly integrates technologies such as artificial intelligence with finance, jointly produced the "China Smart Finance Development Report," and collaboratively promoted in-depth exploration of smart finance technologies and research on innovative applications in financial services. The Yangtze River Delta Inclusive Fintech Innovation Laboratory operated smoothly and achieved initial results. It established internal and external communication platforms, held business and technical exchange seminars, and established multiple joint laboratories with external institutions to conduct research in different areas such as data elements and data efficiency, application adaptation innovation, and other areas, achieving multiple research results. These efforts laid the foundation for continuously improving Fintech levels and accelerating the innovative development of Fintech.

Strengthened security operations and maintenance and information protection

The Company set up "two places and three centers" disaster recovery structure in Shanghai and Shenzhen to further strengthen its disaster recovery capability, and established production and operation management mechanism and team in line with it, and passed the Level 3 certification of Data Center Service Capability Maturity and the annual review of ISO 20000 in order to provide basic support for the digital transformation. During the reporting period, the Company's information system operated stably and reliably.

During the reporting period, the state of information security of the Company was stable, with no major cybersecurity or privacy leakage incidents. We successfully completed the production security and network security protection work in all important periods, continuously enhanced the awareness of network security responsibility of all employee, ensured the quality of production operation and maintenance services, and successfully passed the annual review of ISO27001. Strengthened the construction of the network security team and attack and defense capabilities, and improved the overall level of network security protection across the Group.

Strengthened Fintech to enable digital transformation

During the reporting period, the Company continued to enable business with Fintech and accelerated the effectiveness of its business value creation.

Focused on value creation and helping to grow retail finance. The wealth product service system was enhanced to achieve multi-channel, full-process, digitalized one-stop elderly care planning. A new asset allocation function was added to the digital wealth product operation system to customize "four kinds" asset planning solutions for customers. Mobile banking 8.0 was launched with important functions such as simultaneous screen demonstration and personalized services for users, comprehensively improving the user experience. We upgraded remote banking services, expanded the application scenarios of intelligent outbound calls and intelligent navigation, and improved the level of intelligent operations and services. We enriched the video banking scenarios and further expanded the coverage of online business processing. The retail marketplace was officially put into operation, and the retail loan section was completed, effectively supporting customer operations, marketing activities, anti-fraud, and other business scenarios. During the reporting period, the retail marketing strategy system won the 2024 Digital Intelligence Transformation Leading Enterprise Award, the Outstanding Innovation Team Award, and the Fifth Financial Institution Digital Intelligence Transformation Excellent Case Award. The retail digital intelligence marketing practice project won the Fourth (2024) "Jin Xintong" Fintech Innovation Application Most Commercially Valuable Case Award, and the mobile banking app won the 2024 Mobile Banking Best Accessibility Service Award.

Established operational thinking and support to strengthen corporate finance. We comprehensively upgraded our multi-bank treasury system to version 2.0, revamped the user interface, and launched seven major centers for control, accounts, receipts and payments, funds, budgeting, decision-making, and early warning, greatly improving the efficiency of corporate fund management. We put the Smart Asset Pool system into production, effectively activating the existing assets of corporate customers and achieving efficient connection with financing services. The third phase of the international settlement system was put into production, realizing the online processing of domestic letters of credit and forfaiting business, with forfaiting "instant" settlement. The RMB cross-border payment direct connection project was put into production, becoming the first bank in the national rural credit system to directly participate in CIPS. Enterprise mobile banking 5.0 was released, and enterprise online banking 3.0 was continuously upgraded to comprehensively enhance the customer experience. Investment banking system 2.0 and financial advisory service system were put into production, significantly improving business online capabilities. Officially launched Linglong 2.0, completely refreshed the IP image, continued to upgrade Marketing 2.0, restructured the visitor process, and created the marketing grid to provide comprehensive support for customer managers in their business development. During the reporting period, the "Cross-border Comprehensive Service Platform for Rural Commercial Banks in Free Trade Zones and Agricultural-related Businesses Based on a Middleware Architecture" project won the People's Bank of China Fintech Development Award, the 2024 5th Xinzhi Award for Digital Transformation Excellence, and the 2024 CCF China Digital Finance Exploration and Innovation Excellence Award. The "Next-Generation Corporate Mobile Business Platform Based on LBS + Micro-Frontend + Big Data" project won the 15th Fintech Innovation Award for Fintech Application Innovation.

Synergized efforts to support the innovative development of interbank finance. The RMB agency business system Jicunjin module project was put into production, helping to attract and retain customers and increase efficiency. Support was provided for the smooth passage of the custody inspection, helping to obtain custody business qualifications, optimize custody-related systems, and ensure the smooth completion of custody business operations. The asset management system was put into production, realizing the digitization of wealth management product analysis, automation of product documentation, and online product management. We launched the asset management performance risk control system, enabling performance attribution across the entire product lifecycle, performance evaluation of investment managers, and real-time stress testing monitoring for all products.

A risk control support system was established to promote compliance risk management. The second generation of the credit risk early warning system was put into production to strengthen risk early warning and monitoring capabilities for corporate credit business. The cash flow due diligence and CSDC intelligent query systems were put into production to reduce the pressure on review and improve work efficiency. The second generation of the personal credit business system was developed. The intelligent compliance "3.0" management platform was put into production to transform compliance and internal control from "digitalization" to "digital intelligence." Completed the implementation of the Basel III system project group, achieving a comprehensive optimization and upgrade of the market risk management system. Completed the construction and launch of systems related to anti-telecom fraud, and integrated into the financial anti-fraud unified platform to enhance anti-fraud and anti-money laundering capabilities.

(V) Channel Development

The Company continued to promote integrated channel synergy. It firmly established the core positioning of outlets as the main business entities, optimized the layout of outlets, and focused on improving the service capabilities of outlets and their compatibility with surrounding resources. It accelerated the iteration and improvement of online channels and built core capabilities for intelligent operations. Through a strategic path of "online intelligence, offline scenarization, and full-channel synergy," the Company built a comprehensive, multi-level service network, significantly improving customer experience and business efficiency and achieving full lifecycle management of customers.

Network Management

During the reporting period, the Company continued to optimize its branch network layout in line with its new three-year branch network layout plan, enhancing the reach and coverage of its offline channels to customers and establishing a branch network distribution system that penetrates the entire jurisdiction and provides comprehensive coverage. While consolidating its existing advantages in rural areas, the Company focused on the construction of Shanghai's "Five New Towns," "urban circles," and "large residential communities," and effectively expanded its service coverage through site adjustments.

At the end of the reporting period, the Company had a total of 364 branches, including 357 branches in Shanghai and 7 branches outside Shanghai. In the 108 townships of Shanghai, there were a total of 245 branches, basically achieving full coverage. Among them, 128 branches were built in the "Five New Towns," and 28 branches were built within a 2-kilometer radius of large residential communities throughout the city. During the reporting period, the Company completed the optimization of 22 branch locations, including the establishment of 4 new branches, the relocation (including expansion) of 14 branches, and the consolidation of 4 branches. The specific distribution ooutlets is as follows:

Name	Business address	Number of outlets	Number of employees	Asset scale (RMB Million)
Headquarters Business Department	No. 70, Zhongshan Road (East-2), Huangpu District, Shanghai, China	1	132	140,706.72
Pudong Branch	1F, Building 4, No.58 Yaoyuan Road, Pudong New District, Shanghai	44	820	153,402.29
Shanghai Pilot Free Trade Zone Branch	Room 103, No.8 Yincheng Zhong Road, Pudong New District, Shanghai, China	1	56	7,194.35
Minhang Branch	1-2/F, No. 670, Qixin Road, Minhang District, Shanghai	27	514	77,860.26
Jiading Branch	1F, No. 3081, Huyi Highway, Jiading District, Shanghai; 1F, No. 557, 561, Yecheng Road; Room 206, 207, 22F, 23F, 25F, 26F. No. 565	26	490	61,145.88
Baoshan Branch	No. 1198, Mudanjiang Road, Baoshan District, Shanghai	26	449	71,923.79
Songjiang Branch	No. 405, North Renmin Road, Songjiang District, Shanghai	24	528	64,180.27
Jinshan Branch	No. 505, West Weiqing Road, Jinshan District, Shanghai	20	460	54,846.70
Qingpu Branch	No. 399, Gongyuan Road, Qingpu District, Shanghai	22	455	61,182.28
Fengxian Branch	No. 2251, 2259, 2263, 2267, Wangyuan South Road; No. 399,407, Zhanyuan Road, Fengxian District, Shanghai	26	443	55,882.61
Shanghai Pilot Free Trade Zone Lingang New Area Sub-branch	1/Floor, No. 162 Shengang Avenue, Nanhui New Town/ 2nd Floor, No. 628-2 Yunjuan Road , Pudong New District, Shanghai	29	519	90,236.50
Chongming Branch	No. 188, Beimen Road, Chengqiao Town, Chongming Township, Shanghai	31	428	60,074.68
Putuo Branch	No. 599, Xincun Road, Putuo District, Shanghai	18	306	38,627.94
Changning Branch	No. 8, Lane 555, Gubei Road, Changning District, Shanghai	9	192	17,433.96
Xuhui Branch	No. 3-7, Lane 9, Zhaojiabang Road, Xuhui District, Shanghai	16	301	41,215.46
Hongkou Branch	L1-01, No.399 East Changzhi Road, Hongkou District, Shanghai	9	185	16,465.01
Yangpu Branch	No. 1599, Huangxing Road, Yangpu District, Shanghai	9	206	21,641.32
Huangpu Branch	1F, East Annex Building, No.29 Jianguo Middle Road, Huangpu District, Shanghai	5	150	21,975.76
Jing'an Branch	No. 770, West Beijing Road, Jing'an District, Shanghai	10	198	17,281.77
Zhangjiang Science and Technology Branch	Room 103-108, No. 8, Zone B, Lane 500, Zhangheng Road, Pudong New District, Shanghai	3	105	12,063.86
Zhejiang Yangtze River Delta Integration Demonstration Zone Sub-branch	No. 67-63, Jiashan Avenue, Luoxing Sub district, Jiashan Township, Zhejiang Province	2	48	8,170.61
Kunshan Sub-Branch	Room 1-5, Building 18, No. 388, Station Road, Kunshan Development Zone, Jiangsu Province, China	2	62	6,378.99
Xiangtan County Sub-branch	101-106 and 301, commercial buildings of Tianyi Jiangwan Plaza 1 and 2, Binjiang East Road, Yichuanhe Town, Xiangtan County, Hunan Province, China	3	73	3,983.06
Shanghai Yangtze River Delta Integration Demonstration Zone Branch	1F, No. 652 and No. 658, Panglong Road, Qingpu District, Shanghai, China	1	91	3,605.90

Note: The number of employees includes labor dispatchers（including rehired personnel）.

With the goal of "promoting the transformation of outlets from settlement transactions to experience services that satisfy customers' diversified needs", the Company redefined the functions of outlets, continuously optimized the environment and services of outlets, and continuously improved the operating capacity of outlets; based on the needs of the elderly, it created the "six special services" system for outlets featuring pension finance. [23] upgraded the services of the first batch of senior care outlets in terms of hardware facilities and service system, and enhanced the warmth and customer experience of offline channels. During the reporting period, the Company completed the opening of a total of 24 new standard outlets, and built 55 senior care financial specialty outlets.

At the end of the reporting period, the Company had a total of 797 intelligent teller machines with 159 business functions and a business diversion rate of around 80%. During the reporting period, the average daily transaction volume of the Company's core accounting system amounted to 9,456,600 transactions, representing a year-on-year increase of 20.02%.

[23] The six special services include professional service managers, exclusive financial products, dedicated service channels, exclusive supporting rights and benefits, dedicated activity space and a special service manual, providing systematic, warm and distinctive service solutions for the elderly customers.

Online Channels

Created a "friendly, smart and convenient" personal online service channel. Focusing on customer experience, the Company continued to iterate the functions of online channels such as Mobile Banking and Internet Banking, optimized the user journey and business processes, and enhanced customer experience. Launched Personal Mobile Banking 8.0, realizing a comprehensive upgrade from visual interaction to business functions. It reshaped the customer journey from the user's perspective, upgraded more than a hundred business functions, optimized and recreated nearly 800 interfaces, making digital financial services more vivid and three-dimensional. The Company also upgraded the Anxiang version of mobile banking for elderly customers, creating a one-stop financial zone for the elderly, and optimized the interface design and functionality in depth to bridge the "digital divide" by technological means and help the elderly customer base to cross the technological gap. At the end of the reporting period, the number of users of the Company's personal online channel was 6,496,300 [24], representing an increase of 5.93% over the end of the previous year. 96.30% of the Bank's wealth management and 97.74% of its fund transactions were conducted through electronic channels.

Continuously improved the intelligent service level of remote banking. The Company adhered to its service orientation, expanded the scope of application of intelligent technology, enriched video banking and other service means, and enhanced its service capability. At the end of the reporting period, the satisfaction rate of the Company's manual remote banking services reached 99.39%.

(VI) Major Subsidiaries

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

1. SHRCB Rural Bank

In response to the call of the CPC Central Committee, the State Council and the former CBRC, the Company established the first village bank in Chongming Township in 2009 to fill the gap in rural financial services, meet the increasingly diversified rural financial needs and promote the development of the township, SMEs and the development of "agriculture, rural areas and farmers". In 2011, it initiated and established 34 village banks in Shandong, Hunan and Yunnan provinces and in Beijing and Shenzhen, forming a strategic layout of "organic integration of the East, Middle and West, one in the South and one in the North". At the end of the reporting period, the registered capital of the 35 SHRCB rural banks totaled RMB 2.878 billion of which the Company held RMB 1.778 billion shares. [25]

During the reporting period, SHRCB rural banks maintained its strategic determination, continued to optimize its deposit and loan structure, gradually formed a comprehensive service model with SHRCB characteristics, and continued to enhance its brand influence, making positive contributions to the revitalization of local villages and sustainable benign development.

At the end of the reporting period, the 35 SHRCB rural banks together had total assets of RMB 34.973 billion, total net assets of RMB 3.723 billion, principal balance of deposits of RMB 29.635 billion, principal balance of loans of RMB 19.994 billion, and the proportion of agricultural and SME loans in total loans reached 92.43%. During the reporting period, the 35 SHRCB rural banks together realized operating income of RMB 895 million and net profit of RMB 31 million.

2. Yangtze United Financial Leasing Co., Ltd.

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

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

[25] The Company subscribed for 6 million shares of Shanghai Chongming Village Bank through a private placement in March 2024 and completed the business registration in January 2025. As a result, the registered capital of the 35 SHRCB rural banks increased to RMB 2.884 billion. of which the Company's shareholding increased to 1.804 billion shares. In December 2024, the Company subscribed for 14 million shares of Hunan Lianyuan Village Bank through a private placement. The business registration change procedures are pending regulatory approval. Upon approval, the registered capital of the 35 SHRCB rural banks will increase to RMB 2.898 billion, with the Company's shareholding increasing to 1.818 billion shares.

During the reporting period, Yangtze United Financial Leasing practiced the core values of "integrity, responsibility, innovation and win-win", adhered to the vision of "building a leading financial leasing brand with distinctive professional features and convenient customer service capabilities", based on the Yangtze River Delta city cluster, focused on three major business directions: modern manufacturing, modern logistics and modern energy, and promoted three strategic layouts: inclusive leasing, green leasing and equipment leasing, striving to provide professional, efficient, and convenient financial services for SMEs, becoming the bridgehead for SHRCB Group's strategic expansion into the Yangtze River Delta region.

At the end of the reporting period, the total assets of Yangtze United Financial Leasing amounted to RMB 44.806 billion and the total net assets amounted to RMB 5.382 billion. During the reporting period, Yangtze United Financial Leasing realized an operating income of RMB 1.383 billion and a net profit of RMB 686 million.

(VII) Major Participating Companies

During the reporting period, the Company actively responded to the national development strategy of the Yangtze River Delta integration, linked rural financial institutions in the Yangtze River Delta region with capital, continued to strengthen strategic synergies with the participating banks in the Yangtze River Delta region, and proactively sought synergistic inter-regional development, and achieved initial results in the areas of customer referrals, financial investment, bill discounting, foreign exchange transactions, financial leasing, etc.

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

IX. Key Focuses in Operation

(I) Net Interest Margin

During the reporting period, the macroeconomy remained in a bottoming-out and stabilization phase, with monetary policy maintaining a loose stance. Market interest rates continued to decline, putting pressure on the interest margins of the banking sector. The Group's net interest margin stood at 1.50%, a decrease of 17 basis points compared to the previous year. The Group strengthened its proactive management of liability costs, promptly adjusted deposit pricing strategies, and reduced the proportion of long-term, high-cost deposits, resulting in a 14-basis point decrease in the interest expense ratio compared to the previous year. To guide a steady decline in the overall social financing cost and promote the recovery of economic growth momentum, the one-year and five-year LPR rates were cumulatively reduced by 35 basis points and 60 basis points, respectively, during the year, with the magnitude of the reductions significantly larger than in the previous year. Combined with insufficient effective credit demand, the yield on newly disbursed loans declined rapidly. Meanwhile, factors such as reductions in existing mortgage rates and LPR repricing collectively led to a rapid decline in asset yields. During the reporting period, the Group's asset yield decreased by 30 basis points compared to the previous year, and the net interest margin narrowed further.

Looking ahead to 2025, there is still a possibility of further policy rate cuts, which will put downward pressure on asset yields. Combined with the rigid nature of liability costs, the net interest margin is expected to continue narrowing, though the pace of narrowing is likely to improve compared to the previous year. On the asset side, a series of countercyclical policies implemented since the fourth quarter of 2024 have gradually taken effect, driving economic recovery and improvement. Credit demand is expected to improve. The interest rate self-discipline mechanism regulating interbank price competition will also help alleviate the rapid decline in loan yields. On the liability side, the reform dividends of deposit rate liberalization will continue to be released, providing favorable conditions for reducing liability costs. The Group will actively respond to market changes, closely follow policy guidance, and while serving the high-quality development of the real economy, strengthen forward-looking analysis and refined management. While ensuring asset quality, the Group will increase credit disbursement, optimize the structure of credit business, and improve the relative returns of assets through the allocation of major asset classes. Meanwhile, the Group will continue to consolidate the results of liability cost management, further optimize the term structure of time deposits, strive to stabilize demand deposits, and offset the downward pressure on asset yields by reducing interest expense.

(II) Net Non-Interest Income

During the reporting period, the Group achieved non-interest net income of RMB 6.535 billion, representing a year-on-year increase of 14.36%, accounting for 24.53% of operating revenue, an increase of 2.90 percentage points compared to the previous year. Among these, in terms of fees and commissions, the Group further focused on wealth management business and integrated financial services, achieving rapid growth in insurance agency sales and bill and letter of credit business. However, due to a decline in insurance rates, net fees and commissions decreased by 9.97% year-on-year. In other non-interest income, the Group strengthened its forward-looking market analysis, actively seized trading opportunities, optimized its asset allocation structure, and improved its operating efficiency, resulting in a year-on-year increase of 14.01% in investment income and gains from fair value changes.

Looking ahead to 2025, the Group will primarily focus on the following areas to promote high-quality development of non-interest income: first, continuously iterate and enrich its wealth product portfolio to provide customers with more professional and differentiated asset allocation solutions, thereby enhancing customer loyalty and the value contribution of wealth management; second, actively develop investment banking businesses such as bond underwriting, mergers and acquisitions, and agency proposal, innovatively conduct bill and letter of credit businesses, practice the concept of integrated financial services, and expand the scale of FPA; third, strengthen research and analysis to stabilize investment contributions, optimize the allocation of asset types and term structures, and promote the transformation of investment and trading toward professionalization and intelligence.

(III) Capital Management

During the reporting period, the Company thoroughly implemented the new capital regulations and capital planning requirements, leveraging the role of capital constraints and resource allocation to promote an effective balance between capital utilization and returns, thereby enhancing its internal capital growth capabilities. First, we actively promoted the implementation of the new capital regulations, accelerated the construction of the RWA II system, continued to carry out data governance, studied and analyzed the impact of the implementation of the new regulations on capital levels, and optimized and adjusted our business structure in line with the new regulations. Second, we strengthened the concept of capital constraints, continued to carry out economic capital limit management, reasonably allocated and coordinated the use of economic capital, established and improved a performance evaluation system for capital efficiency, and guided capital towards business areas with higher returns. Third, we gave full play to the leading and driving role of capital in business development, took the implementation of the new capital regulations as an opportunity to optimize economic capital measurement, guided capital toward key areas such as inclusive finance, green finance, technology, agriculture, and elderly care, and improve the quality and efficiency of services to the real economy; fourth, persisted in internal accumulation as the main method of capital supplementation, maintained healthy and stable profitability and adequate and reasonable provision levels, and determined reasonable dividend policies based on comprehensive consideration of business development, capital levels, and shareholder demands.

Under the combined influence of the transition to new capital regulations and the continued strengthening of internal capital growth capabilities, the capital adequacy ratios at all levels of the Group have significantly improved compared to the end of last year. As of the reporting date, the Group's capital adequacy ratio was 17.15%, the Tier I capital adequacy ratio was 14.76%, and the core Tier I capital adequacy ratio was 14.73%. All capital adequacy ratios continued to meet regulatory requirements and remained at a high level in the industry, with sufficient capital buffers. This provides a strong foundation for the Group to further increase credit asset allocation, strengthen support for the real economy, promote steady business development and enhance shareholder return capabilities, and support the maintenance of a high dividend payout ratio in the long term.

Looking ahead to 2025, the Company will continue to enhance its capital management capabilities, actively optimize internal capital resource allocation, persist in advancing the "light capital" transformation, continuously strengthen its internal capital accumulation capabilities, maintain adequate and reasonable capital levels, and provide a solid foundation for serving the real economy and pursuing high-quality development.

(IV) Asset Quality

In the face of the volatile and complex domestic and international economic environment, the Group maintained a prudent risk appetite and asset quality remained generally stable. At the end of the reporting period, the balance of loans under the category of special mention of the Group amounted to RMB 9,641 million, accounting for 1.28%, representing an increase of 0.05 percentage points as compared with that at the end of the previous year; the balance of overdue loans amounted to RMB10,980 million, with the ratio of overdue loans accounting for 1.45%, representing an increase of 0.20 percentage points as compared with that at the end of the previous year. The Group attached great importance to the changes in special-mention loans and overdue loans, established and improved the working mechanism for post-loan management, early warning monitoring and risk investigation, and continuously promoted the post-loan management work such as the investigation and withdrawal of potentially risky loans, as well as the resolution of overdue loans, so as to enhance the foresight in the management of risky assets and endeavor to improve the quality of credit assets.

With respect to inclusive SME loans, at the end of the reporting period, the NPL% of the Company's inclusive SME loans was 1.92%, representing an increase of 0.47 percentage points as compared with that at the end of the previous year, mainly due to the fact that the inclusive SME customers were smaller in scale, relatively weaker in risk resistance, and more susceptible to the impact of the macro and external economic environments, in particular SMEs at the end of the industry chain, the NPL% of the inclusive SME loans showed an upward trend. Subsequently, the Company will optimize the asset quality of inclusive SME loans through the following initiatives: first, strengthening the construction and management of inclusive SME customer acquisition channels, controlling risks at source, standardizing the marketing customer acquisition channels, implementing the three loan inspections, and lowering the credit risks; second, focusing on the key customer segments to tap high-quality customers, carrying out precise marketing, strengthening the management of the inclusive customer segments, increasing the stickiness of the customers, and grasping the high-quality assets; and third, applying big data to improve risk identification ability, fully exploring customer information through the intelligent risk control system and the statement due diligence system, assessing the risk situation in an all-round way, and empowering the investigation and review management of inclusive SME loans.

In respect of retail Internet loans, the Company adhered to the differentiated risk operation and management model, continuously optimized the structure of the customer base, and realized the refined management of customer segmentation and classification. Taking into account the market positioning and actual situation, the Company has promoted the development of Internet lending business in phases and in an orderly manner, and has followed the development trend of the Internet lending industry and regulatory requirements to strengthen the operation and management of the business under the current new situation. At the end of the reporting period, the size of the Company's retail Internet loans amounted to RMB 41,946 million, and the NPL% of retail Internet loans was 2.25%, representing an increase of 0.50 percentage points as compared with that at the end of the previous year. As a result of the impact of the economic environment, the overall risk of the Internet industry has been elevated as compared with that of previous years. In the day-to-day management of the Company's Internet lending business, the Company adheres to the risk management concept, strengthens all-dimensional monitoring, and through the establishment of a differentiated pricing strategy, the construction of a risk management system for lending and post-lending, and the enrichment of the external data system, the Company has been able to maintain the return after deducting the cost of risk at a relatively stable level, and the credit risk is generally controllable.

(V) Direction of Loans

At present, the situation at home and abroad is complicated and severe, and the Central Economic Work Conference has clearly put forward the need to maintain steady progress in economic operation, solidly promote the high-quality development of finance, and realize the social goal of steady growth.

The Company has always insisted on marketing and credit disbursement in key areas such as manufacturing, green finance, science and technology finance, focusing on urban renewal, major projects at the municipal and city levels, livelihood and township and village projects, and carrying out projects and customer marketing closely around target customers, key parks, important channels and industry chains. During the reporting period, the Company marketed and followed up 181 key projects such as Shanghai municipal major projects, district-level major projects, new infrastructure projects and industrial upgrading projects, and 99 projects had been disbursed with credit balance exceeding RMB 19 billion. Meanwhile, through the "100 days, 100 towns" initiative, the Company has completed a total coverage of 108 townships and signed substantive strategic cooperation agreements, forming a "one-town, one-policy" exclusive financial service program, which has effectively enhanced the Company's service penetration and social influence in townships and villages.

In the next stage, the Company will work together to improve credit disbursement. On the one hand, we will continue to increase credit disbursement in key areas and actively promote projects and customer marketing. On the other hand, we will increase the strength and scope of non-principal repayment loan renewals, enhance customer satisfaction, reasonably reduce financing costs, and improve the comprehensive stickiness of customers.

(VI) Pension Finance

The Company placed high priority on and actively addressed the critical issue of elderly care in major cities. We enhanced our elderly care financial services layout with an integrated system approach, deepened the development of an elderly care financial services brand integrating "financial + non-financial," "branch + community," and "online + offline" services, and actively advanced the "elderly care finance" initiative. During the reporting period, the company made its debut at the Elderly Care Expo, became the vice-chairman of the Personal and Elderly Care Finance Special Committee of the Shanghai Banking Association, hosted the Elderly Care Forum of the Banking Association and the Elderly Care Forum of the Shanghai Financial Expo, and won the "Jiefu Award" for Elderly Care Finance Flagship Award at the 2024 Retail Banking Awards and the "Annual Responsible Finance Special Award" at the 15th Financial Jinding Awards.

In terms of pension finance, first, we empowered pension disbursement with Fintech, continuously improving the efficiency of the direct connection between the civil affairs fund internal control and supervision platform and the Company's civil affairs fund through system upgrades, ensuring the safety and stability of fund transfers and safeguarding the smooth disbursement of pension funds to elderly customers. Second, we launched an asset allocation system to assist elderly customers in scientifically managing their wealth. Adhering to a "prudent" investment philosophy, we have expanded our product lineup tailored for the elderly, introducing more low-volatility products suited to their needs, thereby establishing a wealth management product system centered on prudent-type products. As of the end of the reporting period, the Company managed 1.2751 million pension disbursement clients, with total assets under management exceeding RMB 300 billion, representing a year-on-year increase of 12.73%. The Company ranked second in the city in terms of the scale of pension disbursement customers, providing financial services to nearly 90% of urban and rural residents participating in the pension insurance program.

In terms of financial services for the elderly, first, we optimized online smart services for the elderly, enabling digital technology to do more of the work to relieve the burden of elderly customers, helping them to bridge the digital divide and creating a "one-stop" financial services zone for the elderly. The Remote Service Center was equipped with a dedicated Shanghai dialect hotline and special service for the elderly. Second, we actively explored the construction of elderly-friendly service channels, setting up independent activity areas called "Anxiang Small Houses" to provide elderly customers with shared spaces for salon activities, courses, and leisure and social activities, and creating "six special" services. Third, we have launched the "Heart Home" public welfare service, establishing thousands of public welfare service stations focusing on the high-frequency daily service needs of elderly customers by providing services such as senior universities, health management, cultural entertainment, and financial fraud prevention. The Heart Home Senior University we established has become the first financial institution in Shanghai to participate in education through social forces, with over 80 teaching points established, actively contributing to the doubling of lifelong education teaching points across the city. Fourth, it became one of the first banks to participate in the "Community-Bank Direct Connection" program. Relying on the "One-Stop Service" platform and bank self-service terminals, it has realized "multi-point access," "nearby service," and "citywide service" for social security and government services, helping to improve people's livelihoods and creating a "social security service network at the doorstep." At the end of the reporting period, the network covered more than 250 locations across the city.

In terms of financial services for the elderly care industry, first, we established a research branch for the elderly care industry to conduct research on the elderly care industry and establish a long-term mechanism for industry services; second, we released special service plans for institutional elderly care real estate and home-based elderly care services and increased credit support; third, we cooperated with the Municipal Guarantee Center and the Shanghai Elderly Care Service Development Center to launch the "2024 First Batch of Elderly Care Service Loans" business, forming a new model of "bank-government-enterprise-guarantee" integration to promote the high-quality development of financial services for the elderly care industry.

Financial services for the elderly must be steady and far-reaching. "Good finance" is not just about finance, but about providing financial services with warmth and compassion. The Company continues to focus on the needs, aspirations, and expectations of the elderly, continuously enhancing our elderly-friendly service capabilities and risk management standards. We adhere to the eight core principles of elderly care services—"caring, convenient, dedicated, reassuring, meticulous, considerate, sincere, and warm-hearted"—to enhance the sense of fulfillment and happiness of elderly customers, safeguard their financial well-being, and actively promote the high-quality development of elderly care finance.

(VII) Suburban Dominance and Village Finance

During the reporting period, the Company, relying on its inherent advantages of extensive network layout and solid customer base, continued to strengthen its business operations in the main suburban areas of Shanghai, practiced the strategy of financial inclusion, optimized the network layout in the suburbs, solidly promoted town and village finance, consolidated the traditional business positions and further enhanced the competitiveness of the suburban market. At the end of the reporting period, among the 10 suburban branches and sub-branches [26], 7 sub-branches, including Jinshan, Qingpu and Songjiang, ranked among the top three in terms of market share of various deposits and loans in their respective administrative districts, and continued to maintain a solid market position in the suburbs of Shanghai.

In terms of corporate customer service, the Company actively integrated into the economic development of key regions such as the "Five New Towns," the "North-South Transformation," and the core development zone of Pudong. It supported urban renewal and leading industry projects including the old urban area renovation project in Qingpu District, the ultra-silicon production and R&D project, the "Two-to-Two" transformation and development demonstration project in the Shanghai Qingpu Industrial Park, the expansion project of the Pinggao Grand Health Industrial Park, and the Malu Intelligent Manufacturing Industrial Park, continuously consolidating its market share in the suburban corporate credit market. During the reporting period, the Company signed strategic cooperation agreements with the SASAC of Baoshan District and Jinshan District, providing comprehensive support for the North-South Transformation initiative and increasing various credit resources for the real economy sector in the "Five New Towns," thereby fully supporting the development of new urban areas. As of the end of the reporting period, the Company's corporate credit facilities for the "Five New Towns" totaled RMB 113.104 billion, an increase of RMB 10.31 billion compared to the end of the previous year; the number of served enterprises reached 5,917, an increase of 532 compared to the end of the previous year, marking four consecutive years of double-digit growth in both credit facilities and the number of served enterprises.

[26] Suburban branches and sub-branches refer to Pudong Branch (including FTZ Branch and Zhangjiang Science and Technology Sub-branch), Baoshan Sub-branch, Jiading Sub-branch, Qingpu Sub-branch, Songjiang Sub-branch, Minhang Sub-branch, Jinshan Sub-branch, Fengxian Sub-branch, Lingang New Area Sub-branch and Chongming Sub-branch.

In respect of retail customer services, the number of customers served by the Company's suburban branches accounted for over 70% of the Company's total retail customers. As at the end of the reporting period, wealth customers with AUM of over RMB 200,000 in the suburbs of the Company accounted for 85.63% of the total number of wealth customers of the Company; the AUM of wealth customers in the suburbs accounted for 80.91% of the total scale of AUM of wealth customers of the Company; and the non-savings assets of suburban customers accounted for 77.75% of the total scale of the Company's non-savings assets, with a high degree of loyalty of the customers, a stronger degree of brand recognition, and a stable diversified asset allocation structure.

In terms of town and village finance, the Company focused on the three-year action plan for towns and villages and gradually built a financial service system for towns and villages. At the end of the reporting period, the balance of loans related to agriculture in suburban areas was RMB 48.296 billion, accounting for 84% of the Company's loans related to agriculture in Shanghai. There were a total of 325 credit projects for towns and villages, with a total credit amount of RMB 46.99 billion and a loan balance of RMB 24.513 billion. The products covered working capital loans, fixed asset loans, and mortgage loans for commercial properties. During the reporting period, we launched the "Hundred Days, Hundred Towns" initiative, completing the establishment of connections with all 108 administrative towns (counties) in Shanghai, the formulation of customized financial service plans tailored to each town, and the signing of strategic cooperation agreements. We also promoted the implementation of multi-bank treasury services in town and villages, adding 544 new customers to the system.

In terms of park services, we launched the upgraded "400 Project 4.0" and organized multiple park-to-park series events to further facilitate the precise matching of financial resources with the effective needs of enterprises, enhance the coverage of financial services in suburban parks. By the end of the reporting period, the Company had provided in-depth services to 3,063 qualified enterprises in suburban parks, with the average daily loan balance increasing by RMB 35.657 billion compared to the previous year; the balance of inclusive SME loans in suburban areas reached RMB 62.001 billion, up 12.66% from the end of the previous year, accounting for over 70% of the Bank's inclusive loans, with inclusive SME enterprise customers in suburban areas accounting for 75% of the total.

In terms of science and technology finance, focusing on the "(2+2)+(3+6)+(4+5)" [27] modern industrial system, and centering on key industrial clusters such as Lingang New Area, G60 Science and Technology Innovation Corridor of the Yangtze River Delta, and Minhang Grand Neobay, the Company set up a second-tier subbranch with special features in science and technology finance, and increased its financial support for suburban parks, advanced manufacturing industries, and strategic emerging clusters to support the transformation and development of the regional economy. As at the end of the reporting period, the balance of loans to technology-based enterprises at the Company's suburban branch was RMB 78.889 billion, accounting for 68.61% of the total balance of loans to technology-based enterprises; the number of technology-based enterprise loan accounts at the Company's suburban branch was 3,193, accounting for 74.64% of the total number of technology-based enterprise loan accounts.

In terms of resource support, the Company leveraged its resource advantages in suburban areas as its main operational base, and, in line with strategic priorities, appropriately allocated additional resources to suburban branches in terms of personnel allocation. As of the reporting period-end, the total number of employees in suburban branches and sub-branches reached 5,276, accounting for 74.9% of the total number of employees in Shanghai-based branches and sub-branches, an increase of 0.8 percentage points compared to the end of the previous year. The Company fully utilized various resources to recruit target talent through multi-level, multi-dimensional, and multi-channel approaches. It deepened cooperation with universities such as Songjiang University Town and Lingang University Town to enhance talent supply for suburban branches, promoting their steady development. During the reporting period, 60.2% of newly recruited employees through campus recruitment were assigned to suburban branches and sub-branches, enabling young talent to gain practical experience on the front lines and further strengthening the "soft power" of suburban branches and sub-branches.

(VIII) Market Capitalization Management and Valuation Enhancement

Since its listing, the Company has always attached great importance to market capitalization management. As of the end of the reporting period, the Company's total market capitalization increased by 48.26% compared with the end of the previous year, ranking among the top in the banking sector in terms of valuation growth. The equity structure and trading activity were further improved, and the Company was successfully included in several dividend indices such as the CSI Dividend Index, with its recognition in the capital market and brand influence steadily improving.

In terms of value creation, the Company, led by its development strategy for 2023-2025, focused on strengthening its main business, adhered to the principle of serving "small and diversified business", proactively implemented the "Five Great Articles" on financial services, continued to deepen the five financial service systems, and initiated the three-year action of "grasping execution, strengthening management and refining internal strength" to improve operation and development quality. During the reporting period, the Company's scale and strength grew steadily, profitability improved, asset quality remained sound and capital adequacy continued to be in good shape, and its sustainable and high-quality development strengthened the foundation of market capitalization management.

[27] (2+2)+(3+6)+(4+5): This refers to Shanghai's modern industrial system, where the first "2" denotes the deep integration of advanced manufacturing and modern services, and the second "2" denotes the coordinated transformation toward digitalization and green low-carbon development; "3+6" refers to the vigorous development of three leading industries—integrated circuits, biopharmaceuticals, and artificial intelligence—and six key emerging industries—electronic information, life sciences, automobiles, high-end equipment, advanced manufacturing, fashion consumer goods; the "4+5" refers to taking the lead in laying out four new growth areas—digital economy, green and low-carbon development, metaverse, and smart terminals—and five future industry directions—future health, future intelligence, future energy, future space, and future materials.

In terms of value transmission, the Company strengthened information disclosure, interpreting regular reports and ESG reports through visual formats such as infographics to enhance the visualization and readability of reports, facilitating investor understanding; timely disclosed major operating information through interim announcements, with voluntary disclosure announcements accounting for 25.5% of total disclosures, effectively safeguarding investors' right to know; enhanced investor communication, continuing to proactively address various market concerns through multiple channels such as results briefings, investor open days, and research visits, We organized specialized sessions targeting suburban financial institutions, ESG investors, small and medium-sized investors, and overseas investors, reaching over 800 institutional investors throughout the year. During the reporting period, the Company's information disclosure work evaluation by the Shanghai Stock Exchange was upgraded to the highest-grade A for the first time, and we retained the title of "Best Practice Company for Annual Report Performance Briefings" awarded by the China Listed Companies Association.

In terms of value realization, the Company prioritized maintaining stock price stability, enhancing market capitalization performance, and ensuring the predictability of dividends as key management objectives. It established a clear and concise three-year shareholder return plan (2024-2026), with the cash dividend payout ratio as a percentage of net profit attributable to shareholders remaining above 30% annually since its listing. A total of RMB 14.659 billion in cash dividends on ordinary shares has been distributed, equivalent to 1.71 times the total IPO fundraising amount; the Company formulated and released the "2024 Special Action Plan for Quality and Returns Improvement," becoming the first in the industry to implement interim dividends, and increased the dividend payout ratio for 2024 to 33.91%, an increase of 3.81 percentage points compared to 2023; the Company guided "key minority shareholders" to hold shares in the Company for the long term, smoothly navigating the period when restrictions were lifted for the largest original shareholders since the Company's listing, No major shareholders reduced their holdings, and the share repurchase plan for directors, supervisors, and senior management was fully implemented, effectively stabilizing the company's market value.

In the next phase, with the formal implementation of the "Guidance on Market Value Management for Listed Companies (No. 10)," the Company will implement the relevant requirements of the guidance, continue to strengthen market value management, formulate valuation enhancement plans, and continuously improve the Company's development quality, investment value, and shareholder return capabilities to ensure that market valuations reasonably reflect the Company's value. Meanwhile, the Company will continue to expand investor communication channels, innovate investor activity formats, and strengthen communication and interaction with investors. The Company has formulated an annual investor communication activity plan, which includes holding at least three performance briefings throughout the year to accurately interpret the Company's operating performance and strategic development priorities to investors; regularly inviting industry analysts, professional institutional investors, and small and medium-sized investors to conduct on-site research on the company and its customers based on the company's core competitiveness and investment value; and actively utilizing online platforms and emerging technologies to enhance the influence and coverage of activities and promote good interaction between the company and investors.

X. Risk Management

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

(I) Credit Risk Management

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

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

During the reporting period, the Company implemented a unified credit risk appetite, continuously optimized credit risk management processes, and upgraded its credit risk management system to ensure overall asset quality remained stable. First, we formulated scientific credit allocation policies, increased support for key areas such as agriculture, SMEs, science and technology innovation, and green development, empowered business transformation, and optimized the credit structure. Second, we gradually improved the Group's consolidated and comprehensive risk management system, completed the transformation and launch of the Group's unified credit allocation module, and focused on improving the Company's credit concentration risk control capabilities. Third, we continued to strengthen the foundation of credit risk measurement data, optimized risk measurement processes, improved the implementation system for the expected credit loss method, optimized internal rating models, and enhanced the precision of risk measurement. Fourth, we continued to advance the construction and iteration of systems related to credit business, completed the launch of the credit risk warning system (corporate module) and customer center, and built a data-driven intelligent warning system to enhance the online processing capabilities for personal loan business. By leveraging technology and system support, we contributed to improving the risk management capabilities across the entire credit business process. Fifth, strengthened strategic communication, improved internal management, and steadily advanced the comprehensive restructuring of credit management processes to enhance the foresight and comprehensiveness of regulations, ensuring the healthy development of business operations. Sixth, continued to conduct post-loan management, risk monitoring, risk inspections, and various types of audits, deepened the management of large credit facilities, clarified the current situation, adhered to strict classification of credit asset risks, and accurately reflected asset quality.

During the reporting period, the Company's credit risk remained overall under control.

(II) Market Risk Management

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

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

1. Interest Rate Risk Management

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

(1) Interest Rate Risk Management of Trading Book

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

During the reporting period, the Company combined new regulatory requirements and the latest management practices to improve its market risk management system and revise relevant market risk management rules and regulations. Based on domestic and international economic and financial development trends, business development plans, and its own risk tolerance, the Company formulated a market risk limit for 2024, refined and enriched market risk limit monitoring and control indicators, and conducted daily monitoring, measurement, and reporting. The Company promoted the implementation of new capital regulations, completed the launch of the second-generation market risk management system, and met regulatory compliance requirements while established capital attribution analysis and transaction monitoring modules, and continuously improved the digital and intelligent level of the market risk management system. We closely tracked financial market conditions and strengthened our analysis and assessment of interest rate and exchange rate trends. We identified and assessed the risks of new products and new businesses, and established supporting risk management systems and processes. We continued to conduct multi-dimensional trading book transaction behavior analysis and income attribution at the front and middle office levels to improve the level of market risk management. During the reporting period, all market risk limit indicators remained within management targets, and the overall risk level was under control.

(2) Interest Rate Risk Management of Banking Book

In accordance with external regulatory and internal management requirements, the Company has established and continuously improved its interest rate risk management system for the banking book, clarified the interest rate risk governance structure, and established management processes for the identification, measurement, monitoring, control, and reporting of interest rate risk in the banking book. The Company mainly uses methods such as repricing gap analysis and scenario simulation to measure and analyze interest rate risk in the banking book.

During the reporting period, the Company adhered to a prudent and conservative interest rate risk appetite for the banking book, closely monitored changes in the external environment and the structure of internal interest rate risk exposures, continuously monitored and analyzed various types of interest rate risks, adhered to an active interest rate risk management strategy and flexibly adjusted it, utilized management tools such as price guidance and risk limits to achieve effective control, optimized the interest rate risk management information system, and enhanced technological support capabilities. During the reporting period, the Company's interest rate risk indicators and stress test results for the banking book remained within the established limits and warning thresholds. The overall level of interest rate risk in the banking book remained stable and under control.

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 exchange rate risk management is to match assets and liabilities in various currencies as closely as possible and to control exchange rate risk within the limits set by the Company.

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

During the reporting period, the Company established risk tolerance limits in accordance with internal and external management requirements and monitored their implementation on a daily basis. It closely monitored exchange rate trends and conducted regular exchange rate risk stress tests. Taking into account the macroeconomic situation at home and abroad, the Company strictly controlled the scale of its foreign exchange exposure. As of the end of the reporting period, all exchange rate risk indicators in the trading book were within the target range, and the scale of foreign exchange exposure in the banking book remained at a relatively low level, with exchange rate risk remaining generally stable.

(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's liquidity position remained generally stable and adequate. In accordance with macroeconomic conditions, market environment, and business development requirements, the Company established annual liquidity risk appetite indicators, defined management objectives, and implemented corresponding measures; reasonably utilized internal funds transfer pricing tools to optimize the term structure of assets and liabilities; strengthened liquidity risk management across business lines and reasonably set liquidity risk limits for each line; continuously improved the cash position management system to enhance the precision of cash position management; and maintained smooth market financing channels, flexibly carried out active liability business, issued special financial bonds, and supplemented long-term stable funds; strengthened liquidity risk indicator management, implemented dynamic tracking and monitoring of indicators and forward-looking forecasts, coordinated in a timely manner to ensure the stability of indicators on the basis of compliance with various indicators; strengthened stress test management, formulated annual liquidity risk stress test plans, regularly carried out stress testing, and conducted stress test verification and evaluation with the help of third-party consultants; continuously improved the effectiveness of stress testing; improved the liquidity risk emergency management system, carried out emergency drills at the group level, and continuously improved risk awareness, emergency response and risk disposal capabilities; continuously optimized the liquidity management information system, strengthened data quality management, and improved technological support capabilities; continuously promoted the construction of the liquidity risk management system, improved the system of rules and regulations and process requirements, and improved the group's liquidity management level.

As of the reporting date, the Group's liquidity ratio was 62.55%, the liquidity coverage ratio was 185.89%, and the net stable funding ratio was 138.26%, all of which were above regulatory requirements and in line with the Group's annual liquidity risk appetite.

Liquidity Coverage Ratio

Unit: RMB 000

The Group	December 31, 2024
Liquidity coverage ratio（%）	185.89
High-quality liquid assets	208,032,696
Net cash outflow in the next 30 days	111,912,706

Net stable funding ratio

Unit: RMB 000

The Group	December 31, 2024	September 30, 2024
Net stable fund ratio（%）	138.26	136.39
Stable fund available	1,017,677,253	1,007,097,685
Stable fund needed	736,076,037	738,372,635

(IV) Operational Risk Management

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

During the reporting period, the Company continued to improve its operational risk management system with the aim of preventing systemic operational risks and major operational risk losses. The Company continued to strengthen its operational risk identification, assessment, monitoring, and measurement management, and strengthened operational risk management at the group level: First, improved the construction of its operational risk management system to enhance the compliance, completeness, and operability of its systems. Second, continued to deepen the application of the three major tools for operational risk management, carried out operational risk and control self-assessments, improved key risk indicators, strengthened loss data collection and analysis, consolidated the quality of operational risk loss data, strengthened risk warning and rectification tracking, and improved the effectiveness and targeting of risk prevention and control. Third, continued to iterate and upgrade the operational risk management system and optimize the performance of various management tools and capital measurement systems. Fourth, adopted the standard method to measure risk-weighted assets for operational risk and improved the capital measurement system. Third, strengthened the consolidated management of operational risk, promoted the collection of loss data from subsidiaries, operational risk and control self-assessment, and the monitoring of key risk indicators. Fourth, improved the operational risk management evaluation mechanism, carried out operational risk management training and proposal for branches, promoted the compilation of operational risk cases, actively shared operational risk management practices, cultivated a sound operational risk management culture, and further improved operational risk management capabilities and effectiveness. Fifth, regularly carried out outsourcing risk assessments and strengthened outsourcing risk management.

During the reporting period, the Company's operational risk was generally under control.

(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 continued to deepen the construction of its compliance and internal control mechanisms, establishing a "three-pronged" mechanism for compliance and internal control leaders at branches and sub-branches. Standardized, normalized, and streamlined checklists were developed for compliance and internal control work at branches and sub-branches to enhance compliance risk management capabilities. We promoted compliance culture development by organizing compliance case sharing and demonstration sessions across the entire company, enabling branches and sub-branches to exchange best practices and experiences in compliance risk management. We also convened compliance and internal control management seminars for branches and sub-branches to understand the progress of their compliance risk management initiatives and provide them with the necessary support.

During the reporting period, the Company's overall compliance risks remained under control.

(VI) Money-laundering Risk Management

Money laundering risk refers to the risk that the products and services provided by the Company in the course of its business and operations may be used for money laundering, terrorist financing, and other upstream crimes related to money laundering, which may result in potential losses or adverse effects on the Company.

The Company thoroughly implemented risk-based principles, complied with anti-money laundering laws and regulations, actively fulfilled its anti-money laundering obligations, established a sound money laundering risk management organizational structure, continuously improved money laundering risk management procedures, and enhanced the effectiveness of money laundering risk management. During the reporting period, the Company's anti-money laundering risk management measures included, but were not limited to: launching a specialized anti-money laundering campaign titled "Strengthening Foundations and Enhancing Efficiency," reinforcing proactive management responsibilities at all levels, and further defining anti-money laundering risk management functions; continuously improving anti-money laundering internal control systems and workflows, and optimizing the customer money laundering risk assessment framework; continuously refining model rules to enhance the value of suspicious transaction monitoring intelligence, and advancing the construction of an anti-money laundering system cluster; participating in the pilot program for the construction of a beneficiary information management system; enhancing the effectiveness of anti-money laundering inspection and rectification, optimizing the performance evaluation and reward/punishment mechanism, and supervising the improvement of the Group's anti-money laundering work standards; and strengthening anti-money laundering compliance culture construction, serving as the Shanghai Anti-Money Laundering Education and Training Base, and organizing various anti-money laundering themed training and educational activities. During the reporting period, the Company's money laundering risk was overall under control.

(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 continued to monitor changes in laws and regulations, interpreted major regulatory provisions, revised and improved relevant rules and regulations on legal risk management, fully utilized the role of the General Counsel to issue opinions on major investments, decisions, and operational matters, continued to provide legal and compliance support, conducted reviews of legal documents, and issued legal compliance opinions, continued to follow up on the formulation and revision of model contracts, and actively organized participation in the 8th Shanghai Enterprise Legal Affairs Skills Competition, and conducted specialized training on the new Company Law and the judicial interpretations of the new Company Law and the General Provisions on Contracts regarding their impact on the financial industry.

During the reporting period, the Company's legal risks were generally under control.

(VIII) Reputation Risk Management

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

During the reporting period, the Company continued to strengthen proactive management of reputation risk and further improved its routine management mechanisms for reputation risk: First, it actively cultivated a culture of reputation risk management among all employees, establishing a reputation risk management defense system that involves the entire bank and all employees. Second, it continued to improve the entire process of reputation risk identification, monitoring, early warning, and assessment, and further enriched its reputation risk management toolkit. Third, it adhered to a dual approach of "in-depth planning and timely reporting," closely following national strategies, policy directions, and current hot topics, and actively planning news publicity around party building leadership, people-oriented finance, and the "Five Great Articles", fully showcasing the depth, breadth, and warmth of the Company's financial services, further accumulating reputation capital, and enhancing the brand's ability to withstand risks.

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

(IX) Strategic Risk Management

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

During the reporting period, the Company strengthened the construction of its strategic management system and promoted the institutionalization and standardization of strategic management mechanisms. It continued to strengthen strategic risk management, deepened research and analysis of the internal and external strategic environment, conducted regular assessments of strategic implementation, held strategic meetings, and invited experts to provide guidance on the Company's development and clarify its direction. We have strengthened the application of strategic OKR management methods, restructured the "goal-tracking-evaluation-application" process, enhanced strategic execution tracking management and interlinked supervision, strengthened strategic communication, and continued to advance the "6S Strategic Closed-Loop Management System" to effectively mitigate strategic risks. Management implemented strategic requirements, focused on key areas of business development, operated with caution and prudence, and actively promoted the implementation of various strategic initiatives.

During the reporting period, the "Five Major Financial Service Systems" outlined in the Company's strategic plan were highly aligned with the central government's requirements for advancing the "Five Great Articles" in finance, ensuring that the strategic plan maintained strong guidance.

(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 accelerated the digital transformation of IT risk management, explored advanced management models, and enhanced risk identification and measurement capabilities through standardized risk management processes, thereby continuously strengthening IT risk management. We comprehensively reviewed and upgraded our IT risk assessment indicators, actively carried out special risk assessments in key areas, continuously strengthened risk monitoring and analysis, identified risks in a timely manner and made improvements, and continuously enhanced our IT risk prevention capabilities and standards. We also continued to review major project risks, focusing on data security and increasing risk assessments of the Company's outgoing data. We continued to strengthen IT outsourcing risk control, conducted on-site risk assessments of outsourcing service providers, and prevented information security, service continuity, and service quality in outsourcing management; deepened business continuity management, optimized and improved the business continuity management system, actively carried out business continuity management training, guidance, and proposal, conducted annual business impact analysis, strengthened practical drills covering all important businesses and important information systems every three years, and continuously improved business continuity management capabilities.

During the reporting period, the Company's information systems operated smoothly, and risks were generally under control.

(XI) Country Risk Management

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

The Company incorporated country risks into its comprehensive risk management system, continuously improved country risk-related systems and processes, timely identified, assessed, monitored, reported, controlled and mitigated country risks, regularly carried out centralized assessment of country risk levels and limit control, and completed annual country risk stress tests.

During the reporting period, in the face of the complex international political and economic situation and external environment, the Company dynamically updated its country risk ratings in accordance with changes in risks and strengthened its country risk monitoring and limit control. As at the end of the reporting period, the Company's country risk exposure was mainly concentrated in countries or regions with low country risk, and the overall country risk was safe and controllable, and would not have a significant impact on the Company's business operations.

XI. Company's Future Development Outlook

2025 marks the concluding year of the 14th Five-Year Plan. On the one hand, macroeconomic policies will remain proactive and effective, with fiscal policies becoming more proactive and monetary policies maintaining a moderately accommodative stance. Policies and reform measures across employment, industry, regional development, trade, environmental protection, and regulation will be strengthened and better coordinated. The Chinese economy will return to its potential growth rate, with favorable conditions outweighing unfavorable factors. The fundamental trend of economic recovery and improvement, with a long-term positive outlook, remains unchanged. On the other hand, the adverse impacts of changes in the external environment for the banking sector are deepening. China's economic operation still faces challenges such as insufficient domestic demand, difficulties in production and operations for some enterprises, pressure on employment and income growth for the public, and a relatively high number of risks and hidden concerns. The banking sector still faces certain pressures in terms of business operations and asset quality management.

By 2025, under the overall policy guidelines of "seeking progress while maintaining stability, promoting stability through progress, adhering to principles while innovating, establishing before breaking through, and integrating systems and coordinating efforts," the banking industry will thoroughly implement national strategic plans and regulatory requirements, take the initiative to fulfill its responsibilities, continuously improve the quality and efficiency of financial services in key areas and weak links, do a good job in the "Five Great Articles" , increase credit allocation to key areas such as manufacturing, science and technology, inclusive finance, and green development, "building momentum for transformation" to embrace new productive forces, and serving the construction of China's modernization with high-quality development.

In 2025, the Company will adhere to the political and people-oriented nature of financial work, adhere to the three core strategies and the five financial service systems, continue to promote business innovation, accelerate digital transformation, improve the level of refined management, and strive to cultivate operational characteristics, and make every effort to provide customers with better and more efficient integrated financial services.

First, continue to make efforts in retail transformation. Accelerate the development of a retail transaction banking system, leverage digital intelligence to empower operations, enrich diversified wealth products and services, strengthen specialized services for key customer groups such as agency payment, pension, and private banking, upgrade pension financial services and the layout of specialty outlets, expand community services represented by "Heart Home," maintain leading growth in private banking customers, and achieve steady growth in retail AUM scale and value contribution. Align with national policy directions, focus on residents' housing and consumption needs, increase the allocation of mortgage and consumer loans, explore comprehensive and one-stop services for personal loan customers, and solidify the revenue foundation of retail business.

Secondly, integrate comprehensive finance. Deeply advance the construction of transaction banking, focus on national strategies and Shanghai's 14th Five-Year Plan, increase credit allocation to green industries, manufacturing, and private enterprises, enrich special plans for key areas such as low-altitude economy and elderly care, innovate cross-border finance and bill and letter of credit business, vigorously promote the development of investment banking business such as bond underwriting and mergers and acquisitions, steadily expand the scale of custody business, combine point and area, and coordinate vertical and horizontal efforts to improve the comprehensive service level for corporate customers.

Thirdly, precisely irrigate inclusive finance. In line with our mission of "Inclusive finance for a better life," reach out to inclusive customer groups, deepen our roots in local markets, strengthen customer base development, build a distinctive micro-loan service system that combines localization, industry specialization, and scenario-based services, improve and expand scenario-based service solutions, broaden coverage of new types of agricultural business entities, actively integrate into the government's grid-based grassroots governance system, continue to promote village-wide credit allocation, consolidate our leading position in the regional inclusive finance market, and contribute to the high-quality development of town and village economies.

Fourthly, deeply engage in science and technology finance. Continue to build the "Xin Dongneng" customer cultivation brand and exclusive service solutions, actively construct a "Xin Eco-system" of technology-driven finance, focus on expanding high-quality technology-based enterprises such as "specialized, refined, distinctive, and innovative" and "specialized, refined, distinctive, and innovative small giants," closely accompany the incubation and growth of technology enterprises, promote financial services to lean toward early-stage, small-scale, and hard-core technology, help open up financing channels for small and medium-sized technology-based enterprises, promote the transformation of scientific and technological achievements, and boost the vigorous development of new productive forces.

Fifthly, build a solid risk compliance defense. Improve the Group's digital and intelligent comprehensive risk management system, strengthen risk management throughout the entire process, establish and optimize the Group's unified credit approval system, increase efforts to collect and dispose of non-performing assets, explore the application of AI technology in intelligent compliance and risk control, and further consolidate the foundation for stable development.

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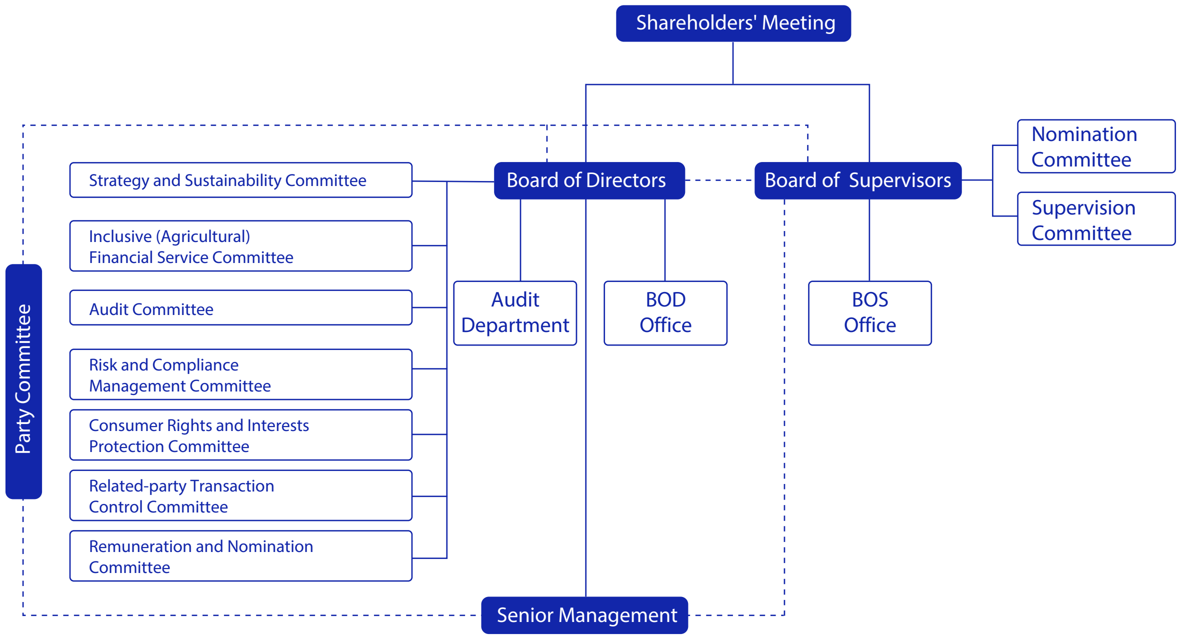


I. Basic Information on Corporate Governance

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

The Company has always adhered to the political and people-oriented nature of financial work, continuously consolidated the statutory position of the Party Committee in corporate governance, and effectively transformed the political and institutional advantages of Party leadership into high-quality development effectiveness. The Company has improved and standardized the list of major business management matters subject to prior review and discussion by the Party Committee, further consolidated the corporate governance system, enhanced decision-making efficiency and scientific decision-making, and effectively gave play to the Party Committee's leadership role in "setting the direction, overseeing the overall situation, and ensuring implementation."

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

The Board of Directors of the Company convenes meetings of the Board of Directors, special committees and independent directors in strict accordance with the Company Law, the Articles of Association of the Company and the corporate governance procedures and in compliance with the law, to effectively protect the legitimate rights and interests of shareholders, and to pay attention to and safeguard the interests of the depositors and other stakeholders. The Board of Directors is responsible for building a scientific and efficient decision-making system, effectively fulfilling its main responsibilities of "managing strategy, capital, risk, incentives and culture", and effectively playing the core role of "strategy setting, decision making and risk prevention".

The Board of Supervisors of the Company, in strict accordance with national laws and regulations, regulatory requirements and the relevant provisions of the Articles of Association of the Company, and with the objectives of safeguarding the interests of shareholders and employees and ensuring the long-term sound development of the Company, has carried out solid supervision, improved the content of supervision and the supervision mechanism, convened meetings of the Board of Supervisors and meetings of the Specialized Committees in accordance with laws and regulations, and has maintained close contact and communication with the Board of Directors and the management in order to effectively carry out the various supervisory powers, duties and obligations. and obligations.

Under the authorization of the Board of Directors and the supervision of the Board of Supervisors, the senior management of the Company maintains strategic determination, focuses on "execution, management, and internal development," consolidates its development foundation, highlights value creation, emphasizes the cultivation of distinctive features, strives to write Five Great Articles in finance, and makes every effort to build five major financial service systems. In this new era and on this new journey, the Company will continue to pursue high-quality development, ensure that its business remains on a sound track, and maintain its strong profitability and asset quality among listed banks.

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

II. Integrate Party's Leadership into Corporate Governance

The Company adheres to the principle of "two consistent commitments," integrating Party leadership into all aspects of corporate governance. It promptly clarifies the boundaries of authority and responsibilities of the Party Committee, the Board of Directors, senior management, and other governance bodies, as well as the entire decision-making chain, to further consolidate a corporate governance mechanism characterized by "clearly defined authority and responsibilities, clear boundaries, coordinated operations, and effective checks and balances." We adhere to the "four criteria" as the starting point for preliminary research to ensure that the Party Committee focuses more on setting the direction, overseeing the overall situation, planning major initiatives, and discussing key issues. Around the theme of "enhancing core functions and improving core competitiveness," while the Party Committee firmly grasps the "crucial points" and "foundation" of the Company's development through decision-making, it plays a role in setting the direction and making decisions on major operational and management matters through preliminary research and discussions. By listening to reports on the situation, it forms a closed-loop management system for decision-making tracking and implementation, ensuring that the Company fully fulfills its political, economic, and social responsibilities.

III. Shareholders' Meeting

(I) Shareholders' Meeting

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

(II) Convening of Shareholders' Meetings

During the reporting period, the Company convened and held shareholders' meetings in strict accordance with the requirements of the Articles of Association and the Rules of Procedure for Shareholders' Meetings to ensure the shareholders' rights to be informed of, to participate in and to vote on important matters of the Company, and to ensure that all shareholders enjoyed equal status and exercised their rights fully. During the reporting period, the Company held 2 shareholders' meetings. The convening of the shareholders' meetings, the qualifications of the attendees and the convenor as well as the voting procedures of the shareholders' meetings were in compliance with the relevant provisions of the laws and regulations of the PRC and the Articles of Association of the Company, and the resolutions passed at the shareholders' meetings were lawful and valid.

For details of the convening of the shareholders' meetings, please refer to the relevant announcements of the Company published on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Company (www.shrcb.com).

IV. Directors, Supervisors and Senior Management

(I) Current Directors, Supervisors and Senior Management

Name	Position	Gender	Year of birth	Term of office	No. of shares at the beginning of the period (share)	No. of shares at the end of the period (share)	Change of shares during the reporting period	Remuneration before tax from the Company during the reporting period (RMB 10,000)	Remuneration from the Company's related parties
Xu Li	Chairman, Executive Director	male	1967	January 2019 - Term expires	72,000	103,000	31,000	99.46	No
Gu Jianzhong	Vice Chairman, Executive Director, President	male	1974	January 2019 - Term expires	480,000	600,000	120,000	91.84	No
Ying Changming	Non-Executive Directors, Employee Directors	male	1972	September 2024 - Term expires	257,200	355,500	98,300	88.16	No
Zhang Xueyan	Non-executive director	female	1974	September 2023 - Term expires	-	-	-	-	Yes
Wang Juan	Non-executive director	female	1972	September 2021 - Term expires	-	-	-	-	Yes
Liu Yu	Non-executive director	male	1984	March 2024 - Term expires	-	-	-	-	Yes
Ye Peng	Non-executive director	male	1972	November 2020 - Term expires	-	-	-	-	Yes
Ruan Liya	Non-executive director	Female	1983	November 2020 - Term expires	-	-	-	-	Yes
Li Guaning Ying	Non-executive director	male	1977	October 2023 - Term expires	-	-	-	-	Yes
Le Jiawei	Non-executive director	male	1977	September 2023 - Term expires	-	-	-	-	Yes
Huang Jixian	Independent director	male	1959	November 2023 - Term expires	-	-	-	31.64	No
Chen Ying	Independent director	Female	1971	November 2023 - Term expires	58,900	87,900	29,000	33.59	No
Chen Gui	Independent director	male	1978	November 2023 - Term expires	-	-	-	33.48	No
Liu Yunhong	Independent director	male	1976	January 2024 - Term expires	-	-	-	31.00	No
Li Peigong	Independent director	male	1981	September 2023 - Term expires	-	-	-	32.12	No
Dong Fang	shareholder supervisor	male	1981	June 2023 - term expires	-	-	-	-	Yes
Lian Bolin	External Supervisors Convener and presiding officer of the meetings of the Board of Supervisors	male	1958	September 2020 - Term expires October 2023 - Term expires	-	-	-	46.00	No
Nie Ming	External Supervisors	male	1960	September 2020 - Term expires	-	-	-	38.00	No
Guo Rufei	employee supervisor	male	1976	October 2021 - Term expires	28,000	51,200	23,200	104.80	No
Yang Yuanjun	employee supervisor	male	1966	March 2017 - Term expires	283,100	323,100	40,000	126.62	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
Jin Jianhua	deputy governor	male	1965	September 2010 - Term expires	879,000	990,000	111,000	77.59	No
Zhang Hongbiao	deputy governor	male	1968	November 2020 - Term expires	592,000	697,000	105,000	82.09	No
Gu Xianbin	deputy governor	male	1979	November 2020 - Term expires	322,600	421,900	99,300	84.34	No
Shen Tong	deputy governor	male	1980	February 2022 - Term expires	218,900	354,900	136,000	106.84	No
Yao Xiaogang	secretary to the board	male	1974	May 2024 - Term expires	100,000	150,000	50,000	137.46	No
	Chief Financial Officer			November 2020 - Term expires					

Notes: 1. In accordance with regulatory requirements, the starting time of the terms of office of Directors, Supervisors and senior management in the above table shall be calculated from the date of the first term of office in the case of re-election. The Company's Articles of Association stipulate that the commencement of the term of office of directors shall be calculated from the date of adoption of the resolution of the shareholders' meeting in respect of re-election, and from the date of approval by the banking supervision and regulatory authorities in respect of new appointments; the commencement of the term of office of supervisors shall be calculated from the date of adoption of the resolution of the shareholders' shareholders' meeting; and the commencement of the term of office of senior management shall be calculated from the date of the adoption of the resolution of the Board of Directors in the case of re-election, and from the date of approval by the banking supervision and regulatory authorities in the case of new appointment.

2. During the reporting period, some Directors, Supervisors and senior management purchased A shares of the Company from the secondary market with their own funds, with corresponding changes in shares, all of which were attributable to the increase in holdings.

3. The total pre-tax compensation of the Company's Executive Directors, Employee Directors, Employee Supervisors and senior management includes remuneration received from the Company during the reporting period that is clearly attributable to the current year, as well as the portion of the Company contribution for social insurance and housing provident fund.

4. The final remuneration of the Executive Directors, Employee Directors and senior management of the Company for the year 2024 is to be disclosed after confirmation.

(II) Outgoing Directors, Supervisors and Senior Managers

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
Zhou Lei	Non-executive director	male	1978	March 2017-December 2024	-	-	-	-	be
Ha Erman	Non-executive director	Female	1975	March 2017-December 2024	-	-	-	-	be
Wang Zhe	Independent director	male	1960	October 2023-December 2024	-	-	-	25.39	No
Xu Jingfen	Employee supervisor	Female	1969	March 2017-April 2024	26,800	21,800	-5,000	25.27	No
Yu Minhua	Deputy governor	male	1976	June 2018-January 2024	513,000	618,000	105,000	-	No
	Secretary to the board			February 2019 - 2024 January					

Notes: 1. During the reporting period, some former employees, supervisors and senior management bought/sold A shares of the Company from the secondary market with their own funds, with corresponding changes in shares, all of which were due to +/- in holdings.

2. The total pre-tax compensation of former employee supervisors of the Company includes remuneration received from the Company during the reporting period attributable to the current year as well as the Company contribution portion of social insurance and housing fund.

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

1. Directors

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

Now, he is the Secretary of SHRCB Party Committee, Chairman and Executive Director of SHRCB, Deputy Director of the Seventh Working Committee of Rural Small and Medium-sized Banks of the China Banking Association, and Vice Chairman of the 4th council of Listed Companies Association of Shanghai. He was the former General Manager of the Corporate Banking Department of ICBC Shanghai Branch, Secretary of the CPC General Branch and President of the ICBC Shanghai Bund Sub-branch, Assistant President, Party Committee member, and Deputy President of ICBC Shanghai Branch, Deputy Party Secretary, Vice Chairman and President of SHRCB.

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

Now, he is the Deputy Secretary of the Party Committee, Vice Chairman and President of SHRCB, and Vice Chairman of the 4th council of Shanghai Financial Association, Vice Chairman of the 5th council of Shanghai Entrepreneurs Association, and Vice Chairman of the Fifteenth Council of the Shanghai Banking Association. He was Deputy General Manager of Corporate Finance Department, General Manager of Marketing Department, Hong Kong and Taiwan Business Department of Bank of Shanghai, General Manager of Corporate Finance Department, General Manager of Credit Approval Center, General Manager of Business Department of Bank of Shanghai, Deputy Director (temporary) of Comprehensive Coordination Division, Director (temporary) of Financial Institution Division of Shanghai Finance Office, Member of the Party Committee, Deputy Secretary of Discipline Inspection Commission, Director and General Manager of Human Resources of Bank of Shanghai, Member of Party Committee, Deputy General Manager and Director of Shanghai International Group Co., Ltd.

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

Currently, he serves as Deputy Secretary of the Party Committee, Chairman of the Trade Union, and Employee Director of SHRCB, and concurrently holds the positions of Vice President of the Shanghai State-owned Enterprises Ideological and Political Work Research Association and Vice President of the Fifth Council of the Shanghai Modern Service Industry Federation. Previously served as Director of the Office of the Shanghai Municipal Committee of the Communist Youth League of China, Deputy Branch Manager of the Jiading Branch of SHRCB, Party Secretary of the Directly Affiliated Party Committee and Director of the Party Committee Office of the Head Office of SHRCB, Director of the Office of SHRCB, Party Secretary and Branch Manager of the Jiading Branch of SHRCB and Deputy Branch Manager of SHRCB.

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

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

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

She is currently the Standing Committee member of the Party Committee, Deputy General Manager, Chief Financial Officer, Secretary of the Board of Directors of Baosteel, Vice Chairman of BAP AL-KHAIR STEEL COMPANY, Vice Chairman of the 4th council of Listed Companies Association of Shanghai, Vice Chairman of the Board Secretaries Committee, Member of the Investor Relationship Management Committee and Executive Vice Chairman of the Board Secretaries Committee of the China Association for Public Companies, Executive Deputy Director of the Secretary Professional Committee of the Board of Directors, member of the expert database of Shanghai Accounting Senior Professional Title Evaluation Committee, postgraduate tutor of Shanghai National Accounting Institute, 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.

Liu Yu, male, born in January 1984, bachelor's degree, master's degree in management and senior accountant.

He is currently the General Manager of the Financial Management Department of Shanghai Jiushi (Group) Co., Ltd. and a Non-executive Director of SHRCB. He was the Supervisor, Assistant General Manager, Senior Supervisor and Deputy General Manager of the Financial Management Department of Shanghai Jiuzhi (Group) Co., Ltd.

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

He is currently the member of the Party Committee and Deputy General Manager of China Pacific Life Insurance Co., Ltd., Director of Pacific Asset Management 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, Secretary to the Board of Directors of Changjiang Pension Co., Ltd., and Head of Finance of China Pacific Life Insurance Co., Ltd.

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

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

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

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

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

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

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

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

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

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

Chen Gui, male, born in September 1978, master's degree, LL.M. degree, doctorate degree in business administration, a practicing lawyer, member of the 14th Shanghai CPPCC.

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

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

Currently, he is the deputy director of the International M&A and Investment Research Institute of Renmin University of China, the director of the research institute of Qianhai Life Insurance Co., Ltd. (Shanghai), the deputy director of the M&A and Financing Committee of the Listed Companies Association of China, a member of the Professional Committee of Independent Directors, a part-time professor and tutor of doctoral and master's degree students of Renmin University of China and East China University of Political Science and Law, an independent director of Sinolink Securities Co., an independent director of Shanghai Electric Group Co., Ltd., an independent director of BOCOM International Trust Co., Ltd., External Supervisor of HZBANK Wealth Management, External Supervisor of Everbright Securities Co., Ltd., External Supervisor of Guiyang Financial Leasing Co., Ltd., and Independent Director of SHRCB. He has served as the head of legal affairs of Guotai Fund Management Co., Ltd, postdoctoral fellow of Shanghai Stock Exchange, general manager of investment banking department of CASIC, and Assistant President and General Manager of Investment Banking Department, Hwabao Securities Co.

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

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

2. Supervisors

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

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

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

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

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

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

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

He is currently a member of the Party Committee, Director of the Organization Department, General Manager of the Human Resources Department and Employee Supervisor of SHRCB, and Director of Human Resource Management Committee of Shanghai Banking Association. He was the Deputy Director of the Supervision Office of Shanghai Financial System, member of the Discipline Committee, 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 Party Committee Secretary, President (Director level) and Employee Supervisor of Pudong Branch, SHRCB. He was the Vice President (presiding), and President of Songjiang Sub-branch, and President of Minhang Sub-branch of SHRCB.

3. Senior Management

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

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

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

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

He is currently the Vice President of SHRCB and President of Yangtze River Delta Financial Headquarters, Director of Shanghai Financial Consumer Dispute Mediation Center. He was the Employee Supervisor of Bank of Shanghai, 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 Shanghai Minhang BOS Rural Bank.

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

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

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

He is currently the Vice President and Chief Information Officer of SHRCB. He was the Deputy General Manager of Risk Management Department, General Manager of Technology Department, General Manager of Financial Technology Department, Bank of Ningbo, and General Manager of Financial Technology Department, SHRCB.

Yao Xiaogang, male, born in October 1974, bachelor's degree in economics.

He currently serves as the Board Secretary and Chief Financial Officer of SHRCB, and member of the Board Secretary Professional Committee of the China Association for Public Companies. Previously served as Deputy General Manager of the Treasury and Finance Department, Deputy General Manager of the Planning and Finance Department, and Branch Manager of the Jing'an Branch of Bank of Shanghai., as well as General Manager of the Planning and Finance Department, General Manager of the Asset Management Department, General Manager of the Asset Liability Management Department, and Director of the Listing Office of SHRCB.

(IV) Remuneration of Directors, Supervisors and Senior Management

Decision-making procedures for remuneration of directors, supervisors and senior management	The remuneration of non-executive directors, shareholder supervisors and external supervisors paid by the Company is subject to the review and approval by the shareholders' meeting. The remuneration of the Company's legal representative is subject to the review and confirmation by the superior competent authorities and the approval by the Board of Directors. The remuneration of the Company's Senior Management is subject to the review by the Board of Directors.
Whether a director recuses from the Board's discussion of his/her remuneration matters	Yes
Details of Independent Directors' Suggestions on remuneration for Directors, Supervisors and Senior Management	The remuneration management measures for directors of the Company are formulated in accordance with the relevant work deployment and requirements of the competent regulatory authorities and the actual situation of the Company, and the formulation and deliberation procedures are in compliance with the relevant laws and regulations, including the Company Law and the Articles of Association of the Company, and there are no circumstances that would jeopardize the interests of the Company and its shareholders, in particular the small and medium-sized shareholders. The remuneration of the Company's professional managers are determined in accordance with the relevant work deployment and requirements of the competent regulatory authorities and the actual situation of the Company, and the formulation and deliberation procedures are in compliance with the relevant laws and regulations such as the Company Law and the Company's Articles of Association, and there are no circumstances that would jeopardize the interests of the Company and its shareholders, in particular the small and medium-sized shareholders.
Basis for determining the remuneration of directors, supervisors and senior managers	The remuneration of the Company's executive directors, employee directors and employee supervisors is implemented in accordance with the relevant regulations of the supervisory authorities and the Company's relevant appraisal and remuneration system; the criteria for allocating the remuneration of the Chairman of the Company are approved by the competent authorities in accordance with the relevant system for the management of remuneration of the leading personnel of state-owned enterprises and the results of the annual appraisal; and the remuneration of the shareholder-directors, independent-directors, shareholder-supervisors and external-supervisors is implemented in accordance with the "Measures for the Administration of Remuneration of SHRCB Directors " and "Measures for the Administration of Remuneration of SHRCB Supervisors". The allocation of remuneration to the senior management of the Company is implemented in accordance with the "Measures for the Assessment and Management of Professional Managers of SHRCB" and "Measures for the Remuneration Management of Professional Managers of SHRCB" reviewed and approved by the Board of Directors.
Actual payment of remuneration to directors, supervisors and senior management	The actual payment of remuneration to directors, supervisors and senior management during the reporting period is in (i) and (ii) of this section.
Total remuneration actually received by all directors, supervisors and the senior management	During the reporting period, directors, supervisors and senior management of the Company received total remuneration from the Company attributable to the year of RMB12,956,900. 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 in the Directors, Supervisors and Senior Management

Date	Name	Position	Change	Reason for change
January 5, 2024	Yu Minhua	Vice President and Secretary of the Board of Directors	Resignation as Vice President and Secretary of the Board of Directors of the Company	Job changes
January 19, 2024	Liu Yu	Non-executive director	Elected as a Non-executive director of the Board of Directors at the first ad-hoc shareholders' meeting of the Company in 2024 and approved by the Shanghai Financial Regulatory Bureau for the qualification	Election at the shareholders' meeting
February 2, 2024	Yao Xiaogang	Secretary to the Board of Directors	Appointed as the secretary of the Board of Directors of the Company at the 30th meeting of the 4th session of the Board of Directors of the Company and approved by the Shanghai Financial Regulatory Bureau for appointment qualification	Appointment by the Board of Di rectors
April 2, 2024	Xu Jingfen	Employee supervisor	Resignation as employee supervisor of the Company	Retirement at age
April 11, 2024	Ying Changming	Vice president	Resignation as Vice President of the Company	Job changes
July 25, 2024	Ying Changming	Employee director	Elected as an employee director of the Company by the Employee Congress of the Company at and approved by the Shanghai Financial Regulatory Bureau for appointment qualification	Employee Congress election

Date	Name	Position	Change	Reason for change
December 20, 2024	Zhou Lei	Non-executive director	Resignation as Non-executive director of the Company	Job changes
December 20, 2024	Ha Erman	Non-executive director	Resignation as Non-executive director of the Company	Job changes
December 20, 2024	Wang Zhe	Independent director	Resignation as Independent director of the Company	personal reasons

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

No penalties imposed by securities regulators in the past three years.

V. Board of Directors

(I) Responsibilities of the Board of Directors

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

(II) Composition of the Board of Directors

As at the end of the reporting period, the Board of Directors of the Company had a total of 15 directors, including 2 executive directors, namely Mr. Xu Li and Mr. Gu Jianzhong; 1 employee director, namely Mr. Ying Changming; 7 non-executive directors, namely Ms. Zhang Xueyan, Ms. Wang Juan, Mr. Liu Yu, Mr. Ye Peng, Ms. Ruan Liya, Mr. Li Guanying, Mr. Le Jiawei; and 5 Independent directors, namely Mr. Huang Jixian, Ms. Chen Ying, Mr. Chen Gui, Mr. Liu Yunhong and Mr. Li Peikong. Mr. Huang Jixian, Ms. Chen Ying, Mr. Chen Gui, Mr. Liu Yunhong and Mr. Li Peigong. 2 Executive Directors have been engaged in financial management for a long time and have rich experience in banking management; 1 Employee Director serves as the Deputy Secretary of the Party Committee of the Company and the Chairman of the Labor Union at the Company, and has rich experience in protecting the interests of the employees; 7 Non-executive Directors come from large state-owned enterprises, serving as the deputy general manager, the head of the finance department and other important positions, and have rich experience in corporate management, finance and finance; 5 Independent directors have diversified backgrounds, with strong professionalism and social influence in commercial bank operation and management, financial accounting, auditing, law and other aspects.

(III) Board of Directors' Meetings

The Board of Directors has complied with the laws, regulations and the Articles of Association, made scientific and prudent decisions, maintained strategic determination and gave full play to its leading role in decision-making. During the reporting period, the Board held a total of 8 meetings, including 5 on-site + correspondence meetings and 3 correspondence meetings, which reviewed 92 proposals and listened to 33 reports, covering the new 3-year development strategy, work report of the Board of Directors, annual business work report, operating budget and profit distribution proposal, periodic reports, risk and internal control, remuneration and performance, major foreign investment, major related-party transactions, major investment, major asset disposal and write-off, formulation and revision of important rules, etc. and other important matters.

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

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

During the reporting period, the Board of Directors of the Company strictly implemented the relevant resolutions approved by the shareholders' meetings and diligently implemented the 2023 annual profit distribution plan, the 2024 annual financial budget plan, and the 2024 interim dividend arrangement, among other matters, as approved by the shareholders' meetings.

(V) Directors' Performance of Duties

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

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

Name of director	Board of Directors						General Meeting of Shareholders attendance
	Number of meetings to be attended during the year	Number of meetings attended in person[1]	articipation by correspondence	Number of meetings to be attended during the yea[2]	Number of meetings attended in person	Failure to attend two consecutive meetings in person	Number of meetings to be attended during the year
Executive director							
Xu Li	8	8	3	0	0	No	2/2
Gu Jianzhong	8	8	3	0	0	No	2/2
Non-executive director							
Ying Changming	2	2	0	0	0	No	0/0
Zhang Xueyan	8	7	4	1	0	No	0/2
Wang Juan	8	7	5	1	0	No	0/2
Liu Yu	6	6	3	0	0	No	1/1
Ye Peng	8	8	6	0	0	No	0/2
Ruan Liya	8	8	8	0	0	No	0/2
Li Guaning Ying	8	8	7	0	0	No	1/2
Le Jiawei	8	7	5	1	0	No	2/2
Independent director							
Huang Jixian	8	8	4	0	0	No	2/2
Chen Ying	8	8	4	0	0	No	2/2
Chen Gui	8	8	5	0	0	No	2/2
Liu Yunhong	8	8	5	0	0	No	2/2
Li Peigong	8	8	6	0	0	No	2/2
Outgoing director							
Zhou Lei	7	6	5	1	0	No	0/2
Ha Erman	7	7	3	0	0	No	0/2
Wang Zhe	7	7	4	0	0	No	1/2

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

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

2. Directors' Objection to Relevant Matters of the Company

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

3. Adoption of Directors' Recommendations

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

4. Performance of Duties of Independent Directors

During the reporting period, the Board of Directors of the Company had 5 independent directors, accounting for one third of the Board of Directors of the Company. The independent directors actively participated in the meetings of the Board of Directors and each special committee, and special meeting of independent directors. During the reporting period, the Board of Directors held 8 meetings, the attendance rate of the independent directors in person reached 100%, and the attendance rate of the independent directors in person for special meeting of independent directors reached 94%. Their office hours to the Bank had met the regulatory requirements of not less than 15 working days, among which the independent directors who were the heads of the Audit Committee and the Related-party Transaction Control Committee had met the regulatory requirements of not less than 20 working days.

During the reporting period, the independent directors actively implemented the "six-in-one" independent director performance system, which includes a decision-making mechanism, information mechanism, research mechanism, training mechanism, empowerment mechanism, and guarantee mechanism. They gave full play to the independent directors' roles in participating in decision-making, exercising supervision and checks and balances, and providing professional advice, ensuring that the board of directors made scientific decisions and promoting the Company's high-quality development. First, they expressed objective and impartial independent opinions on matters discussed by the board of directors and provided written opinions on matters such as the Company's strategic management, compensation and incentives, group management, risk compliance, related-party transactions. They were able to express written opinions on the fairness of major related-party transactions, the implementation of internal approval procedures, estimated quotas for daily related-party transactions, profit distribution proposals, the appointment and reappointment of senior management, and the reappointment of accounting firms, providing strong support for the board of directors' scientific decision-making and fulfilling their duties to protect the interests of depositors and minority shareholders. Second, actively monitored the latest developments in the banking industry and listed companies, studied laws, regulations, and regulatory provisions related to bank operations and management, as well as compilations of relevant information, and maintained regular communication with other directors, the board secretary, and management through on-site exchanges or online communication. Third, took the initiative to launch and advance thematic research on topics such as technology-driven finance and rural banks, provided effective guidance on customer base cultivation, risk control, and profit mechanisms, and listened to special reports on key issues of concern in areas such as audit and risk management to enhance supervisory effectiveness in critical areas. Fourth, actively participated in various professional training activities related to our duties organized by the Shanghai Stock Exchange, the Listed Companies Association, and the Company, and continuously improved our ability to perform our duties. Fifth, deeply participated in important activities such as the review of the Company's research projects, senior management performance reviews, performance announcements, and investor communications, provided innovative and forward-looking consulting advice, and actively empowered the Company's high-quality development.

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

The Board of Directors of the Company had 7 special committees, including the Strategy and Sustainability Committee, Inclusive (Agricultural) Financial Service Committee, Audit Committee, Risk and Compliance Management Committee, Consumer Rights and Interests Protection Committee, Related-party Transaction Control Committee, and Remuneration and Nomination Committee. During the reporting period, the special committees under the Board of Directors had earnestly performed their duties, given full play to the supporting role of professional research and decision-making, put forward professional opinions and suggestions, and effectively supported the scientific decision-making of the Board of Directors. 31 meetings were held, which reviewed 105 proposals and listened to 55 reports.

1. Strategy and Sustainability Committee

At the end of the reporting period, the members of the Strategy and Sustainability Committee consisted of 5 directors, including Mr. Xu Li (Chairman), Ms. Zhang Xueyan, Mr. Ye Peng, Mr. Li Guanying, and Ms. Chen Ying..

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

During the reporting period, the Strategy and Sustainablity Committee held 7 meetings (February 2, March 12, April 24, May 17, August 16, October 25, and December 27) to review 28 topics including the 2024 annual strategic OKR objectives for the head office, the 2023 strategic implementation assessment report, the annual profit distribution proposal, the 2024 interim dividend arrangement, the annual capital adequacy report, the semi-annual and quarterly third pillar disclosure reports, the adjustment of organizational structures of certain operating institutions, the 2023 social responsibility and ESG report, the 2023 environmental information disclosure report, the 2023 self-assessment report on the Principles for Responsible Banking, the 2023 self-assessment report on corporate governance, and the 2023 report on the assessment of major shareholders and controlling shareholders, etc. and listened to 13 reports, including the operational management status of the controlled rural banks and Yangtze United Financial Leasing, the annual green finance development status, and the Green and Low-Carbon Transformation Action Plan (2025-2027), etc. The Strategy and Sustainability Committee strengthened guidance on the deployment of strategic OKR tasks, enhanced process management of strategic implementation; focused on major operational and management matters aligned with strategic direction, ESG, and green finance-related stakeholder management to promote high-quality development; and continued to strengthen guidance on investment management, capital management, consolidated management, and corporate governance, while closely monitoring the development of subsidiaries and the Group's overall risk prevention and control.

2. Inclusive (Agricultural) Financial Service Committee

At the end of the reporting period, the Inclusive (Agricultural) Financial Service Committee consisted of 5 directors, including Mr. Xu Li (chairman), Mr. Ye Peng, Mr. Wang Kaiguo and Mr. Zhu Yuchen.

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

During the reporting period, the Inclusive (Agricultural) Financial Service Committee held 2 meetings (on February 2, and August 16), reviewed 1 proposal on the summary and plan of the Committee's work, and listened to 3 reports on the situation of agricultural financial services and the work of inclusive finance for 2024, and inclusive (agricultural) financial service in first half of 2024. The Committee followed the Company's inclusive and agricultural financial services, and strengthened its guidance in this regard to promote the Company's strategic positioning of inclusive financial services for the benefit of the three rural areas, and its insistence on financial services so as to build a brand of services for agriculture, people's livelihoods, the digital services, the green economy, and the science and technology industry.

3. Audit Committee

At the end of the reporting period, the Audit Committee consisted of 6 directors, including Ms. Chen Ying (Chairman), Mr. Ying Changming, Mr. Liu Yu, Mr. Ye Peng, Mr. Huang Jixian and Mr. Chen Gui.

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

During the reporting period, the Audit Committee held 4 meetings (on February 2, April 24, August 16, and October 25), reviewed 14 agenda items including regular reports, the annual internal audit work report, the re-appointment of the accounting firm, the internal control evaluation report, the formulation of the Chief Auditor Management Measures, and the reform plan for centralized internal audit management, and listened to 13 reports including risk cost audit, related-party transactions and internal transactions audit, key points of internal audit work, and the implementation of internal and external audit rectification measures. The Audit Committee fully exercised its review, examination, and supervisory functions, diligently fulfilled its relevant responsibilities, reviewed the Company's financial reports and issued opinions to ensure their truthfulness, accuracy, and completeness; guided the Company in conducting annual internal audits and supervised their implementation, and improved the internal audit system; organized and implemented the assessment of external audit firms and guided the re-appointment of the accounting firm, and coordinated communication and collaboration between internal and external audits; and paid close attention to the impact of the new Company Law on the Company's governance structure, and explored changes in the authority of the Audit Committee following the implementation of a single-tier governance structure.

4. Risk and Compliance Management Committee

As at the end of the reporting period, the members of the Risk and Compliance Management Committee consisted of 4 directors, including: Mr. Gu Jianzhong (Chairman), Ms. Wang Juan, Ms. Ruan Liya, and Mr. Huang Jixian.

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

During the reporting period, the Risk and Compliance Management Committee held 8 meetings (February 2, April 25, May 17, June 25, August 16, September 26, October 25, December 27), and reviewed 25 proposals such as the self-assessment of comprehensive risk and compliance risk management, the evaluation of internal control, formulation of annual risk appetite strategy, the evaluation of the quality management of liabilities, etc.; and listened to 19 reports on comprehensive risk management, case prevention, anti-money laundering, data governance, practitioner behavioral assessment, risk stress test, and 20 other reports. The Risk and Compliance Management Committee has diligently performed its duties, promoted the improvement of the comprehensive risk management system, urged the senior management to pay close attention to the various types of risks of listed companies, strengthened the ability of proactive response, and promoted the continuous improvement of the Company's risk and compliance management level.

5. Consumer Rights and Interests Protection Committee

At the end of the reporting period, the Consumer Rights Protection Committee consisted of 4 directors: Mr. Gu Jianzhong (Chairman), Ms. Wang Juan, Ms. Ruan Liya, and Mr. Huang Jixian.

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

During the reporting period, the Consumer Rights and Interests Protection Committee held one meeting (on February 2) and reviewed 2 proposals, namely the summary of the Committee's work for the year 2023 and the work plan for the year 2024, and the work of consumer rights and interests protection for the year 2023 and the work plan for the year 2024. The Consumer Rights and Interests Protection Committee actively performed its duties by discussing and studying major issues and important policies on consumer rights and interests protection, optimizing the management mechanism of consumer rights and interests protection, supervising the implementation of consumer rights and interests protection, and promoting the continuous improvement of the Company's level of consumer rights and interests protection.

6. Related-party Transaction Control Committee

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

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

During the reporting period, the Related-party Transaction Control Committee held 5 meetings (February 2, April 25, June 25, August 16, and October 25) to review 24 proposals, including major related-party transactions, deposit related-party transaction plans, projections of daily related-party transactions, and the related-party transaction system, and listened to 3 reports, namely, the report on the status of related-party transactions in fiscal year 2023, 2023 special audit on related-party transactions and internal transactions, and the report on the status of related-party transactions in the semiannual fiscal year 2024, which were submitted to the Committee. The Related-party transactions Control Committee organized the formulation or revision of relevant systems to continuously strengthen the foundation of the related-party transactions management system; guided the continuous optimization of the related-party transactions management system, comprehensively promoted the construction of the related-party transactions management infrastructure, and upgraded the level of informationization and intelligence of the related-party transactions management; and rigorously examined major related-party transactions, focusing on the compliance, fairness and necessity of the related-party transactions, and regulated the implementation of the related-party transactions.

7. Remuneration and Nomination Committee

As at the end of the reporting period, the members of the Remuneration and Nomination Committee consisted of 3 directors, including: Mr. Le Jiawei, Mr. Liu Yunhong and Mr. Li Peigong.

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

During the reporting period, the Remuneration and Nomination Committee held 4 meetings (February 2, April 25, August 16 and October 25) and reviewed 11 proposals including the annual performance evaluation of Directors, the results of the 2023 annual assessment of the professional managers and the assessment indicators for the 2024 annual assessment, the annual assessment of the head of the auditing department, the nomination and selection of candidates for the executive management, the remuneration management system etc., and listened to 4 reports, including the report on the duties of independent directors, the annual appraisal of other relevant personnel appointed by the Board of Directors, the Company's remuneration management, and the special audit on remuneration performance management. The Remuneration and Nomination Committee actively performed its duties, strengthened the performance management of directors, optimized the assessment and evaluation of professional managers and other "key few", and promoted the implementation of sound remuneration management and strengthened the effectiveness of the remuneration assessment and management mechanism.

VI. Board of Supervisors

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

(I) Composition of the Board of Supervisors

As at the end of the reporting period, the Board of Supervisors of the Company comprised a total of 5 Supervisors, including 1 Shareholder Supervisor, namely Mr. Dong Fang; 2 External Supervisors, namely Mr. Lian Bolin and Mr. Nie Ming; and 2 Employee Supervisors, namely Mr. Guo Rufei, and Mr. Yang Yuanjun. The proportion of employee supervisors and external supervisors among the members of the Board of Supervisors are in compliance with the regulatory requirements. The members of the Board of Supervisors of the Company have the professional ethics and professional ability required for the performance of their duties and are able to ensure that the Board of Supervisors can effectively perform its supervisory functions.

(II) Meetings of the Board of Supervisors

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

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

(III) Performance of Duties of Supervisors

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

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

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

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

Name of supervisor	BOS Meeting attendance						Shareholders'Meeting attendance
	Number of meetings to be attended during the year	Number of meetings attended in person[1]	Number of participation by communication	Number of meetings to be attended during the year	Number of meetings attended in person	Have you failed to attend two consecutive meetings in person	Number of meetings to be attended during the year
External supervisors							
Lian Bolin	4	4	0	0	0	No	2/2
Nie Ming	4	4	0	0	0	No	1/2
Shareholder supervisor							
Dong Fang	4	4	0	0	0	No	1/2
Employee supervisor							
Guo Rufei	4	4	0	0	0	No	2/2
Yang Yuanjun	4	3	0	1	0	No	2/2
Outgoing Supervisors							
Xu Jingfen	1	1	0	0	0	No	1/1

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

2. Supervisors who were unable to attend the meeting of the Board of Supervisors in person had delegated other supervisors to attend and exercise their voting rights on their behalf.

2. Supervisors' Objections to Matters Related to the Company

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

3. Performance of Duties by External Supervisors

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

(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, of which the Nomination Committee is chaired by external supervisors.

1. Nomination Committee

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

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

During the reporting period, the Nomination Committee held 1 meeting (April 25) to review the evaluation of the performance of duties of the Directors, Supervisors and senior management of the Company for 2023, and the amendment of the "Measures for the Administration of Supervisors' Remuneration of SHRCB".

1.Supervision Committee

At the end of the reporting period, the Supervision Committee consisted of 2 supervisors, including Mr. Nie Ming, and Mr. Yang Yuanjun.

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

VII. Senior Management

(I) Responsibilities of Senior Management

The Company operates under a system of executive management led by the Board of Directors, The President is accountable to the Board of Directors and shall organize and conduct business operations in accordance with laws, administrative regulations, the Company Charter, and the authority granted by the Board of Directors. Specific responsibilities include overseeing operational management, implementing Board resolutions, reporting work to the Board of Directors, representing the senior management team in submitting business plans and investment proposals to the Board of Directors, proposing annual financial budgets and final accounts, profit distribution plans, drafting proposals for the establishment of internal management structures and branch offices, formulating basic management systems, and establishing specific operational procedures.

(II) Composition of Senior Management

In accordance with the Articles of Association, the senior management of the Company consists of the President, Vice Presidents, the Secretary to the Board of Directors, the Chief Financial Officer, and other persons as determined by the Board of Directors of the Company. As of the end of the reporting period, the Company had 6 senior management personnel, including one President, Mr. Gu Jianzhong; four Vice Presidents, namely Mr. Jin Jianhua, Mr. Zhang Hongbiao, Mr. Gu Xianbin, and Mr. Shen Dong; and one Secretary to the Board of Directors and Chief Financial Officer, Mr. Yao Xiaogang.

VIII. Employees of the Parent Company and Major Subsidiaries

(I) Employees

Unit: persons

Total number of employees in the parent Company and major subsidiaries	11,800
Number of employees in the parent Company	9,821
Number of employees in major subsidiaries	1,979
Number of outgoing and retired employees of parent Company and major subsidiaries	3,034
Professional composition of employees in the parent Company	
Management	1,561
Bank business personnel	7,081
Technical personnel	834
Administrative personnel	345
Professional composition of employees in the parent Company	
Management	999
Bank business personnel	6,455
Technical personnel	2,367

Note: The number of employees includes labor dispatchers (including rehired personnel).

(II) Remuneration Policy

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 357 million and RMB 6,329,300 deferred pay for performance was deducted for certain reasons.

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

(III) Training Programs

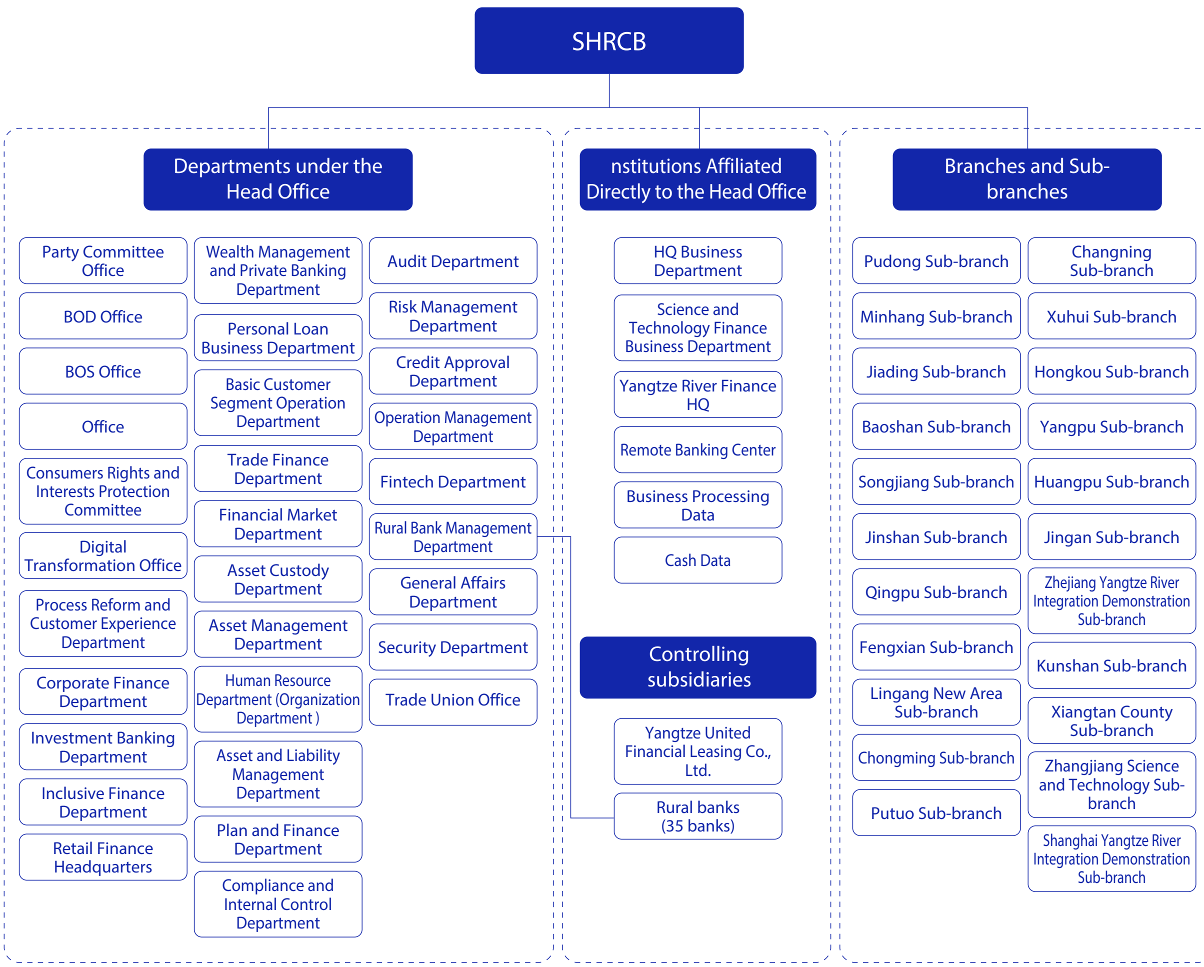
During the reporting period, the Company focused on building a high-quality, multi-skilled management team and a professional, knowledge-based core talent pool. We implemented employee training programs in a tiered, categorized, and refined manner to continuously enhance employees' overall quality and professional capabilities. In terms of management training, we strengthened Party building and ideological leadership and improved job performance capabilities. We thoroughly studied and understood the spirit of General Secretary Xi Jinping's series of important speeches and instructions, and systematically carried out online learning and offline training for middle and junior management personnel. We also implemented special training for newly appointed middle management and section-level team leaders to help them transition into their new roles and improve their business management capabilities. For professional talent, we focused on core job competencies, systematically planed and orderly advanced tiered training programs for public finance, retail, operations, technology, and other business lines, and empowered business development through enhanced professional capabilities. For talent reserve team building, we implemented projects such as young backbone training, new employee onboarding training, and management trainee programs to strengthen talent reserves and cultivation.

(IV) Labor Dispatch

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

Total number of working hours for labor outsourcing	6,868 person-months
Total compensation paid for labor outsourcing	RMB175 million

IX. Company Organization Chart



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

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

During the reporting period, the implementation of the Company's 2023 annual and 2024 interim profit distribution plans was strictly carried out in accordance with the relevant provisions of the Company's Articles of Association and the resolutions of the 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) 2024 Profit Distribution Proposal

1. Statutory surplus reserve is accrued at 10% of the Company's audited net profit of RMB 12.003 billion for 2024, amounting to RMB 1.2 billion.

2. General risk reserve is accrued at the difference between accrued reserve and 1.5% of the risk asset balance at the end of the period, amounting to RMB 0.922 billion.

3. As a result of the above profit distribution, the Company's balance of undistributed profit as of December 31st, 2024 was RMB 33.797 billion. The discretionary surplus reserve of RMB 8 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 1.93 (including tax) per 10 ordinary shares will be distributed, totaling RMB 1.861 billion (including tax). In addition to the cash dividend of RMB 2.305 billion (including tax) distributed in the first half of 2024, the cumulative cash dividend distributed in 2024 amounted to RMB 4.166 billion (including tax). After the above-mentioned distribution, the remaining undistributed profits are carried forward to the next year. In 2024, the Company does not issue bonus shares and does not convert capital reserve to share capital.

The above-mentioned profit distribution proposal is subject to the review by the 2024 shareholders' meeting.

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

1. Cash Dividend on Ordinary Shares

Unit: RMB 000

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 (%)
2024	-	4.32	-	4,166,400	12,288,156	33.91
2023	-	3.79	-	3,655,244	12,141,958	30.10
2022	-	3.42	-	3,298,400	10,974,378	30.06

2. Cash Dividend on Ordinary Shares for the Last 3 Fiscal Years

Unit: RMB 000

Cumulative cash dividends paid (including taxes) for the last three fiscal years (1)	11,120,044
Cumulative amount repurchased and canceled for the last three fiscal years (2)	-
Cumulative amount of cash dividends paid and shares repurchased and canceled for the last three fiscal years (3) = (1) + (2)	11,120,044
Average annual net profit for the last three fiscal years[1] (4)	11,801,497
Cash dividend ratio (%) for the last three fiscal years (5) = (3) / (4)	94.23
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements for the last fiscal year	12,288,156
Undistributed profit at the end of the last fiscal year in the parent company's financial statements	35,919,469

Note: 1. The average annual net profit is the average net profit attributable to ordinary shareholders of listed companies in the consolidated statements.

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

The Company has no controlling shareholders.

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

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

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

XIII. Internal Control

During the reporting period, the Company continued to establish and improve its internal control management system, made efforts to strengthen the construction of the internal control system, reinforced the top-level design of the system and consolidated the compliance foundation for business development.

First, the internal control system was continuously improved. We revised the system related to the evaluation of internal control of the Company, strengthened the orientation of compliance management, further clarified the standardized requirements for the evaluation of internal control, and continuously improved the accuracy, effectiveness and systematic nature of the evaluation of internal control.

Secondly, we focused on promoting the digitalization and intelligentization of compliance and internal control. We iterated and optimized the functions of the intelligent compliance management system, developed and successfully launched a system robot to provide digital and intelligent support for all employees to access rules and regulations and business process requirements at any time, continued to promote the construction of the CIS system's off-site module, optimized the new related party transaction management system, and continuously improved the digitalization and intelligentization of compliance and internal control.

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

The Board of Directors of the Company reviewed and approved SHRCB's 2024 Annual Internal Control Evaluation Report. The Company maintained effective internal controls in all material aspects of financial reporting and non-financial reporting, and the internal control was generally operating well and in compliance with the relevant requirements for information disclosure by listed companies, and there were no material or significant internal control deficiencies. For the general internal control deficiencies identified in the internal control evaluation, the Company has taken active measures for rectification.

KPMG Huazhen（LLP）has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2024 and issued the Audit Report on Internal Control of SHRCB with unqualified opinion.

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

XIV. Internal Audit

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

During the reporting period, the Company strengthened the political guidance of the Party Committee Audit Work Leading Group over internal audit work, deepened the integration of "audit, discipline, and inspection," and promoted the complementary advantages and coordinated efforts of various supervisory forces. It implemented centralized management of internal audit, further establishing a centralized, unified, comprehensive, authoritative, and efficient internal audit supervision system. Internal audit focused on ensuring the implementation of macro policies, closely following the company's strategy, internal and external risks, and regulatory concerns, with a focus on inclusive finance, market risk, capital management, authorization management, information systems, cybersecurity, and the economic responsibilities of leading cadres； promoted the transformation of audit work, conducted research-oriented audits from multiple perspectives, and continuously expanded the depth and breadth of audit supervision. We have continued to advance the iteration of the next-generation audit system, restructured the model management mechanism, enhanced the efficiency of audit projects, and leveraged digital technology to drive the development of audit business. We have further improved the audit rectification work mechanism, strengthened the implementation of rectification responsibilities, deepened the application of audit results, and provided a strong guarantee for the company's steady operations and high-quality development.

XV. Information Disclosure and Insider Information Management

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

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

During the reporting period, the Company disclosed four regular reports, 53 interim announcements, and 99 announcement documents, of which voluntary disclosures accounted for over 25%. The content of the announcements covered major matters such as resolutions of the Company's "three meetings," profit distribution, listing of restricted shares for trading, share price stabilization, quality improvement, efficiency enhancement, and return on investment, as well as share purchases by directors, supervisors, and senior management, and records of investor relations activities. No errors or omissions in information disclosure occurred. In addition to conventional disclosure channels, the Company actively explored and adopted formats such as H5 and WeChat long images to centrally display key data indicators from regular reports, thereby enhancing the reading experience for investors.

During the reporting period, the Company strictly implemented the relevant regulatory provisions on information disclosure for listed companies and continued to optimize and improve its information disclosure management system. At present, it has established a relatively complete information disclosure system, including the information disclosure management measures, the management measures for insiders with access to inside information, the internal reporting of major information, the management measures for external auditing of annual reports, the measures for investigating and handling major errors in the disclosure of annual reports, and the procedures for the preparation of regular reports. In terms of regular reports, we focused on value transmission, optimized the content and logic of the presentation, enhanced visualization and readability, and improved the effectiveness of disclosure. In terms of interim announcements, we organized and carried out self-assessments of internal reporting of major information, and improved the timeliness and accuracy of reporting of major sensitive information through notifications and reminders on an irregular basis, effectively preventing insider trading risks and continuously strengthening the foundation of information disclosure management.

During the reporting period, the Company received an A rating in the Shanghai Stock Exchange's information disclosure evaluation and was awarded the "26th China Securities Journal Golden Disclosure Award for Listed Companies." It was also recognized as the "2024 Best Practice Case for Listed Company Boards" and the "2024 Best Practice Case for Listed Company Board Offices" by the China Association for Public Companies, and as the "2023 Best Practice Case for Corporate Governance and Internal Control of Shanghai-listed Companies" by the Listed Companies Association of Shanghai.

XVI. Investor Relations Management

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

During the reporting period, the Company held a total of three results briefings. The Company hosted its 2023 Annual Results Briefing themed "Steady Progress and Building Momentum for Transformation" in a hybrid format combining live video streaming, on-site interaction, and online text-based interaction, attracting nearly 500,000 views. The Company actively participated in the 2024 Shanghai

Regional Listed Companies Collective Reception Day and Mid-Year Results Briefing, as well as the Third-Quarter Results Briefing, and engaged in online interactions with a wide range of small and medium-sized investors.

During the reporting period, the Company adhered to the principle of combining "going out" with "bringing in," and for the first time organized a suburban financial special event, an overseas investor special event, a shareholder engagement for small and medium-sized investors, and an ESG investment exchange activity, driving the recognition of the Company's suburban advantages, science and technology innovation characteristics, and stable operations by domestic and international investors; actively participated in investment strategy meetings and exchange sessions organized by securities firms, received visits from securities analysts and institutional investors, and proactively conducted roadshows and visits to multiple institutions, and reached over 800 institutional investors through various investor communication activities throughout the year. The Company placed great importance on protecting the rights and interests of small and medium-sized investors. During the reporting period, it completed the optimization and refresh of the investor relations section on its official website, received over 100 calls from small and medium-sized investors throughout the year, and achieved a 100% timely response rate for "e-interaction," fully meeting the communication needs of institutional and small and medium-sized investors.

During the reporting period, the Company was awarded the "Best Practice in Annual Report Performance Briefing for Listed Companies in 2023" by the China Association for Public Companies, the 15th China Listed Companies Investor Relations Tianma Award, the 2024 China Listed Companies Inghua Award "A-Share Value Award," the P5w Net Investor Relations Gold Award (2023) "Outstanding IR Chairman" and "Outstanding ESG Value Communication Award," as well as the "Best Capital Market Communication Award" and "Best ESG Award" at the 8th China Excellence in IR Annual Awards held during Roadshow China. These honors have effectively enhanced the capital market's recognition of the Company.

XVII. ESG Management

The Company adheres to the political and people-oriented nature of finance, continuously enhancing its financial expertise. With the mission of "inclusive finance for a better life," it upholds the core values "value virtue and goodness, benefit the city and the people, pursue excellence with diligence, and realize the shared dream of harmony". Aligning with the strategic goal of "building a model bank for ESG management," the Company fully integrates environmental, social, and governance (ESG) factors into its development strategy and operational management, dedicated to serving the real economy, agriculture, rural areas, farmers, small and medium-sized enterprises, science and technology innovation, and community residents. We work diligently and with a pragmatic attitude to fulfill our social responsibilities. During the reporting period, our ESG performance received high external recognition, with MSCI and Wind ESG ratings maintaining an A grade, CSI ESG rating at AA. and Huazheng ESG rating at AAA, maintaining a leading position among listed banks nationwide. For further details on the Company's fulfillment of its social responsibilities, please refer to the "SHRCB 2024 Annual ESG Report" published on the Shanghai Stock Exchange website (www.sse.com.cn) and the Company's website (www.shrcb.com).

During the reporting period, the Company established a top-down, clearly structured ESG governance framework that comprehensively covers all levels of governance, management, and execution. It has established a long-term ESG governance mechanism and conducted ESG management work in a solid and orderly manner to promote high-quality sustainable development.

Decision-making layer

The Board of Directors, as the highest governing body for ESG, has established a Strategy and Sustainability Committee, whose primary responsibilities include:

- Making decisions on sustainability strategies and policies related to social responsibility, green and low-carbon initiatives, and other sustainability-related matters;
- Reviewing and approving ESG-related proposals;
- Reviewing reports on the bank's ESG management and external ratings;
- Monitoring, inspecting, and evaluating the implementation of ESG and sustainability-related strategies.

Management layer

The management has established an ESG Working Group, which oversees the Green Finance Working Group and the Social and Governance Working Group. These groups are responsible for the key ESG tasks across the Bank, with the following main responsibilities:

- Formulating ESG-related development goals, policies, and management systems;
- Making decisions on important matters related to ESG, such as organizational structure, development direction, resource allocation, and incentive mechanisms.

Execution layer

The BOD Office leads the specific implementation of ESG work across the entire Bank. Its main responsibilities include:

- Promoting the implementation of ESG system construction and management improvement across the entire Bank;
- Responsible for ESG-related policy communication, action guidance, and information disclosure.

Operating institutions: The 18 head office departments, branches, and subsidiaries that are under the ESG Working Group shall actively perform their duties and jointly promote the implementation of specific ESG work.

(I) Environment

The Company has implemented the national green development concept and the goal of "carbon peaking and carbon neutrality", actively embraced green transformation and change, incorporated the green development concept into its overall strategy, committing to build a green finance brand with rural commercial characteristics.

The Company attaches great importance to sustainable development management, incorporates ESG elements into its development strategy and business strategy, and has established a three-level governance structure for sustainable development, including "decision-making layer-management layer-execution layer". The Board of Directors is the highest leading body of ESG in the Bank, and a Strategy and Sustainable Development Committee is set up to promote ESG management in an overall way.

1. Enhancing environmental and climate risk management

The Company attaches great importance to environmental and climate risk management, strengthens the top-level design and strategy formulation of green finance and environment (climate), proactively identifies, evaluates and manages environmental (climate) risks and opportunities, continuously enriches the green financial products and service system, releases new momentum for innovation and development, strengthens the Company's resilience to environmental and climate risks, and provides high-quality assistance to realize the "dual carbon" goals of carbon peaking and carbon neutrality. "

First, with digital transformation as the starting point, we continue to improve and upgrade the green financial management system. Comprehensively docking with the bank's business system, the Company has successfully launched the core functions of green finance, such as green intelligent labeling, environmental benefit measurement, environmental and social risk management, and data statistics report, etc., embedded the green identification into the business system, and realized the full-process management of green identification before, during, and after the loan. It introduces external ESG rating data of credit bond in the whole market, carries out ESG rating and early warning monitoring, and creates a digital management system for green finance.

Second, improve ESG risk prevention and control system and integrate environmental risk management into the whole process of credit business. Differentiated credit policies have been formulated for such industries as agriculture, biodiversity, electric power, public utilities, and oil and gas, and credit support has been stepped up in such key areas as green agricultural and rural construction, new energy, green and smart transformation of petrochemicals, and the protection of ecosystems and biodiversity.

Thirdly, carry out the measurement of environmental benefits of green assets, including the full amount of green project loans and green bonds, further expanding the scope of measurement compared with the previous year. Carbon emission measurement was conducted at the investment and financing level of the Company and at its own operational level, and climate risk stress tests were conducted for the eight high-carbon emission industries and other customer companies in Shanghai that are included in the management of carbon emission quotas to quantitatively measure the climate risk exposure.

Fourthly, strengthen the disclosure of environmental and social information and enhance ESG management through disclosure for action. Regularly disclose corporate environmental, social and governance (ESG) information and fulfill disclosure obligations. Targeted disclosure of environmental dimension information, release of special reports on environmental information disclosure and self-assessment reports on responsible banking, and timely feedback of information related to the Company's sustainable development to domestic and international investors and stakeholders. Opened an ESG column on the Company's official website to update the latest ESG information at in real time and continuously improve the breadth, depth and effectiveness of ESG information disclosure.

2. Accelerate green finance

The Company continues to promote the comprehensive and synergistic development of green finance, enhance its ability to serve green transformation, build a green financial service system and facilitate the realization of the "dual carbon" targets. During the reporting period, the Company strongly supported and cultivated green industries and promoted industrial upgrading and ecological environment improvement through financial instruments such as green credit, green bonds, green leasing and green investment banking.

In terms of green credit, the Company focuses on energy conservation and environmental protection, clean production, clean energy, ecological environment, green upgrading of infrastructure and green services. The Company has also secured the nation's first financial loan for the transformation of the chemical industry. In respect of green bonds, the Company has continued to enrich the investment varieties of green bonds, strengthened the identification, assessment and management of green product projects, and ensured that the funds raised were specifically invested in green and sustainable development areas. During the reporting period, the Company created the first interbank "Yangtze River Delta Green Commercial Bond Basket", which contributed to the realization of the regional carbon peak and carbon neutrality targets and the sustainable development of the Yangtze River Delta region. In terms of green leasing, the first inter-bank repurchase transaction by a non-bank financial institution in support of green business was conducted. By way of pledge-type repurchase transaction, funds were raised to assist in the development of green business and reduce the cost of green financing. In terms of green investment banking, we took the lead in underwriting 24 Ronghe Financing MTN003 (Carbon Neutral Debt), which is specifically used to replace green loans, and is expected to achieve an annual carbon dioxide emission reduction of 85,800 tons.

3. Actively practice green operation

The Company attaches great importance to green operation management, integrates green operation into all business and operation areas of the Bank, and is committed to building the brand image of a "green bank" and endeavoring to minimize the operational impact on the environment.

In respect of green office, the Company has continued to promote energy saving and carbon reduction, water conservation, paperless office, garbage classification and waste management, advocated green office, enhanced employees' awareness of environmental protection, and made positive contributions to green environmental protection and sustainable development. During the reporting period, the Company conducted a comprehensive inventory of all carbon emission sources of all branches over the past three years, clarified the energy management mechanism and consumption of each organization, and assessed the potential for carbon emission reduction based on the results of the mapping and formulated carbon emission reduction measures in an orderly manner. In terms of green outlet construction, the Company has adopted green environmental protection and health-oriented, low-carbon development as its strategic direction in branch construction. We have implemented green outlet construction initiatives and established standardized management processes for refined outlet renovation budgets. The Company has developed its own green outlet construction standards and established a tiered green outlet standard system comprising four levels: "Green Inclusive," "Green Compliance," "Green Demonstration," and "Green Carbon-Neutral." These standards aim to enhance the quality of outlet construction through the integration of green and low-carbon practices. In the pilot phase of green outlet construction, the Songjiang Sijin Branch was awarded the title of "Bank Green Demonstration Branch" by the Shanghai Green Building Association. In terms of green procurement, the Company has actively promoted green supply chain construction. During the supplier selection process, we fully consider environmental protection, resource conservation, safety and health, circular economy, low-carbon practices, and recycling proposal as part of our ESG criteria. Whether suppliers hold carbon neutrality certificates and environmental management system certification (ISO 14001) is one of the key evaluation criteria in the supplier selection process. We have prioritized the procurement of electronic devices with national 3C certification and green environmental protection labels, actively promoted electronic procurement and other online procurement methods, and encouraged suppliers to strengthen carbon emissions and environmental management, contributing to the green and low-carbon transformation of the banking industry.

(II) Social

1. Enable social governance

First, we are building a comprehensive service network. The Company has created the "Heart Home" public welfare service project brand to achieve the financial integration of social resources, the financial resolution of social issues, and comprehensive services for social needs. By the end of the reporting period, the Company had established 1,001 "Heart Home" public welfare service stations. Meanwhile, we have established "Heart Home" public welfare service demonstration sites in various districts, building a comprehensive service network with over 360 business outlets as the backbone, "Heart Home" public welfare service stations as support. All stations conduct over 1,000 regular and diverse public welfare service activities each month, totaling 16,000 activities throughout the year.

Second, we focus on services for special groups. Through the 'Heart Home' project, we pay special attention to the elderly, teenagers, and new residents, providing targeted and diverse services. For the elderly, services include free medical consultations and health education lectures; for teenagers, services include children's financial literacy courses and family education seminars; in areas with a high concentration of new residents, "Heart Home" community public welfare service stations and "New Industry Stations" have been established to provide convenient and beneficial services.

Third, innovate community cooperation models. The Company has innovated community cooperation models, forming a "commercial bank + social organization + street community" co-construction and co-governance model to jointly build and improve the "Heart Home" public welfare service brand and help communities bridge the "last mile" of basic livelihood In cooperation with the Seventh People's Hospital affiliated with Shanghai University of Traditional Chinese Medicine, the Company opened the "Heart Home Famous Doctor Studio" at the "Heart Home" demonstration site in the Donglang Gumei Party-Public Service Center in Xuhui District to provide high-quality health service platforms for community residents.

Fourth, strengthen the construction of an accessible environment. The Company is committed to enhancing the accessibility of its service outlets to provide convenient and considerate services for customers with disabilities. During the reporting period, we actively developed our third accessibility-friendly service outlet—the Putuo Shiquan Branch—strictly adhering to national accessibility standards. This includes the construction of accessible parking spaces for motor vehicles, wheelchair ramps, low-height service facilities, accessible self-service banking terminals, and accessible restrooms, achieving the integration of "tangible convenience" and "invisible care." Additionally, we have developed and promoted intelligent machines with embedded remote audio-visual service functions to enhance the accessibility of self-service financial services for people with disabilities.

Fifth, we are building elderly-friendly service outlets. The Company is comprehensively advancing the construction of specialized outlets for elderly financial services, integrating the needs of elderly customers, and upgrading all elderly-friendly outlets from both

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hardware facilities and service systems to further enhance the level of elderly-friendly financial services. By the end of the reporting period, the Company had established over 300 elderly-friendly service outlets and 55 specialized elderly financial service outlets, establishing a multi-tiered service mechanism for elderly customers and creating a distinctive financial service brand, ensuring that services for elderly customers are both innovative and heartfelt.

Sixth, upgrade services for elderly customers. Through four elderly-friendly "micro-renovations," we have upgraded the hardware of specialized elderly financial service outlets, further enhancing their service capabilities. Based on the core service needs of the elderly, we have established a "six-specialized" service system to provide elderly customers with distinctive outlet-specific services. As of the end of the reporting period, the Company served over 4 million elderly customers aged 60 and above in Shanghai, covering approximately 70% of the permanent elderly population in the Shanghai region.

2. Serving rural revitalization

As a leading provider of financial services for agriculture, rural areas, and farmers in Shanghai, the Company focuses precisely on the financial service needs of agriculture and continuously innovates financial products and service models.

First, we continue to improve the agriculture financial governance framework, establishing an agriculture financial governance framework that includes the governance layer, management layer, and execution layer, clarifying the responsibilities of each layer to ensure the effective implementation of the agriculture financial strategy. Through deepening Party building cooperation to promote rural revitalization, we enhance the proposal of financial services for rural revitalization, strengthen agricultural-related performance evaluation and incentives, and ensure that all policies and processes take root and bear fruit.

Second, facilitating the building of a rural credit system, we increase efforts to evaluate credit towns and villages, complete the evaluation of 268 credit villages and 9 credit towns (townships), add 109 credit villages and 5 credit towns this year, and actively grant credit of over 200 million yuan to more than 1,000 village residents in credit villages, effectively enhancing the organizational capacity of grassroots organizations and the "blood-building" function of the village-level collective economy.

Third, we have carried out in-depth township and village research and collaboration, launched the "100 Towns in 100 Days" series of activities, visited and researched 108 townships in Shanghai, signed cooperation agreements, formulated "one township, one policy" financial service plans, and provided comprehensive and multi-level financial services and support. Meanwhile, we have innovatively launched "rural revitalization financial products" with exclusive benefits for credit villages, reduced fees and profits, and met the financial needs of villagers.

Fourth, we have formulated a rural financial service plan and a "1+4" service system, including four major systems: rural revitalization grid-based credit evaluation, comprehensive financial services for entire villages, "Heart Home" public welfare grid-based services, and rural revitalization empowerment. We have developed a "Points + Finance" service plan, which has been piloted in Baihe Town, Qingpu District, Shanghai. By quantifying villagers' behavior through points, we provide tailored wealth management products and differentiated deposit interest rates, effectively leveraging technology to enhance rural governance and promote the prosperous development of the rural economy.

3. Consolidate and scale the results of poverty alleviation

The Company actively promotes East-West collaboration and counterpart assistance, etc., and endeavors to promote the development of poverty-stricken areas and the improvement of people's lives, so as to continuously consolidate and scale the results of poverty alleviation.

Facilitate the construction of the countryside and put people's livelihoods into practice. The Company has maintained its twinning support relationship with Maguan County, Wenshan Prefecture, Yunnan Province. Focusing on the proposal of rural infrastructure construction and collective economic development, the Company donated RMB 600,000 to support the construction project of irrigation facilities for the kumquat planting base in Bazhai Town, Maguan County and the repair and construction project of the village-level party service center in Renhe Town, which helped develop rural industries and improve the living conditions of the people. Continuing to carry out a new round of comprehensive rural assistance with Chongming District (2023-2027), we donated RMB 10 million for the investment and construction of comprehensive rural assistance projects to support the development and growth of rural specialty industries.

Focus on children's growth and deliver warmth and care. The Company donated 400,000 RMB to carry out public welfare activities to care for children in rural villages, helping four elementary school in Yunnan Province, including Dancao, Jianshui, Songming, and Ruili, respectively, constructing, improving, or upgrading the reading areas of the schools, and carrying out public welfare activities such as "Little Financiers" and "Growing up under the National Flag", and continued the three sub-programs of "Shanghai Books", "Shanghai Classroom", and "Shanghai Care". Different cultural and sports facilities were purchased according to the characteristics and needs of the four schools, helping to improve the quality of teaching in rural areas.

4. Strengthen information security and privacy protection

The Company strictly follows relevant national laws and regulations, improves the information security governance structure, establishes a special network security and informationization leading group, implements the "lead" responsibility system, and makes it clear that the chairman of the board of directors is the first person responsible for network security. A management system covering all business lines of the Bank has been formulated, specifying the requirements for data security management throughout the life cycle, including collection, transmission, storage, use, deletion and destroy. During the reporting period, no cybersecurity incident or sensitive data leakage affecting business occurred.

With respect to data security risk prevention and control and emergency response, the Company has constructed a comprehensive network security protection system, deployed a variety of security equipment and software, such as firewalls, intrusion detection, data leakage prevention systems, etc., and constructed a network security active defense platform, which was docked with the People's Bank of China's network security situational awareness platform. We have established an emergency response mechanism for data leakage, formulated special contingency plans, set up an external risk information monitoring mechanism, and regularly conducted network security attack and defense drills and anti-phishing email drills to enhance employees' security awareness and emergency response capabilities.

With respect to personal privacy protection measures, the Company has established a personal information protection organization structure, forming a "1+2+N+1" working model [28], and formulated a number of personal information protection policies covering the entire life cycle of personal information handling. With respect to the collection, use and retention of personal information, the Company follows the principle of minimum necessity, strictly controls access privileges, and employs encryption, de-identification and other technical means to safeguard information security. The Company safeguards the legitimate rights and interests of customers to inquire, correct and delete their personal information, and has established a convenient mechanism for accepting and processing applications from individual customers to exercise their rights.

With respect to data security management of third parties and suppliers, the Company implements strict data security management for third parties and suppliers, requiring them to sign confidentiality agreements to ensure that data processing complies with the Bank's security policy. The Company conducts due diligence on vendors to verify their data security compliance prior to cooperation, and regularly monitors and evaluates the vendors during the course of cooperation to enhance their awareness of information security. In addition, the Bank conducts information security training for employees and outsourced personnel to enhance overall security awareness.

5. Strengthening consumer rights and interests protection

The Company deeply implements the development idea of "people-centricity", adheres to the strategy of "customer-centricity", deepens the concept of "big consumer rights and interests protection", and integrates the work of consumer rights and interests protection with corporate governance, enterprise culture construction and business development strategy. The Company has integrated its consumer rights and interests protection work with its corporate governance, corporate culture and business development strategy, fulfilled its main responsibility of consumer rights and interests protection, and effectively protected the legitimate rights and interests of financial consumers.

The Company has always made the management of consumer complaints a key focus of its work. It has formulated the "Administrative Measures for Handling Consumer Complaints of SHRCB", "Administrative Measures for Handling Reports on Violations of Laws and Disciplines of SHRCB" and other systems, and has publicized the information on complaint acceptance channels through various channels such as its business outlets, official website and mobile banking, etc., and has continued to improve its complaint handling process and smooth out the channels for handling consumer complaints. During the reporting period, the Company received a total of 5,874 consumer complaints, with a 100% response rate. The complaints were mainly related to the business areas of personal loans, debit cards and credit cards. Distributed by region, there were 5,805 cases in Shanghai and 69 cases in other regions of China (Kunshan, Jiangsu, Jiashan, Zhejiang and Xiangtan, Hunan).

The Company attaches great importance to the building of professional capacity in consumer rights and interests protection, provides consumer rights and interests protection training to all relevant customer-facing employees, further increases the frequency of training on consumer rights and interests protection topics for personnel in positions with frequent customer complaints and higher risks, and conducts bank-wide training and testing on what should be known and understood on consumer rights and interests protection topics. During the reporting period, the Company conducted a total of 230 online and offline consumer rights and interests protection training sessions for 19,450 participants, with a per capita training duration of 19 hours.

[28] "1+2+N+1" working mode, i.e. the Consumer Rights and Interests Protection Committee of the senior management is responsible for promoting the protection of personal information in an all-round way; 2. There is a Consumer Protection Compliance Group and a Data Security Group. N means n business lines, which gradually integrate laws, regulations and regulatory requirements related to personal information protection into the business line management process from two dimensions: protecting the rights and interests of personal information subjects, ensuring security measures and technical means; 1 that is, at least one special post is set for each business line.

The Company has condensed the culture of consumer rights and interests protection, deeply planted the brand effect of consumer rights and interests protection, expanded the coverage of financial education with "Heart Home" public service stations and basic business outlets, and regularly carried out knowledge-sharing activities on the theme of consumer rights and interests protection, and carried out more than 6,800 on-line and off-line financial education and publicity activities of various kinds during the reporting period, reaching 4.67 million financial consumers. During the reporting period, over 6,800 online and offline financial education and publicity activities of various kinds were conducted, reaching 4,671,200 financial consumers.

6、Care for employee development

The Company strictly complies with relevant laws and regulations and has formulated internal systems covering various aspects such as employee rights and interests protection, diversified and equal employment, talent planning and career development, etc., in order to provide comprehensive rights and interests protection and development support for employees.

With regard to the protection of employees' rights and interests and communication mechanisms, the Company resolutely eliminates illegal practices such as child labor and forced labor, and ensures that the recruitment process is legal and compliant. We have a democratic management system centered on the Employee Representative Congress, and we listen to the opinions of our employees through a variety of channels, such as dedicated mailboxes, telephone hotlines, office software platforms, and the "Bank Leaders' Reception Day," in order to safeguard employees' rights to know, participate, and supervise.

In terms of diversity and equal employment practices, the Company is committed to creating a diverse, equal and inclusive work environment, and explicitly resists any form of unfair behavior in recruitment, training and proposal. It actively promotes the protection of the rights and interests of female employees. At the end of the reporting period, female employees accounted for 53.22% of the workforce, and female managers accounted for 48.87% of the workforce. Paying keen attention to the employment needs of the disabled and special groups, employing a total of 14 disabled employees.

With regard to the talent attraction and career development system, the Company has formulated a number of human resources strategic plans to clearly synchronize the development of talents with the Bank's strategy. Through the "dual-channel" proposal mechanism and internal transfer mechanism, we provide employees with a clear career development path. We have launched the "Xin Experience" internship program and the FINTECH trainee program to attract outstanding talents and optimize the construction of the talent team. During the reporting period, the total number of new employees was 753, accounting for 7.67% of the total number of employees, and the employee turnover rate was 2.71%, a decrease of 32.9% compared with the previous year.

In terms of talent cultivation and welfare protection, we build a comprehensive employee training system covering new employee orientation training, leadership training, professional skills training, etc., and implement education subsidy mechanisms for academic upgrading and professional qualification examinations. By providing a market-competitive remuneration system, including fixed remuneration, variable remuneration and benefit income, we have established a full-process performance management system to ensure fair and transparent appraisals.

In respect of employee health and safety support, the Company pays great attention to the physical and mental health of its employees, establishes an occupational health checkup system, provides psychological care self-help services and builds an all-round psychological health support network. During the reporting period, the number of work injury cases decreased by 34.8% year-on-year compared with the previous year, and there were zero major work accidents, creating a safe and healthy workplace environment.

7. Enthusiasm for public welfare and charity

Focusing on children's financial education and lighting up the volunteer service brand. We have consolidated the public welfare brand of "Little Financier for a Better "Xin" Life", and optimized the content of the curriculum by integrating the concepts of ESG sustainable development, red financial literacy and traditional culture. During the reporting period, the training of financial guidance teachers and volunteers was conducted, bringing joyful and meaningful financial activities to more than 20,000 children in more than 600 summer care classes. In January 2025, the "Little Financier" children's special public service point was awarded the first batch of child-friendly special practice points in Shanghai.

Carrying out school soccer public welfare and painting a picture of ethnic integration. During the reporting period, the Company carried out the "Hupei" program for youth soccer in Rikaze, Tibet and donated RMB 500,000, and carried out the "Soccer Dream" program for youth soccer in Karamay, Xinjiang and donated RMB 600,000, helping the development of youth soccer player training and sports education in Rikaze, Tibet and Karamay, Xinjiang.

Spreading the traditional culture of intangible cultural heritage and enhancing cultural self-confidence. The Company has cooperated with the Shanghai Children's Art Theatre of China Welfare Institute to carry out the "Intangible Cultural Heritage for Children" traditional Chinese culture publicity activities, launching Sichuan Opera special performance and culture week to popularize aesthetic education and enhance the cultural self-confidence of young people. During the reporting period, the special Sichuan opera performance attracted 300 groups of families and more than 800 participants.

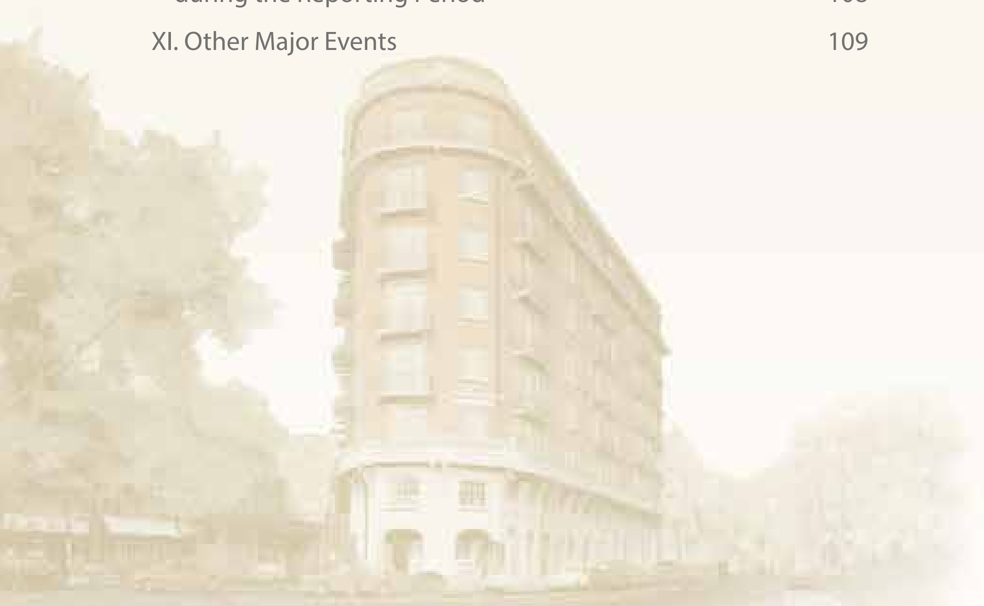
(III) Governance

With sound governance as the cornerstone, the Company practices the core values of "integrity, responsibility, innovation and win-win", adheres to its responsibility, upholds business ethics, strengthens internal control and risk management, and promotes sustainable development through high-quality governance, contributing its financial strength to the stability and prosperity of the economy and society. The Company continuously improves and strengthens its governance mechanism, reinforces the construction of the Board of Directors, fulfills its information disclosure obligations in a timely manner, protects the legitimate rights and interests of investors, and is committed to achieving sound and sustainable operations through high standards of corporate governance. In accordance with the "Measures for the Assessment and Management of Professional Managers of SHRCB", the Company has set assessment indicators in terms of operational efficiency, development and transformation, social responsibility, compliance, risk management, etc., and has established a strategic OKR evaluation mechanism for senior management personnel, which focuses on the process evaluation and the evaluation of the contribution of strategic value, and meanwhile, has included indicators related to sustainable development, such as financial inclusion, green lending, anti-money laundering, and the protection of consumer rights and interests, etc., into the assessment of remuneration for senior managers, guiding senior management to focus on long-term value creation and fulfillment of social responsibilities.

The Company adheres to the responsibility of compliance management, focuses on risk prevention and control, aims to improve the quality of risk management, establishes a long-term mechanism for internal control and compliance management, fosters a culture of compliance management, and actively practices the concept of compliance management. The Company resolutely implements the major decisions and deployments of the CPC Central Committee on the construction of clean government and the fight against corruption, always maintains a strict tone, strict measures and strict atmosphere, grasps the strategy of promoting the policy of not daring to corrupt, not being able to corrupt, and not wanting to corrupt as a whole, strengthens the political supervision, improves the supervision and discipline, strengthens the education of integrity, resolutely curtails the breeding of the problem of corruption, and creates a clean and upright financial ecological environment.

05

Major Events



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

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

Commitment background	Type of commitment	Commitment party	Main content of commitment	Commitment time	Yes/No deadline for performance	Commitment duration
Commitments related to the IPO	Restriction on sale of shares	Shareholders who hold more than 51% of the shares in aggregate in order before the issuance, shareholders who added shares by way of capital increase six months before the date of IPO filing, employee directors, employee supervisors and senior management who hold shares of the Company, and natural person shareholders who hold more than 50,000 shares of the Company's internal staff shares with confirmed rights.	Restrictions on the circulation of shares held by shareholders prior to the issuance of the Company and the shareholders' commitment to voluntarily lock up their shares (please refer to the prospectus of the Company's IPO (A shares) for details).	At the time of the Company's initial public offering	Yes	Lock-up period after listing
Other commitments	Restriction on sale of shares	Senior management and certain directors and supervisors of the Company	During the period from August 19 to October 24, 2022, purchased shares of SHRCB's ordinary stock from the secondary market with own funds, which were locked in for two years from the completion date of shareholding increase plan.	When buying the Company's shares	be	Two years from the date of completion of shareholding increase plan
Other commitments	Restriction on sale of shares	Senior management of the Company	During the period from October 30, 2023 to November 1, 2023, purchased shares of SHRCB 's ordinary stock from the secondary market with own funds, which were locked in for two years from the date of purchase.	When buying the Company's shares	be	Two years from date of purchase
Other commitments	Restriction on sale of shares	Senior management and certain directors and supervisors of the Company	During the period from August 19, 2024 to December 4, 2024, purchased shares of SHRCB's ordinary stock from the secondary market with own funds, which were locked in for two years from the completion date of shareholding increase plan. (December 4, 2024).	When buying the Company's shares	be	Two years from the date of completion of shareholding increase plan
Whether the commitment is strictly fulfilled in a timely manner			be			
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

Refer to note III of the financial report for details.

V. Appointment of Accounting Firm

The Company has engaged KPMG Huazhen (LLP) as its external auditor for 2024.

	current appointment
Name of the auditor	KPMG Huazhen (LLP)
Remuneration for the auditor	RMB 3.7 million
Terms of audit	3 years
Name of CPA of the auditor	Li Ying, Zhang Chenchen
Cumulative number of years of auditing services by certified public accountants of accounting firms	Li Ying (3 years), Zhang Chenchen (1 year)

	name (of a thing)	Remuneration
Internal control audit accounting firm	KPMG Hua Zhen CPA (Special General Partner)	RMB 650,000

VI. Major Litigation and Arbitration

During the reporting period, there were no material litigation or arbitration matters.

The Company was involved in legal proceedings in the course of its daily operations, most of which were initiated for the purpose of recovering non-performing loans. At the end of the reporting period, there were 71 lawsuits filed by the Company as plaintiff that were still pending for adjudication, involving an amount of RMB 2.742 billion. There were 11 lawsuits in which the Company was sued as a defendant that were still pending for adjudication, involving an amount of RMB 6 million. The Company believes that the above lawsuits and arbitrations will not have a material adverse effect on the Company's financial or operating results.

VII. Related-party Transactions

(I) Overview of Related-party Transactions

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

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

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

(II) Approval of Major Related-party Transactions

The Company has reasonably estimated the amount of daily related-party transactions and carried out significant related-party transactions for the year 2024 by category in accordance with the relevant regulations of the National Financial Regulatory Administration, the China Securities Regulatory Commission and the Shanghai Stock Exchange and has fulfilled the corresponding approval and disclosure procedures by the Board of Directors or the shareholders' meeting. Details are as follows:

After the approval at the 30th Meeting of the 4th Board of Directors, the "Proposal on the Deposit-type Related-party Transaction Plan of the Company for the Year 2024" was agreed. For details, please refer to the "Announcement of Resolutions of the 13th Meeting of the 4th Board of Directors of SHRCB" disclosed on the website of Shanghai Stock Exchange (Announcement No. 2024-006).

After the approval of the annual shareholders' meeting of 2023, it was agreed that the estimated amount of daily related-party transactions for 2024 would be RMB 105.259 billion, which would be granted to Shanghai International Group Limited and its corresponding related parties, China COSCO Shipping Group Company Limited and its corresponding related parties, BaoSteel Corporation Limited and its corresponding related parties, Shanghai Jiusi (Group) Company Limited and its corresponding related parties, China Pacific Life Insurance Company Limited and its corresponding related parties, Zhejiang Expressway Company Limited and its corresponding related parties, Taiping & Sinopec Financial Leasing Company Limited, Taiping Fund Management Company Limited and corresponding related parties, Shanghai Guosheng (Group) Company Limited and corresponding related parties, Shanghai Lingang Economic Development (Group) Company Limited , Bright Food (Group) Company Limited, UOB (China) Company Limited. For details, please refer to the "Announcement of SHRCB on the Estimated Amount of Daily Related-party Transactions for the Year 2024" (Announcement No. 2024-018) disclosed on the website of the Shanghai Stock Exchange.

After the approval at the 34th meeting of the 4th Board of Directors, the "Proposal on Related-party transaction with Shanghai Shenbei Jinqi Real Estate Company Limited was agreed. For details, please refer to the Announcement of SHRCB on Related-party Transactions (Announcement No. 2024-032) disclosed by the Company on the website of Shanghai Stock Exchange.

At the 35th Meeting of the 4th Board of Directors, it was approved that the "Proposal on Related-party Transactions with Shanghai International Group Limited", "Proposal on Related-party Transactions with China COSCO Shipping Group Company Limited", "Proposal on Related-party Transactions with China BaoSteel Group Company Limited", "Proposal on Related-party Transactions with Shanghai Jiuzhi (Group) Company Limited", "Proposal on Related-party Transactions with China Pacific Insurance (Group) Company Limited", "Proposal on Related-party Transactions with Shanghai Guosheng (Group) Co. Ltd., "Proposal on Related-party Transactions with Zhejiang Communications Investment Group Co. Ltd.", "Proposal on Related-party Transactions with Shanghai Shendi (Group) Co., Ltd.", "Proposal on Related-party Transactions with SPDP Financial Leasing Co., Ltd." , "Proposal on Related-party Transactions with a Controlled Wealth Management Subsidiary of SPDB", "Proposal on Related-party Transactions with Yangtze United Financial Leasing Co., Ltd.", "Proposal on Related-party Transactions with Shanghai Lingang Economic Development (Group) Co., Ltd.", "Proposal on Related-party Transactions with Bright Food (Group) Co., Ltd.", "Proposal on Related-party Transactions with Shanghai Securities Co., Ltd.". For details, please refer to the "Announcement of SHRCB on Related-party Transactions" (Announcement No. 2024-039) disclosed on the website of Shanghai Stock Exchange by the Company.

After the approval at the 36th Meeting of the 4th Board of Directors, the "Proposal on Adjustment of the Deposit-related Related-party Transaction Plan of Shanghai Jiushi (Group) Co., Ltd." For details, please refer to the "Announcement of Resolutions of the 36th Meeting of the 4th Board of Directors of SHRCB" disclosed on the website of Shanghai Stock Exchange (Announcement No. 2024-046).

(III) Related-party Transactions [29]

At the end of the reporting period, the balance of the Company's credit related-party transaction amounted to RMB18,563,645,300, of which : the balance of the credit related-party transaction to affiliated legal persons amounted to RMB18,373,202,200, and the balance of the credit related-party transaction to affiliated natural persons amounted to RMB190,443,100.

During the reporting period, the Company incurred a total amount of RMB 55,788,500 of related-party transactions in connection with asset transfers, RMB 193,715,700 of related-party transactions in connection with services, and RMB 30,279,136,800 of related-party transactions in connection with deposits and others.

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

[29] According to the statistics of G15 statement definition, the credit balance has excluded margin, bank deposit, treasury bonds and non-principal-protected wealth management business.

VIII. Major Contracts and the Enforcement

(I) Custody, Contracts and Leases

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

(II) Guarantee

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

(III) Entrusted Cash Asset Management

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

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

Not applicable.

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

Not applicable.

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

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

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

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

XI. Other Major Events

(I) Implementation of the development of the valuation enhancement plan

On April 24, 2025, the 3rd meeting of the Board of Directors of the Company in 2025 reviewed and approved the Valuation Enhancement Plan of SHRCB. Firstly, to steadily promote high-quality development with value creation as the core; secondly, to actively engage in market communication with a focus on value transmission; and thirdly, to enhance investor returns with value realization as the goal. For details, please refer to the relevant announcements of the Company published on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Company (www.shrcb.com).

(II) Implementation of the special action program "Improvement of quality, efficiency and returns"

At the 35th Meeting of the 4th Board of Directors of the Company held on August 16, 2024, the ''2024 Special Action Program for Enhancing Quality, Efficiency and Returns'' was reviewed and approved. For details, please refer to the relevant announcements published by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Company (www.shrcb.com).

The Company has firmly established the awareness of rewarding shareholders, adhered to the investor-oriented approach, and implemented the action program of "Enhancing Quality, Efficiency and Returns" to the fullest extent. For the Company's specific initiatives to implement the Action Program, the progress of the work at and the results achieved, please refer to Chapter III "I. Overall Business Performance", "VII. Implementation of Development Strategy", "VIII. Business Overview", Chapter IV "V. Board of Directors" and "X. Proposals for Profit Distribution of Ordinary Shares or Conversion of Capital Reserve to Share Capital ".

(III) Plan to increase shareholding by directors, supervisors, and the senior management

There are 12 senior managers, directors and supervisors of the Company (hereinafter referred to as "shareholding increase subjects") who plan to increase their holdings of A shares of the Company of not less than RMB 5,500,000 with their own funds through centralized bidding trading in the trading system of Shanghai Stock Exchange within six months from August 19, 2024. There is no range for the price of the shares to be increased. During the reporting period, the above-mentioned shareholding increase entities increased their holdings of 892,800 shares of the Company by centralized bidding through the trading system of Shanghai Stock Exchange, with a cumulative increase of RMB 6,012,068, and the holding plan has been implemented. For details, please refer to the relevant announcements published on the website of Shanghai Stock Exchange (www.sse.com.cn) and the website of our company (www.shrcb.com).

06

Changes in Shares and Particulars of Shareholders

I. Changes in Shares

(I) Changes in Ordinary Share Capital

Unit: shares

Type of shareholder	Before change		Change during reporting period	After change	
	No. of shares	Percentage to the total		quantities	No. of shares
I. Restricted shares	5,022,681,000	52.08%	-4,694,820,164	327,860,836	3.40%
1.Shareholding by the State	-	-	-	-	-
2.Shareholding by state-owned legal entities	4,633,390,370	48.04%	-4,633,390,370	-	-
3. Shareholding by other domestic entities	389,290,630	4.04%	-61,429,794	327,860,836	3.40%
Including: Shareholding by domestic legal entities	2,293,280	0.02%	-1,227,992	1,065,288	0.01%
Shareholding by domestic natural person	386,997,350	4.02%	-60,201,802	326,795,548	3.39%
4.Shareholding by foreign entities	-	-	-	-	-
Including: Shareholding by foreign legal entities	-	-	-	-	-
Shareholding by foreign natural person	-	-	-	-	-
II. Unrestricted shares	4,621,763,445	47.92%	4,694,820,164	9,316,583,609	96.60%
1.RMB Ordinary Shares	4,621,763,445	47.92%	4,694,820,164	9,316,583,609	96.60%
2.Domestically listed foreign shares	-	-	-	-	-
3.Overseas-listed foreign shares	-	-	-	-	-
4.Other	-	-	-	-	-
III. Total shares	9,644,444,445	100.00%	-	9,644,444,445	100.00%

(II) Changes in Ordinary Shares

During the reporting period, the number of restricted shares of the Company's ordinary stock decreased by 4,694,820,164 shares, and the number of unrestricted shares increased by 4,694,820,164 shares. This was due to the listing and circulation of restricted shares (with a restriction period of 36 months) issued by the Company in its IPO on August 19, 2024, and the registration and confirmation of rights of internal employees holding restricted shares.

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

Not applicable.

(IV) Changes in Restricted Shares

Unit: shares

Name of Shareholder	Opening number of restricted shares	Number of restricted shares released during the reporting period	Increased restricted shares during the reporting period	Closing number of restricted shares	Reason for selling restriction	Release date
Shanghai State-owned Assets Management Co., Ltd.	800,000,000	800,000,000	-	-	IPO restriction	August 19, 2024
China COSCO Shipping Corporation Ltd.	800,000,000	800,000,000	-	-	IPO restriction	August 19, 2024
BaoSteel Corporation Ltd.	800,000,000	800,000,000	-	-	IPO restriction	August 19, 2024
Shanghai Jiushi (Group) Co., Ltd.	733,842,856	733,842,856	-	-	IPO restriction	August 19, 2024
China Pacific Life Insurance Co., Ltd.	560,000,000	560,000,000	-	-	IPO restriction	August 19, 2024
Shanghai Guosheng Assets Co., Ltd.	474,047,514	474,047,514	-	-	IPO restriction	August 19, 2024
Zhejiang Expressway Co., Ltd.	465,500,000	465,500,000	-	-	IPO restriction	August 19, 2024
Other released restricted shares	389,290,630	61,429,794	-	327,860,83 6	IPO restricted	August 2024 19
Total	5,022,681,000	4,694,820,164	-	327,860,836	-	-

II. Stock Issuance and Listing

(I) Shares Issuance During the Reporting Period

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

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

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

(III) Existing Internal Employee Shares

As of the end of the reporting period, among the Company's restricted circulation shares, the number of internal employee shares was 327,860,836.

Issue date of internal employee shares	Issue price of internal employee shares (RMB)	Number of internal employee shares issued (shares)
-	-	327,860,836
Description of the status of existing internal employee shares	Employee shares are mainly obtained through the following ways: 1. The shares of the Company subscribed by internal employees at the time of establishment; 2. The conversion of capital reserve to share capital after the establishment of the Company; 3. Through inheritance, judicial judgment and other ways.	

III. Shareholders

(I) Total Number of Shareholders

No. of shareholders of ordinary shares as of the end of the reporting period	90,304
No. of shareholders of ordinary shares as of the end of the previous month prior to the disclosure data of the annual report	84,710
No. of shareholders of preferred shares with restored voting rights as of the end of the reporting period	0
No. of shareholders of preferred shares with restored voting rights as of the end of the previous month prior to the disclosure data of the annual report	0

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

Unit: shares

Top 10 shareholders (excluding shares lent through refinancing)							
Shareholder's name (full name)	Increase/ decrease during the reporting period	No. of shares held at the end of period	Percentage (%)	No. of restricted shares	Pledged/marked/frozen shares		Nature of shareholder
					Status	No. of shares	
Shanghai State-owned Assets Management Co., Ltd.	-	895,796,176	9.29	-	-	-	State-owned legal person
China COSCO Shipping Corporation Ltd.	-	800,000,000	8.29	-	-	-	State-owned legal person
BaoSteel Corporation Ltd.	-	800,000,000	8.29	-	-	-	State-owned legal person
Shanghai Jiushi (Group) Co., Ltd.	+6,419,900	751,186,846	7.79	-	-	-	State-owned legal person
China Pacific Life Insurance Co., Ltd.	-	560,000,000	5.81	-	-	-	State-owned legal person
Shanghai Guosheng Assets Co., Ltd.	+2,170,000	481,151,214	4.99	-	-	-	State-owned legal person
Zhejiang Expressway Co., Ltd.	+3,866,700	477,915,621	4.96	-	-	-	State-owned legal person
Taiping Life Insurance Co., Ltd.	-	414,904,000	4.30	-	-	-	State-owned legal person
Shanghai Shendi (Group) Co., Ltd.	-	357,700,000	3.71	-	-	-	State-owned legal person
Lanhai Holding Group Co., Ltd.	-	336,000,000	3.48	-	Pledged/ Frozen	336,000,000	Domestic non-state legal person

Unit: shares

Top 10 unrestricted shareholders (excluding shares lent through refinancing and those locked by senior management)			
Shareholder name	No. of unrestricted floating shares	Type and number of shares	
		Type	Number
Shanghai State-owned Assets Management Co., Ltd.	895,796,176	Renminbi ordinary shares	895,796,176
China COSCO Shipping Corporation Ltd.	800,000,000	Renminbi ordinary shares	800,000,000
BaoSteel Corporation Ltd.	800,000,000	Renminbi ordinary shares	800,000,000
Shanghai Jiushi (Group) Co., Ltd.	751,186,846	Renminbi ordinary shares	751,186,846
China Pacific Life Insurance Co., Ltd.	560,000,000	Renminbi ordinary shares	560,000,000
Shanghai Guosheng Assets Co., Ltd.	481,151,214	Renminbi ordinary shares	481,151,214
Zhejiang Expressway Co., Ltd.	477,915,621	Renminbi ordinary shares	477,915,621
Taiping Life Insurance Co., Ltd.	414,904,000	Renminbi ordinary shares	414,904,000
Shanghai Shendi (Group) Co., Ltd.	357,700,000	Renminbi ordinary shares	357,700,000
Lanhai Holding Group Co., Ltd.	336,000,000	Renminbi ordinary shares	336,000,000
Description of repurchase special account among the top ten shareholders	NA		
Description of the above shareholders' proxy and abstention from voting rights	During the reporting period, as the number of the Company's shares pledged by Lanhai Holding Group Co., Ltd. exceeded 50% of its equity interest in the Company, the Company implemented regulatory requirements to restrict its voting rights at shareholders' meetings.		
Description of the above shareholders' related relationship or concerted action	Shanghai State-owned Assets Management Co., Ltd. and its related parties and concert parties, Shanghai International Group Co., Ltd. and Shanghai International Group Asset Management Co., Ltd. held a combined 9.99% of the Company's shares at the end of the reporting period; among the above unrestricted shareholders, the Company is not aware of their affiliation or whether they are acting in concert.		
Description of shareholders of preferred shares with restored voting rights and the number of shares held	NA		

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

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

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

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

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

Unit: shares

No.	Name of restricted shareholders	No. of restricted shares held	Availability of restricted shares for listing and trading		Restricted sale conditions
			Available for trading	Number of new shares available for listing and trading	
1	8 natural person shareholders who held 500,000 internal employee shares at the time of the Company's IPO	425,000	Release by batch, specifically: August 19, 2025: 75,000 shares; August 19, 2026: 75,000 shares; August 19, 2027: 25,000 shares; August 19, 2029: 250,000 shares.	75,000	-
2	1 natural person shareholder who held 499,200 internal employee shares at the time of the Company's IPO	424,320	Release by batch, specifically: August 19, 2025: 74,880 shares; August 19, 2026: 74,880 shares; August 19, 2027: 24,960 shares; August 19, 2029: 249,600 shares.	74,880	-
3	5 natural person shareholders who held 496,000 internal employee shares at the time of the Company's IPO	421,600	Release by batch, specifically: August 19, 2025: 74,400 shares; August 19, 2026: 74,400 shares; August 19, 2027: 24,800 shares; August 19, 2029: 248,000 shares.	74,400	-
Description of the above shareholders' related relationship or concerted action		The Company is not aware of any connection between the above shareholders or whether they are acting in concert.			

IV. Major Shareholders

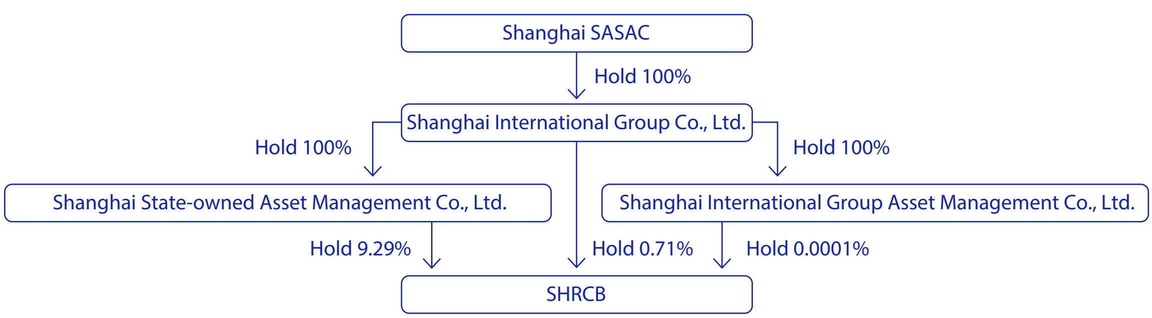
(I) Controlling Shareholders and Actual Controllers

The Company does not have any controlling shareholders or actual controllers.

During the reporting period, the Company's equity structure was relatively dispersed, with no single shareholder holding a stake of 30% or more. Neither the equity stake of the single largest shareholder nor the combined equity stake of the largest shareholder(s) could control more than half of the voting rights at the shareholders' meeting. No shareholder or its affiliated parties could control the shareholders' meeting or exert a decisive influence on the resolution of the shareholders' meeting. No shareholder or its affiliated parties nominated more than one-third of the total number of board members. No shareholder can control the Company's board of directors or exert a decisive influence on its resolutions; the Company's senior management is appointed and removed by the Board of Directors in accordance with the Company's Articles of Association, and no shareholder can control or exert a significant influence over them. Accordingly, the Company has no controlling shareholder or actual controller.

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

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



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

Shanghai International Group Co., Ltd. was established on April 20, 2000, with a registered capital of RMB 30 billion. The legal representative is Zhou Jie. 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. Nominated by Shanghai International Group Co., Ltd., Ms. Guan Wei will be a director of the Company [30]. The controlling shareholder and the actual controller of Shanghai International Group Co., Ltd. is SASAC Shanghai. The ultimate beneficiary is Shanghai International Group Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Shanghai International Group Co., Ltd. include Shanghai State-owned Assets Management Co., Ltd., Shanghai International Group Asset Management Co., Ltd., Shanghai Guoxin Investment Development Co., Ltd., etc.

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

[30] The proposal to nominate Ms. Guan Wei as a candidate for non-executive director of the Company was approved by the Board of Directors of the Company at its first meeting in 2025 on January 24, 2025, and will be submitted to the shareholders' meeting for review. Her appointment is subject to approval by the regulatory authorities.

the related parties of Shanghai State-owned Assets Management Co., Ltd. include Shanghai International Group Co., Ltd., Shanghai International Group Asset Management Co., Ltd., Shanghai Guoxin Investment Development Co., Ltd., etc. .

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

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

China COSCO Shipping Corporation Ltd.

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

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

BaoSteel Corporation Ltd.

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

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

Shanghai Jiushi (Group) Co., Ltd.

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

As of the end of the reporting period, Shanghai Jiushi (Group) Co., Ltd. held 751,186,846 shares of the Company, accounting for 7.79% of the total share capital of the Company. Shanghai Jiushi (Group) Co., Ltd. nominated Mr. Liu Yu as a director of the Company. The actual controller of Shanghai Jiushi (Group) Co., Ltd. is SASAC-Shanghai, and the ultimate beneficiary is Shanghai Jiushi (Group) Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Shanghai Jiushi (Group) Co., Ltd. include Shanghai Qiangsheng Holding Co. Ltd., Shanghai Jiushi Public Transportation Group Co., Ltd., Shanghai Jiushi Sports Industry Development (Group) Co., Ltd., and Shanghai Public Transportation Card Co., Ltd., etc. As of the end of the reporting period, Shanghai Jiushi (Group) Co., Ltd. held 7.79% of the Company's shares in combination with its related parties and concerted actors, and there was no pledge of the Company's shares

China Pacific Life Insurance Co., Ltd.

China Pacific Life Insurance Co., Ltd. was established on November 9, 2001 with a registered capital of RMB 8,628,200,000. The legal representative is Li Jingsong. The registered address is 71 Shouning Road, Huangpu District, Shanghai. The unified social credit code is 91310000733370906P. The business scope includes: underwriting various personal insurance businesses in RMB and foreign currency, including life insurance, health insurance, accidental injury insurance and other insurance 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, insurance 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 insurance regulatory authorities.

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

(IV) Other Major Shareholders under Banking Regulatory Definition

Shanghai Guosheng Assets Co., Ltd.

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

As of the end of the reporting period, Shanghai Guosheng Assets Co., Ltd. held 481,151,214 shares of the Company, accounting for 4.99% of the Company's total share capital. Ms. Liang Xiaoli was nominated by Shanghai Guosheng Assets Co., Ltd. to be the director of the Company [31]. The controlling shareholder of Shanghai Guosheng Assets Co., Ltd. is Shanghai Guosheng (Group) Co., Ltd.; the actual controller, SASAC Shanghai; and the ultimate beneficiary, Shanghai Guosheng Assets Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, and Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Shanghai Guosheng Assets Co., Ltd. include Shanghai Assets Equity Group Limited Co., Shanghai Shengrong Industry Co., Ltd., Shanghai Lvhong Investment Development Co., Ltd., etc. As of the end of the reporting period, Shanghai Guosheng Assets Co., Ltd. held 4.99% of the Company's shares together with its related parties and concerted actors, and there was no pledge of the Company's shares.

Zhejiang Expressway Co., Ltd.

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

As of the end of the reporting period, Zhejiang Expressway Co., Ltd. held 477,915,621 shares of the Company, accounting for 4.96% of the Company's total share capital. Ms. Ruan Liya was nominated by Zhejiang Expressway Co., Ltd. as the director of the Company. The controlling shareholder of Zhejiang Expressway Co., Ltd. is Zhejiang Communications Investment Group Co., Ltd.; the actual controller, SASAC Zhejiang; and the ultimate beneficiary, Zhejiang Expressway Co., Ltd. According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks, Management Measures for Related-party Transactions of Banking and Insurance Institutions, the related parties of Zhejiang Expressway Co., Ltd. include Zhejiang Shangsan Expressway Co., Ltd., Zhejiang Jinhua Yongjin Expressway Co., Ltd., and Zhejiang Longli-Lilong Expressway Co., Ltd., etc. As of the end of the reporting period, Zhejiang Expressway Co., Ltd. and its related parties and concerted actors jointly held 4.96% of the Company's shares, and there was no pledge of the Company's shares.

Taiping Life Insurance Co., Ltd.

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

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

[31] The proposal to nominate Ms. Liang Xiaoli as a candidate for non-executive director of the Company was approved by the Board of Directors of the Company at its first meeting in 2025 on January 24, 2025, and will be submitted to the shareholders' meeting for approval. Her appointment is subject to approval by the relevant regulatory authorities.

Shanghai Shendi (Group) Co., Ltd.

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

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

Orient International (Holding) Co., Ltd.

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

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

V. Other Information as Stipulated by Banking Regulators

As at the end of the reporting period, 336 million shares of the Company (pledged) held by the Company's shareholder, Lanhai Holding (Group) Co., Ltd. were frozen by Shanghai No. 2 Intermediate People's Court in June 2022 for the period from June 21, 2022 to June 20, 2025, and the aforesaid shareholdings were further frozen from June 22, 2022 to February 15, 2023 on a rotational basis by Shanghai No. 2 Intermediate People's Court, Shanghai Financial Court, Xuzhou Tongshan District People's Court, Shanghai Pudong New District People's Court, Shanghai First Intermediate People's Court and Wuhan Intermediate People's Court of Hubei Province. At the end of the reporting period, the aforesaid shareholdings were still frozen [32].

During the reporting period, the Company implemented regulatory requirements to restrict the voting rights of shareholders and dispatched directors (if any) at shareholders' meetings at the Board of Directors when the number of shares of the Company pledged by the shareholders reaches or exceeds 50% of their equity interest in the Company.

[32] On January 22, 2025, the Shanghai Financial Court issued the Announcement on Judicial Disposal of Shares ([2022] Shanghai 74 Enforcement No. 215), and on February 24, 2025, the judicial disposal of shares was publicly conducted on the Shanghai Stock Exchange's Bulk Stock Judicial Assistance for Enforcement Platform in the manner of judicial enforcement of bulk stocks, and the subject matter of the disposal was the 15,000,000 shares of unrestricted shares of the Company held by Lannhai Holdings (Group) Co., Ltd. On the same day, the bidder, Jianyuan Trust Co., Ltd. purchased the aforesaid 150 million shares, accounting for 1.56% of the total share capital of the Company. As at the date of this report, Jianyuan Trust Co., Ltd. held a total of 156,461,400 shares of the Company, representing 1.62% of the total share capital of the Company.

07

Financial Reports

The Company's 2024 financial statements have been audited by KPMG Huazhen（LLP）, and signed by CPAs Li Ying and Zhang Chenchen, and a standard unqualified audit report has been issued. The full text of the financial report is attached.

Written Confirmation on the Company's 2024 Annual Report by SHRCB Directors, Supervisors, and the Senior Management

According to relevant regulations and requirements, we, as the Company's directors, supervisors, and the senior management, issue the following comments after fully knowing and reviewing the Company's 2024 Annual Report:

1. The Company runs in strict accordance with the Accounting Standards for Business Enterprises and related system specifications. The Company's 2024 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 2024 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 2024 annual financial statements have been audited by the KPMG Huazhen（LLP）who has issued a standard unqualified opinion.

Signature of Directors

XU Li	Ying Changming	Zhang Xueyan	Wang Juan	Liu Yu
Ye Peng	Ruan Liya	Li Guanying	Le Jiawei	Huang Jixian
Chen Ying	Chen Gui	Liu Yunhong	Li Peigong	

Signature of the Supervisors

Dong Fang	Lian Bolin	Nie Ming	Guo Rufei	Yang Yuanjun

Signature of Senior Management

Gu Jianzhong	Jin Jianhua	Zhang Hongbiao	Gu Xianbin	Shen Dong
Yao Xiaogang				

Financial Statements and Auditor's Report
For the year ended 31 December 2024

AUDITOR'S REPORT

KPMG Huanzhen Shenzi NO.2508399

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

Opinion

We have audited the accompanying financial statements of Shanghai Rural Commercial Bank Co., Ltd. (hereinafter referred to as "Shanghai Rural Commercial Bank" or the "Bank"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2024, the consolidated income statement and income statement, the consolidated cash flow statement and cash flow statement, and the consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, Shanghai Rural Commercial Bank's and consolidated financial position of as at 31 December 2024, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

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

The Key Audit Matter

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

<table>
<tr><th colspan="2">Determination of provision for losses of loans and advances to customers</th></tr>
<tr><td colspan="2">Refer to the accounting policies described in Note III.8 Financial instruments (7) Impairment and Note III.30 Significant accounting estimates and judgements to the financial statements and Note V.6 Loans and advances to customers and Note XII.1 Credit risks to the financial statements.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Shanghai Rural Commercial Bank measured the provision for losses of loans and advances to customers with an expected credit loss (ECL) model in accordance with CAS No.22 - Financial Instruments: Recognition and Measurement (Revised).

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

Determination of provision for losses of loans and advances to customers

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

The Key Audit Matter	How the matter was addressed in our audit
Determining the provision for losses of loans and advances to customers with the ECL model involves application of certain key parameters and assumptions, including classification of credit risk stages and estimation of probability of default (PD), loss given default (LGD), exposure at default (EAD), discount rate and other parameters, as well as consideration of forward-looking adjustments, so a considerable level of management judgement is required in the selection and assumption of these parameters. The external macro environment and Shanghai Rural Commercial Bank internal credit risk management strategy have a significant impact on the determination of the ECL model. In assessing key parameters and assumptions, factors considered by Shanghai Rural Commercial Bank for corporate loans and advances to customers include historical loss rates, internal credit ratings and other adjustment factors; factors considered for personal loans and advances include historical overdue data for personal loans and advances, historical loss experience and other adjustment factors. Based on whether the credit risk of a financial instruments has increased significantly and whether it has considered to be credit impaired since initial recognition, Shanghai Rural Commercial Bank classified the financial instruments into three risk stages, and measured loss allowances at an amount equal to 12-month or lifetime ECLs for the following financial instruments. Management also exercises judgement in determining the loss given default based on a range of factors, in order to determine the recoverable amount. These factors include the borrower's financial condition, the means of guarantee, the order in which claims are paid, the recoverable amount of the collateral, and the borrower's other sources of repayment. In evaluating the value of collateral, management refers to the collateral evaluation report issued by a qualified third-party evaluation agency and also considers the market price, status quo and uses of the collateral. In addition, the enforceability, timing and manner of realisation of the collateral will also affect the recoverable amount of the collateral. We identified the determination of the provision for losses of loans and advances to customers as a key audit matter due to the inherent uncertainty and management judgement involved in the determination of the provision for losses of loans and advances to customers, as well as its significant impact on the financial performance and capital position of Shanghai Rural Commercial Bank.	• evaluating the completeness and accuracy of the key data used in the ECL model. For key internal data related to the original business file, we compared the total amount in the list of loans and advances to customers used by management to assess the provision for losses with the general ledger, so as to evaluate the completeness of the list; and we compared information on individual loans and advances with relevant agreements and other relevant documents on a sampling basis to evaluate the accuracy of the list. For key external data, we reconciled them with publicly available sources to evaluate its accuracy; • evaluating input parameters involving subjective judgement, including seeking supporting evidence from external sources and comparing internal records such as historical loss experience and guarantee methods. inquiring of management about the rationale for adjustments made to key assumptions and input parameters and considering the consistency of the judgements applied by management, as part of the above procedures. comparing the economic factors used in the model with market information to evaluate whether it is consistent with market and economic developments; • for the key internal data to be generated by system operation, reconciling the system input data with the original business file on a sampling basis to evaluate the data accuracy. In addition, we tested the logic of compiling information on overdue loans and advances to customers on a sampling basis, by leveraging the work of our IT experts; • evaluating the reasonableness of the judgements made by management as to whether the credit risk has increased significantly since initial recognition and whether credit impairment has occurred. We analysed the corporate loans and advances to customers based on the industry classification. When selecting samples, we considered the industries that are greatly affected by the current industry cycle and control policies, focused on loans in high-risk area, and selected credit-impaired loans, loans overdue but without credit-impairment and borrowers with negative warning signals, negative media news, split ratings and other risk factors as samples of credit review. Based on the selected samples, we checked business files, overdue information, inquired of the credit managers about the borrowers' business operations, checked the borrowers' financial information, and researched market information related to the borrowers' businesses and operations; • when conducting credit review on the selected credit-impaired corporate loads and advances to customers, we evaluated the estimated recoverable amount through inquiries, professional judgements, independent queries, etc.; We also evaluated the timing and manner of realisation of the collaterals, and considered other sources of repayment asserted by the management. In addition, we evaluated the consistency in the application of key assumptions by management and compared them with our data sources; • reviewing the calculation accuracy of ECLs on a sampling basis, so as to evaluate Shanghai Rural Commercial Bank's application of the ECL model; • performing a retrospective review on the components and important assumptions of the ECL model, using actual observation data to test the estimated elements of the model, and evaluating whether there are signs of management bias in the estimation of provision for losses of loans and advances to customers; • evaluating the reasonableness of financial statement disclosures related to the provision for losses of loans and advances to customers in accordance with relevant accounting standards.

Consolidation of structured entities	
Refer to the accounting policies described in Note III.4 Criteria of control and preparation of consolidated financial statements and Note III.30 Significant accounting estimates and judgements to the financial statements and Note VIII Interests in other entities to the financial statements.	
The Key Audit Matter	How the matter was addressed in our audit
Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Shanghai Rural Commercial Bank may have an interest in structured entities by initiating, holding investments in or retaining shares of interest in these entities. These structured entities mainly include wealth management products, fund trust plans, asset management plans, fund investments, asset-backed securities, etc. When determining whether the structured entity should be included in Shanghai Rural Commercial Bank's consolidation, management should consider Shanghai Rural Commercial Bank's power over the entity, the variable returns it enjoys and the ability to use its power to influence the amount of returns. These factors are not purely quantitative and the substance of the transaction needs to be considered collectively. We identified the consolidation of structured entities as a key audit matter because some of these structured entities are complex in nature and judgement is required when Shanghai Rural Commercial Bank performs qualitative assessment of terms and transaction substance for each structured entity.	Our audit procedures to evaluate the consolidation of structured entities included the following: • inquiring of management and inspecting files related to process of management's judgement of whether consolidation is required for the structured entities to evaluate the completeness of procedures set up in this regard; • performing the following audit procedures on structured entities on a sampling basis: - inspecting the related contracts, internally established documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and Shanghai Rural Commercial Bank's involvement with the structured entity and to evaluate management's judgement over whether Shanghai Rural Commercial Bank has the ability to exercise power over the structured entity; - examining the design of risk and reward of the structured entity, including any capital owned in the structured entity or guarantees made on its earnings, arrangements for the provision of liquidity support, payment of commissions and distribution of earnings, in order to evaluate management's judgement regarding Shanghai Rural Commercial Bank's exposure to the structured entity, its power and impact on variable returns as a result of its involvement in the relevant activities of the structured entity; - inspecting management's analysis of the structured entity including qualitative analysis and calculations of the magnitude and variability associated with Shanghai Rural Commercial Bank's economic interests in the structured entity to assess management's judgement over Shanghai Rural Commercial Bank's ability to influence its variable returns from the structured entity; - evaluating management's judgement over whether the structured entity should be consolidated or not; • evaluating the reasonableness of financial statement disclosures related to the structured entities in the financial statements in accordance with relevant accounting standards.

Other Information

Management of Shanghai Rural Commercial Bank is responsible for the other information. The other information comprises all the information included in 2024 annual report of Shanghai Rural Commercial Bank, other than the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Shanghai Rural Commercial Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Shanghai Rural Commercial Bank to cease to continue as a going concern.

• Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Shanghai Rural Commercial Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

KPMG Huazhen LLP

Beijing, China

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

Li Ying (Engagement partner)

Zhang Chenchen

24 April 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

Consolidated balance sheet and balance sheet as at 31 December 2024

	Note	The Group		The Bank	
		2024	2023	2024	2023
Assets					
Cash and deposits with central bank	V.1	72,922,497	69,533,946	68,006,673	64,089,709
Due from placements with other banks and financial institutions	V.2	16,627,454	17,086,981	10,783,936	9,997,073
Precious metal		181,132	77,099	181,132	77,099
Placements with banks and other financial institutions	V.3	53,683,897	54,160,057	56,092,298	54,963,206
Derivative financial assets	V.4	4,774,385	2,036,268	4,774,385	2,036,268
Financial assets purchased under resale agreements	V.5	27,155,019	18,054,688	25,698,913	16,989,458
Loans and advances to customers	V.6	731,185,347	684,879,284	711,982,425	665,721,925
Financial investment:					
- Financial assets held for trading	V.7	51,633,537	59,242,408	92,348,085	97,420,518
- Debt investments	V.8	186,537,759	173,856,650	185,072,962	171,956,644
- Other debt investments	V.9	285,584,050	260,742,543	233,164,261	209,287,904
- Investments in other equity instruments	V.10	361,500	236,500	361,500	236,500
Finance lease receivables	V.11	7,527,254	7,716,421	-	-
Long-term receivables	V.11	31,979,353	27,081,537	-	-
Long-term equity investments	V.12	2,021,112	1,780,780	4,750,780	4,469,328
Fixed assets	V.13	5,182,859	5,099,137	4,836,160	4,861,808
Construction in progress		831,592	979,237	803,680	935,845
Right-of-use assets	V.14	663,028	673,130	539,386	586,510
Deferred tax assets	V.15	4,656,556	6,144,400	4,548,580	5,803,188
Other assets	V.16	4,301,164	2,832,634	2,767,258	2,180,076
Total assets		1,487,809,495	1,392,213,700	1,406,712,414	1,311,613,059

(All amounts expressed in thousands of RMB unless otherwise stated)

Consolidated balance sheet and balance sheet as at 31 December 2024

	Note	The Group		The Bank	
		2024	2023	2024	2023
Liabilities and shareholders' equity					
Liabilities					
Borrowings from central bank	V.18	48,734,870	50,215,083	48,362,242	49,854,859
Due to placements with other banks and financial institutions	V.19	9,959,773	7,005,581	14,346,954	11,637,424
Placements from banks and other financial institutions	V.20	72,208,279	44,915,989	40,017,772	16,047,843
Financial liabilities held for trading		187,693	97,128	181,075	77,160
Derivative financial liabilities	V.4	3,176,137	1,781,336	3,176,137	1,781,336
Financial assets sold under repurchase agreements	V.21	47,405,245	31,619,874	37,528,488	17,398,387
Customer deposits	V.22	1,092,917,510	1,037,738,098	1,062,311,891	1,006,035,858
Employee benefits payables	V.23	3,476,755	3,394,517	3,194,975	3,082,013
Taxes payables	V.24	756,105	659,708	645,886	594,800
Debt securities issued	V.25	73,589,243	92,120,146	73,589,243	92,120,146
Lease liabilities	V.14	648,588	640,744	526,105	561,391
Provisions	V.26	749,501	704,473	749,501	704,473
Other liabilities	V.27	6,017,965	4,962,528	1,959,299	1,882,966
Total liabilities		1,359,827,664	1,275,855,205	1,286,589,568	1,201,778,656
Shareholders' equity					
Share capital	V.28	9,644,444	9,644,444	9,644,444	9,644,444
Capital reserve	V.29	16,547,850	16,550,194	16,784,499	16,784,499
Other comprehensive income	V.30	8,394,578	3,310,694	6,929,863	2,684,389
Surplus reserve	V.31	36,745,387	32,135,260	36,077,895	31,571,069
General risk reserve	V.32	15,354,359	14,511,669	14,766,676	13,956,709
Retained earnings	V.33	37,149,792	36,274,720	35,919,469	35,193,293
Total equity attributable to shareholders of the Bank		123,836,410	112,426,981	120,122,846	109,834,403
Non-controlling interests		4,145,421	3,931,514	-	-
Total shareholders' equity		127,981,831	116,358,495	120,122,846	109,834,403
Total liabilities and shareholders' equity		1,487,809,495	1,392,213,700	1,406,712,414	1,311,613,059

The notes on pages 128 to 223 form part of these financial statements.

These financial statements were approved by the Board of Directors of the Bank on 24 April 2025.

Xu Li	Gu Jianzhong	Yao Xiaogang	Chen Nanhua
Legal representative	President	Chief Financial Officer	Head of the accounting department

(All amounts expressed in thousands of RMB unless otherwise stated)

Consolidated income statement and income statement for the year ended 31 December 2024

	Note	The Group		The Bank	
		2024	2023	2024	2023
I. Operating Income					
Interest income		44,898,761	45,460,150	41,323,376	41,955,025
Interest expense		(24,792,180)	(24,760,643)	(23,438,681)	(23,476,750)
Net interest income	V.34	20,106,581	20,699,507	17,884,695	18,478,275
Fee and commission income		2,280,509	2,513,743	2,304,524	2,542,129
Fee and commission expense		(238,310)	(245,322)	(225,940)	(228,246)
Net fee and commission income	V.35	2,042,199	2,268,421	2,078,584	2,313,883
Investment income	V.36	2,444,545	1,525,284	2,562,528	1,653,911
Including: Income from investments in associates		223,642	134,243	223,642	134,243
Income from derecognition of financial assets measured at amortised cost		5,940	-	-	-
Other income		98,138	34,656	37,364	34,656
Gains from changes in fair value	V.37	1,144,321	1,622,524	1,142,595	1,622,524
Exchange gains		212,999	181,172	212,999	181,172
Other operating income		42,896	47,995	39,903	42,520
Gains from asset disposals		549,665	34,239	549,710	34,505
Operating income		26,641,344	26,413,798	24,508,378	24,361,446
II. Operating expenses					
Taxes and surcharges		(304,791)	(313,439)	(292,749)	(302,930)
Operation and administrative expenses	V.38	(8,854,271)	(8,599,157)	(8,151,180)	(7,918,159)
Credit impairment losses	V.39	(2,468,288)	(3,205,811)	(1,920,080)	(2,644,453)
Asset impairment losses		(1,139)	(1,558)	-	-
Other operating costs		(16,945)	(29,683)	(16,225)	(29,224)
Operating expenses		(11,645,434)	(12,149,648)	(10,380,234)	(10,894,766)
III. Operating Profit		14,995,910	14,264,150	14,128,144	13,466,680
Add: Non-operating income		36,695	671,034	35,583	624,143
Less: Non-operating expenses		(59,127)	(48,717)	(54,072)	(40,682)
IV. Profit before income tax		14,973,478	14,886,467	14,109,655	14,050,141
Less: Income tax expenses	V.40	(2,365,869)	(2,399,092)	(2,106,419)	(2,177,998)
V. Net profit		12,607,609	12,487,375	12,003,236	11,872,143
(1) Net profit classified by continuity of operations:					
Net profit from continuing operations		12,607,609	12,487,375	12,003,236	11,872,143
Net profit from discontinued operations		-	-	-	-
(2) Net profit classified by ownership:					
Shareholders of the Bank		12,288,156	12,141,958	12,003,236	11,872,143
Non-controlling interests		319,453	345,417	-	-

(All amounts expressed in thousands of RMB unless otherwise stated)

Consolidated income statement and income statement for the year ended 31 December 2024

	Note	The Group		The Bank	
		2024	2023	2024	2023
VI. Other comprehensive income, net of tax	V.30	5,083,884	1,694,676	4,245,474	1,339,360
(I)Other comprehensive income (net of tax) attributable to shareholders of the Bank		5,083,884	1,694,676	4,245,474	1,339,360
1. Items that will not be reclassified to profit or loss					
a. Remeasurement of defined benefit plan		(38,523)	51,275	(38,523)	51,275
2. Items that may be reclassified to profit or loss					
a. Other comprehensive income recognised under the equity method		32,686	8,885	32,686	8,885
b. Changes in fair value of financial asset designated at fair value through other comprehensive income		4,950,685	1,468,221	4,112,275	1,112,905
c. Credit losses of financial asset designated at fair value through other comprehensive income		139,036	166,295	139,036	166,295
(II) Other comprehensive income (net of tax) attributable to non-controlling interests		-	-	-	-
VII. Total comprehensive income		17,691,493	14,182,051	16,248,710	13,211,503
Total comprehensive income attributable to shareholders of the Bank		17,372,040	13,836,634	16,248,710	13,211,503
Total comprehensive income attributable to non-controlling interests		319,453	345,417	-	-
VIII. Earnings per share					
Basic and diluted earnings per share	V.41	1.27	1.26		

The notes on pages 128 to 223 form part of these financial statements.

(All amounts expressed in thousands of RMB unless otherwise stated)

Consolidated cash flow statement and cash flow statement for the year ended 31 December 2024

	Note	The Group		The Bank	
		2024	2023	2024	2023
Cash flows from operating activities:					
Net increase in borrowings from the central bank		-	13,030,302	-	13,223,597
Net increase in placements from banks and other financial institutions		25,909,777	15,461,512	22,633,776	10,146,512
Net increase in the amount due to customers and due from placements with other banks and financial institutions		58,699,854	69,163,629	59,597,095	67,771,333
Net increase in financial assets sold under repurchase agreements		15,793,036	1,250,234	20,132,168	-
Net decrease in the amount due from placements with central bank and other banks and financial institutions		10,761	-	-	598,069
Net decrease in placements with banks and other financial institutions		2,180,309	-	80,309	-
Net decrease in financial assets purchased under resale agreements		-	10,473,434	-	11,049,403
Net decrease in financial assets held for trading		8,726,700	-	6,188,536	-
Interest received		34,007,974	35,591,048	30,126,639	32,069,831
Fee and commission received		2,420,512	2,668,353	2,444,478	2,696,664
Proceeds from other operating activities		1,276,315	985,402	915,936	941,949
Sub-total of cash inflows		149,025,238	148,623,914	142,118,937	138,497,358
Net increase in the amount due from placements with central bank and other banks and financial institutions		-	(1,990,022)	(1,584,561)	-
Net increase in loans and advances to customers		(45,709,610)	(41,340,559)	(45,394,491)	(40,899,512)
Net increase in placements with banks and other financial institutions		-	(10,142,718)	-	(7,892,718)
Net decrease in placements from banks and other financial institutions		(9,102,125)	-	(8,712,444)	-
Net increase in financial assets held for trading		-	(13,433,320)	-	(19,687,130)
Net decrease in borrowings from the central bank		(1,352,805)	-	(1,365,228)	-
Net decrease in financial assets sold under repurchase agreements		-	-	-	(1,533,781)
Net payment for lease assets		(4,745,657)	(2,714,675)	-	-
Interest paid		(23,138,172)	(18,741,591)	(21,870,699)	(17,520,264)
Fee and commission paid		(251,866)	(259,016)	(239,497)	(241,941)
Payment to and for employees		(5,644,424)	(5,410,423)	(5,121,790)	(4,924,958)
Net payment of various taxes		(4,486,746)	(5,459,759)	(4,189,892)	(5,068,112)
Other cash payments relating to operating activities		(3,390,836)	(9,965,261)	(2,511,257)	(10,138,946)
Sub-total of cash outflows		(97,822,241)	(109,457,344)	(90,989,859)	(107,907,362)
Net cash flows from operating activities	V. 42(1)	51,202,997	39,166,570	51,129,078	30,589,996

(All amounts expressed in thousands of RMB unless otherwise stated)

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

	Note	The Group		The Bank	
		2024	2023	2024	2023
Cash flows from investing activities:					
Proceeds from disposal of investments		123,441,290	75,060,702	121,922,290	74,380,702
Investment returns received		12,625,712	10,576,783	12,696,499	10,677,093
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		579,344	618,451	578,072	618,147
Sub-total of cash inflows		136,646,346	86,255,936	135,196,861	85,675,942
Payment for acquisition of investments		(154,730,865)	(147,889,722)	(153,791,445)	(139,494,742)
Net payment for acquisition of subsidiaries, joint ventures or associates		-	(771,950)	(41,120)	(771,950)
Payment for acquisition of fixed assets, intangible assets and other long-term assets		(1,162,487)	(1,035,703)	(1,015,133)	(999,871)
Sub-total of cash outflows		(155,893,352)	(149,697,375)	(154,847,698)	(141,266,563)
Net cash flow used in from investing activities		(19,247,006)	(63,441,439)	(19,650,837)	(55,590,621)
Cash flows from financing activities:					
Proceeds from issue of bonds and interbank certificates of deposit		109,468,723	129,545,731	109,468,723	129,545,731
Sub-total of cash inflows from financing activities		109,468,723	129,545,731	109,468,723	129,545,731
Repayments of borrowings		(128,066,460)	(124,717,271)	(128,066,460)	(124,717,271)
Payment for dividends, profit distributions or interest		(8,125,747)	(5,848,029)	(8,019,344)	(5,735,039)
Repayments of lease liabilities		(280,718)	(268,594)	(247,751)	(230,541)
Sub-total of cash outflows from financing activities		(136,472,925)	(130,833,894)	(136,333,555)	(130,682,851)
Net cash flows used in financing activities		(27,004,202)	(1,288,163)	(26,864,832)	(1,137,120)
Effect of foreign exchange rate changes on cash and cash equivalents		21,418	16,140	21,418	16,140
Net increase / (decrease) in cash and cash equivalents	V. 42(2)	4,973,207	(25,546,892)	4,634,827	(26,121,605)
Add: Cash and cash equivalents at the beginning of the year		29,272,508	54,819,400	24,211,395	50,333,000
Closing balance of cash and cash equivalents	V. 42(3)	34,245,715	29,272,508	28,846,222	24,211,395

The notes on pages 128 to 223 form part of these financial statements.

(All amounts expressed in thousands of RMB unless otherwise stated)

Consolidated statement of changes in shareholders' equity for the year ended 31 December 2024

	2024								
	Attributable to shareholders of the Company							Non-controlling interests	Total
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Sub-total		
I. Balance at 1 January 2024	9,644,444	16,550,194	3,310,694	32,135,260	14,511,669	36,274,720	112,426,981	3,931,514	116,358,495
II. Changes for the year									
(I). Total comprehensive income	-	-	5,083,884	-	-	12,288,156	17,372,040	319,453	17,691,493
(II). Shareholders' contributions and decrease of capital									
1. Change in capital of subsidiaries	-	(2,344)	-	-	-	-	(2,344)	2,344	-
(III). Appropriation of profits									
1. Appropriation for surplus reserve	-	-	-	4,610,127	-	(4,610,127)	-	-	-
2. Appropriation for general risk reserve	-	-	-	-	842,690	(842,690)	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(5,960,267)	(5,960,267)	-	(5,960,267)
4. Dividends distributions of subsidiaries	-	-	-	-	-	-	-	(107,890)	(107,890)
III. Balance at 31 December 2024	9,644,444	16,547,850	8,394,578	36,745,387	15,354,359	37,149,792	123,836,410	4,145,421	127,981,831

	2023								
	Attributable to shareholders of the Company							Non-controlling interests	Total
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Sub-total		
I. Balance at 1 January 2023	9,644,444	16,495,416	1,616,018	28,013,982	12,785,082	33,279,027	101,833,969	3,881,678	105,715,647
II. Changes for the year									
(I). Total comprehensive income	-	-	1,694,676	-	-	12,141,958	13,836,634	345,417	14,182,051
(II). Shareholders' contributions and decrease of capital									
1. Change in equity of subsidiaries	-	54,778	-	-	-	-	54,778	(180,977)	(126,199)
(III). Appropriation of profits									
1. Appropriation for surplus reserve	-	-	-	4,121,278	-	(4,121,278)	-	-	-
2. Appropriation for general risk reserve	-	-	-	-	1,726,587	(1,726,587)	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(3,298,400)	(3,298,400)	-	(3,298,400)
4. Dividends distributions of subsidiaries	-	-	-	-	-	-	-	(114,604)	(114,604)
III. Balance at 31 December 2023	9,644,444	16,550,194	3,310,694	32,135,260	14,511,669	36,274,720	112,426,981	3,931,514	116,358,495

(All amounts expressed in thousands of RMB unless otherwise stated)

Consolidated statement of changes in shareholders' equity for the year ended 31 December 2024

	2024						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total
I. Balance at 1 January 2024	9,644,444	16,784,499	2,684,389	31,571,069	13,956,709	35,193,293	109,834,403
II. Changes for the year							
(I). Total comprehensive income	-	-	4,245,474	-	-	12,003,236	16,248,710
(II). Appropriation of profits							
1. Appropriation for surplus reserve	-	-	-	4,506,826	-	(4,506,826)	-
2. Appropriation for general risk reserve	-	-	-	-	809,967	(809,967)	-
3. Distributions to shareholders	-	-	-	-	-	(5,960,267)	(5,960,267)
III. Balance at 31 December 2024	9,644,444	16,784,499	6,929,863	36,077,895	14,766,676	35,919,469	120,122,846

	2023						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total
I. Balance at 1 January 2023	9,644,444	16,784,499	1,345,029	27,552,704	12,262,297	32,332,327	99,921,300
II. Changes for the year							
(I). Total comprehensive income	-	-	1,339,360	-	-	11,872,143	13,211,503
(II). Appropriation of profits							
1. Appropriation for surplus reserve	-	-	-	4,018,365	-	(4,018,365)	-
2. Appropriation for general risk reserve	-	-	-	-	1,694,412	(1,694,412)	-
3. Distributions to shareholders	-	-	-	-	-	(3,298,400)	(3,298,400)
III. Balance at 31 December 2023	9,644,444	16,784,499	2,684,389	31,571,069	13,956,709	35,193,293	109,834,403

The notes on pages 128 to 223 form part of these financial statements.

I. General information

Shanghai Rural Commercial Bank Co., Ltd. (the "Bank") is a joint-stock commercial bank reconstructed from the former Shanghai Rural Credit Cooperatives, including one municipal cooperative agency, 14 county-level cooperative agencies and 219 credit cooperatives sub-agencies. It was incorporated in Shanghai, the People's Republic of China ("China") on 23 August 2005, headquartered in Shanghai. The Bank went public on Renminbi ordinary share market ("A-share") in August 2021 and is traded under the code 601825 in Shanghai Stock Exchange.

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

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

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

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

II. Basis of preparation

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

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by the Ministry of Finance ("MOF"). These financial statements present truly and completely the consolidated financial position and financial position of the Bank as at 31 December 2024, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Bank for the year then ended.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2023.

III. Significant accounting policies and accounting estimates

1. Accounting period

The accounting period is from 1 January to 31 December.

2. Functional currency, methodology in determination of materiality and basis for selection

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

The Group determines the importance of financial information based on the environment, considering both the nature and amount of the matter. When assessing whether a matter is significant from nature perspective, the Group primarily considers whether it is part of the Group's operating activities and whether it significantly impacts the Group's financial position, operating results and cash flows. When assessing whether a matter is significant from amount perspective, the Group considers the proportion of the amount of the matter to the amount of operating income, total assets, total liabilities, total equity, profit for the year and total comprehensive income or to the amount of the account caption.

The Group formulates specific accounting policies and accounting estimates based on the characteristics of relevant business operations, which are mainly reflected in the impairment of financial assets, judgment of control over structured entities, interest income and expense, fee and commission income, financial guarantee contracts and loan commitments. See the relevant notes below for further details.

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

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

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

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

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(2) Business combinations involving entities not under common control

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

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

4. Criteria of control and preparation of consolidated financial statements

(1) General principles

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

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

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

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

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

(2) Subsidiaries acquired through a business combination

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

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

(3) Disposal of subsidiaries

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

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

- arrangements are entered into at the same time or in contemplation of each other;

- arrangements work together to achieve an overall commercial effect;

- the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;

- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

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

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

(4) Changes in non-controlling interests

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

5. Foreign currency translation

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

Monetary assets and liabilities denominated in foreign currencies at the financial reporting date are translated into Renminbi at the foreign exchange rates ruling at that date. Changes in the fair value of monetary items denominated in foreign currency classified as financial assets at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of these items and other changes in the carrying amount of these items. Translation differences related to changes in the amortised cost are recognised in the profit or loss, and other changes in the carrying amount are recognised in other comprehensive income. Any foreign exchange gains and losses on monetary items denominated in foreign currencies are recognized in profit or loss.

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

6. Cash and cash equivalents

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

7. Precious metal

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

8. Financial instruments

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

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

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

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

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model under which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held under a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis, and the instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, ‘principal' is defined as the fair value of the financial asset on initial recognition. ‘Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

Financial assets at fair value through profit or loss

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and that is not part of a hedging relationship should be recognised in profit or loss when the financial asset is derecognised, reclassified, amortised under the effective interest method or when an impairment gain or loss is recognised.

Debt investments measured at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, and impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments designated at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities at fair value through profit or loss

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

These liabilities are subsequently measured at fair value. The gain or loss (including interest expense) on the financial liability is recognised in profit or loss, except when:

- the financial liability is part of a hedging relationship;

- the financial liability is a financial liability designated at fair value through profit or loss, and changes in its fair value arising from changes in the Group's own credit risk are recognised in other comprehensive income.

Other financial liabilities

Other financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities arising from transfers of financial assets that do not qualify for derecognition or from continuing involvement in the transferred financial assets, financial guarantee contracts and loan commitments.

(4) Financial guarantee contracts and loan commitments

Financial guarantee contracts

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value on the date of providing the guarantee. Subsequent to initial recognition, deferred income related to financial guarantee is amortised in profit or loss in accordance with relevant accounting policies. A financial guarantee liability is measured at the higher of:

• the amount of the loss allowance determined in accordance with the impairment policies for financial instruments (see Notes III.8(7)); and

• the amount initially recognised less the cumulative amount of income.

Loan commitments

The term "loan commitments" refers to definite commitments to provide credit pursuant to terms and conditions prescribed in advance.

The Group provides loan commitments that are assessed for impairment based on ECLs. The Group has not committed to grant loans at any below-market interest rates or to make cash payments or issue other financial instruments as a net settlement of loan commitments.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as an provision. However, for contracts that include both a loan and an undrawn commitment and the Group can not separately identify the ECL on the undrawn commitment component from those on the loan component, the ECL on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECL exceed the gross carrying amount of the loan, the ECL are recognised as a provision.

(5) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts;

- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(6) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;

- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or

- the financial asset has been transferred; and although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

the financial asset has been transferred; and if the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, and it retains control over the transferred asset, then the relevant financial asset is recognised to the extent of continuing involvement in the transferred financial asset, and the corresponding liability is recognised as well.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;

- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(7) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;

- contract assets;

- debt investments measured at FVOCI;

- lease receivables;

- loan commitments and financial guarantee contracts issued, which are not measured at FVTPL.

Financial assets measured at fair value, including debt investments or equity securities at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

(a) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The Group measures ECLs of a financial instrument in a way that reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

The Group applies a ‘three-stage model' for measuring ECLs for financial instruments based on significant changes or credit impairment in credit risk since initial recognition:

Stage 1: Financial instruments that have not had a significant increase in credit risk since initial recognition. For these assets, 12-month expected credit losses are recognised;

Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised;

Stage 3: Financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised.

Note XII.1.3 provides more detailed information on how to measure the expected credit loss provision.

(b) Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income and not deducted from the carrying amount of the assets. For loan commitments and financial guarantee contracts issued, which are not measured at FVTPL, an allowance for losses is recognised in the provisions (see Note V.26).

(c) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This generally occurs when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(8) Amendments to financial asset contracts

In some cases (e.g. restructured loans), the Group may modify or renegotiate its contracts for financial assets. The Group assesses whether the terms of the modified or renegotiated contract have changed substantially.

If there is a material change in the terms of the modified contract, the Group derecognises the original financial asset and recognises a new financial asset in accordance with the modified terms.

If there is no substantial change in the terms of the modified contract but it results in a change in contractual cash flows, the Group recalculates the carrying amount of the financial asset and recognises the relevant gains or losses in profit or loss. The recalculated carrying amount of the financial assets shall be recognised at the present value determined by discounting the amended or renegotiated contractual cash flows by the original effective interest rate of the financial assets (or the credit-adjusted effective interest rate of purchased or originated credit-impaired financial assets). For all the costs or expenses arising from an amended or renegotiated contract, the Group shall adjust the carrying amount of the financial assets and amortise them for the remaining life of the amended financial assets. The Group shall compare the risk of default at the balance sheet date based on the new contract terms with the risk of default at initial recognition based on the original contract terms when evaluating whether the credit risk of the relevant financial instrument has increased significantly.

(9) Equity instruments

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Relevant transaction fee is adjusted to the share premium in the capital reserve, with any excess adjusted to surplus reserve and retained earnings. Consideration and transaction costs paid by the Group for repurchasing self-issued equity instruments are deducted from shareholders' equity.

9. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date when the derivative transaction contract is entered into and are subsequently measured at their fair value. A derivative financial instrument with a positive fair value is recognised as an asset and a negative fair value is recognised as a liability.

If the hybrid contract contains a host contract that is an asset under the financial instruments standards, derivatives embedded in contracts where the host is a financial asset are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. If the hybrid contract contains a host contract that is not an asset under the financial instruments standards, when certain embedded derivative financial instruments are not closely related to the economic characteristics and risks of their host contracts, a separate instrument with the same terms as the embedded derivative instrument meets the definition of a derivative financial instrument, and the hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss, the embedded derivative financial instruments should be separated from the hybrid contract and treated as a separate derivative financial instrument. These embedded derivative financial instruments are measured at fair value and the corresponding changes in fair value are included in profit or loss.

Gains or losses derived from changes in the fair value of derivative financial instruments that do not qualify for hedge accounting should be recognised directly in profit or loss.

10. Financial assets purchased under resale agreements and financial assets sold under repurchase agreements

Financial assets purchased under resale agreements are capital where the Group acquires financial assets which will be resold at a fixed price under resale agreements. Financial assets sold under repurchase agreements are capital where the Group sells financial assets which will be repurchased at a fixed price under repurchase agreements.

Financial assets purchased under resale agreements and financial assets sold under repurchase agreements are reflected in the balance sheet based on the actual payments or receipts when incurred. Financial assets purchased under resale agreements are not recognised and are recorded off-balance sheet; underlying assets sold under repurchase agreements are still reflected in the balance sheet.

The bid-ask spread of financial assets purchased under resale agreements and sold under repurchase agreements is amortised using the effective interest method in the relevant transaction period and is recognised as interest income and interest expense accordingly.

11. Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Group's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to retained earnings.

For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Group, in exchange for control of the acquiree.

(b) Long-term equity investments acquired other than through a business combination

A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Bank's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method unless the investment is classified as held for sale. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Group recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

For the impairment of investments in subsidiaries, refer to Note III.17.

(All amounts expressed in thousands of RMB unless otherwise stated)

In the Group's consolidated financial statements, subsidiaries are accounted for in accordance with the policies described in Note III.4.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.11(3)) and rights to the net assets of the arrangement.

An associate is an entity over which the Group has significant influence (see Note III.11(3)).

An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

The accounting treatments under the equity method adopted by the Group are as follows:

- After acquiring the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group.

- In calculating its share of the investee's net profit or loss, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income based on the fair value of the investee's identifiable net assets at the date of acquisition after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in full in the financial statements.

- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised.

For the impairment of the investments in joint ventures and associates, refer to Note III. 17.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's relevant activities unilaterally;

- Whether decisions relating to the investee's relevant activities require the unanimous consent of all participant parties that share control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but is not control or joint control of those policies.

12. Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in the supply of services, for rental or for administrative purposes with useful lives over one accounting year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.13.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	Estimated useful life (years)	Residual value rate	Annual depreciation rate
Plant and buildings	20	5.00%	4.75%
Transportation facilities	5 - 11	5.00%	8.64 - 19.00%
Electronic equipment	5 - 10	5.00%	9.50 - 19.00%
Machinery and equipment	5 - 10	5.00%	9.50 - 19.00%
Office equipments	5 - 10	5.00%	9.50 - 19.00%

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

(3) For the impairment of fixed assets, refer to Note III.17.

(4) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

- on disposal; or

- when no future economic benefits are expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

13. Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs, and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is classified as construction in progress and transferred to fixed assets when it is ready for its intended use. No depreciation is recorded against construction in progress.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note III.17).

14. Intangible assets

Useful life and amortisation methods

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note III.17). For an intangible asset with finite useful life, its cost estimated less residual value and accumulated impairment losses is amortised on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

Useful lives and amortisation methods of intangible assets with finite useful lives are reviewed at least at each year-end.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

15. Long-term deferred expenses

Expenditures incurred with a beneficial period of over one year are recognised as long-term deferred expenses. Long-term deferred expenses are amortised over their beneficial periods, and are stated in the balance sheet at cost less accumulated amortisation and impairment losses.

16. Foreclosed assets

Foreclosed assets refer to the physical assets or property rights of the debtor, guarantor or third party that are compensated by the Group for exercising creditor's rights or security interests in accordance with the law.

The foreclosed financial assets are initially measured at fair value, subsequently classified and measured in accordance with the accounting policy set out in Note III.8(2).

The foreclosed non-financial assets are initially measured at the fair value of the relinquished claims and other costs such as taxes that can be directly attributed to the assets, and subsequently measured at the lower of the carrying amount and the recoverable amount of the foreclosed assets, the impairment test method and provisioning method for impairment are set out in Note III.17.

17. Impairment of assets other than financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets

- construction in progress

- right-of-use assets

- intangible assets

- long-term equity investments

- long-term deferred expenses

- foreclosed non-financial assets, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually and the recoverable amounts of goodwill and intangible assets with indefinite useful lives at each year-end, irrespective of whether there is any indication of impairment. For the purposes of impairment testing, goodwill is allocated to each asset group, or set of asset groups, that is expected to benefit from the synergies of the business combination.

The recoverable amount of an asset (or asset group or set of asset groups) is the higher of its fair value (see Note III.18) less costs of disposal and the present value of its expected future cash flows.

An asset group is composed of assets related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of an asset's expected future cash flows is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly to reduce the carrying amount to the recoverable amount. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocations would not reduce the carrying amount of an asset below the highest of its fair value less costs of disposal (if measurable), the present value of its expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it should not be reversed in a subsequent period.

18. Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

19. Provisions and contingent liabilities

Contingencies refer to potential obligations arising from past transactions or events, its existence must be verified through the occurrence or non-occurrence of uncertain future events; or in respect of present obligations arising from past transactions or events, the performance of such obligations is not likely to cause economic benefits to flow out of the Group or the impact amount of the obligation cannot be reliably measured. These obligations are not recognised, but only disclosed in in Note X. Commitments and contingencies to the financial statements.

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined as follows:

- Where the contingency involves a single item, the best estimate is the most likely outcome.

- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amounts of provisions at the balance sheet date and adjusts their carrying amounts to the current best estimates.

20. Dividends distributions

Dividends distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

21. Fiduciary activities

The Group acts as an manager, trustee or agent for its clients in its fiduciary activities. The Group's balance sheet does not include assets held by the Group as a result of the fiduciary activities and commitments relating to the surrender of such assets to the customers, which are at the risk and return of the customers.

Through the entrusted loan agreement entered into with the customers, the customer provides funds ("entrusted loan funds") to the Group, and the Group issues loans ("entrusted loans") to third parties in accordance with the instructions of the customers. As the Group does not undertake the risks and rewards of entrusted loans and related entrusted loan funds, the Group's entrusted loans and entrusted loan funds are recognised as off-balance sheet items based on their principal, and no provision for impairment is made for these entrusted loans.

22. Revenue recognition

(1) Interest income

For all financial assets measured at amortised cost and financial assets at fair value through other comprehensive income, interest income is measured at the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the rate of book value of financial asset or amortised cost of financial liability. The calculation of effective interest rate requires consideration of the contractual terms of the financial instrument (such as prepayment rights) and includes all fees and transaction costs attributable to the effective interest rate components (excluding ECL).

The Group recognises the interest income based on the book value of financial assets multiplied by the effective interest rate and presents it as interest income, except for the following cases:

- For the purchased or originated credit loss occurred financial assets, the Group calculates and recognises their interest income based on amortised cost and credit-adjusted effective interest rate of such financial assets since initial recognition.

- As for financial assets purchased or originated credit-impaired but credit-impaired in subsequent periods, its interest income is recognised by computing at amortised cost (i.e., the net amount after the expected credit loss provision is deducted from the book value) and effective interest rate of the financial asset. If no credit impairment exists in the financial instruments due to the improvement of its credit risk in the subsequent period, and this improvement can be objectively related to an event that occurs after the application of the provisions above, the interest income should be calculated and recognised as effective interest rate multiplying the book value of financial assets.

(2) Fee and commission income

The Group collects fees and commissions by providing services to customers. Fee and commission income is recognised when the Group satisfies the performance obligation, either over time or at a point in time when a customer obtains control of the service.

The Group satisfies a performance obligation over time if one of the following criteria is met; otherwise, the performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the customer can control the services provided during the Group's performance; or

- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

(3) Dividend income

Dividend income from equity instruments is recognised when the right to receive the dividend is established.

23. Expenses

(1) Interest expense

Interest expense on financial liabilities is calculated on the basis of the amortised cost of the financial liabilities, the timing of the funds employed, using the effective interest method, and is recognised in the corresponding period.

(2) Other expenses

Other expenses is recognised on an accrual basis.

24. Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, and social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Post-employment benefits

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group's employees participate in a basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate. In addition to basic social pension insurance, the Group's employees also participate in the enterprise annuity plan approved by the board of directors and submitted to the labour and social security administration. Enterprise annuity is calculated based on the annuity plan and is recognised in profit or loss when the contribution is incurred.

(3) Termination benefits

When the Group terminates an employee's employment before the employment contract expires, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits provided in an employee termination plan or a curtailment proposal;

- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

25. Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group. A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognised. Otherwise, the grant is included in other income or non-operating income directly.

26. Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

If a single transaction is not a business combination, it will not affect accounting profits or taxable income (or deductible losses) when the transaction occurs, and the initially recognized assets and liabilities have not resulted in equal taxable temporary differences and deductible temporary differences, then the temporary differences generated in the transaction will not generate deferred income tax. The temporary difference caused by the initial recognition of goodwill does not generate relevant deferred income tax.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, according to the issued tax law, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reductions are reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;

- they relate to income taxes levied by the same tax authority on either:

- the same taxable entity; or

- different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

27. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be explicitly or implicitly speicied in a contract and are physically distinct, or may be a portion of an asset's capacity or other portion of an asset that is not physically distinct but represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;

- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

- the lessee has the right to direct the use of the asset.

For a contract that contains multiple separate lease componets, the lessee and the lessor separate the lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate the lease components from the non-lease components.

(1) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to obtain the ownership of the lease asset by the end of the lease term, the right-of-use asset is depreciated over the remaining useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated over the shorter of the lease term or the remaining useful life of the lease asset. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note III.17.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability are charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the lease commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;

- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;

- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or the Group has exercised the extension or termination option in a different manner from the original assessment.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (A leased asset is of low value individually when it is new). The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate over the lease term.

(2) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the asset under finance lease. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term with a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are accounted for in accordance with the accounting policy in Note III.8. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases are recognised as rental income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

28. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Bank is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Bank determines related parties based on the disclosure requirements of the Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

29. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are the same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to provide the products or provide the services, and the nature of the regulatory environment. Reportable segments are identified based on operating segments taking into account of materiality principle.

For segment reporting, inter-segment revenues are measured on the basis of the actual transaction prices for such transactions, and segment accounting policies are consistent with those used to prepare the consolidated financial statements.

30. Significant accounting estimates and judgements

The preparation of financial statements requires the management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as the underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the course of implementing the Group's accounting policies, management will make estimates and assumptions about the impact of future uncertainties on the financial statements. The management makes the following estimates and major assumptions on the significant future uncertainties at the balance sheet date, which may result in a significant adjustment in the carrying amount of the assets and liabilities in the next accounting period.

Measurement of ECLs

As for debt instrument investment s carried at amortized cost and FVOCI and loan commitments and financial guarantee contracts, complicated models and a huge amount of assumptions were adopted in the ECL measurement. These models and assumptions relate to the future macroeconomic conditions and the borrowers' creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). Explanation of inputs, assumptions and estimation techniques of ECL measurement are indicated in Note XII.1 Credit risk.

Income tax

The Group needs to make judgements about the future tax treatment of certain transactions for the purpose of recognising the income tax. The Group makes prudent judgements about the income tax effects corresponding to the transactions and makes provision for income tax accordingly in accordance with the relevant tax regulations. Deferred tax assets are recognised only to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised. Significant judgement is required with respect to the tax treatment of certain transactions and significant estimates are required as to whether it is probable that sufficient future taxable income will be available against which the deferred tax assets can be utilised.

Fair value of financial instruments

The fair value of a financial instrument, for which there is no active market, is determined by using valuation methods. Valuation methods include estimation by reference to transaction prices determined in arm's length transactions between economic agents with complete information available in the market and willingness to buy and sell, by reference to the fair value of another similar financial instrument in the market, or by applying discounted cash flow analysis and option pricing models. Valuation methods maximise observable market information; however, when observable market information is not available, management makes estimates on significant unobservable information included in the valuation methods.

Judgement on control over structured entities

The Group manages or invests in several wealth management products, trust plans, capital management plans, debt financing plans, funds and asset-backed securities. In determining whether it controls such structured entities, the Group determines whether it exercises its own decision-making power as the primary responsible party or as an agent, and assesses its overall economic interest in such structured entities (including the income generated from direct holdings and expected management fees) and the extent of its decision-making power over such structured entities. Where other parties hold decision-making power, the investor also needs to make sure whether other parties exercise decision-making power as its agents.

For wealth management products, trust plans, capital management plans, debt financing plans, funds and asset-backed securities for which the Group holds interests or acts as a sponsor but not included in the consolidated financial statements, refers to Note VIII.

31. Changes in significant accounting policies and accounting estimates

- In 2024, the Group implemented the Accounting Standards for Business Enterprises Interpretation No. 17 (CK [2023] No. 21) and Accounting Standards for Business Enterprises Interpretation No. 18 (CK [2024] No. 24) issued by the Ministry of Finance in recent years. The adoption of the above requirements and guidance does not have a significant effect on the financial position and financial performance of the Group. In 2024, the Group has adopted the revised CAS Bulletin No.17 (Caikuai [2023] No.21) ("CAS Bulletin No.17") and CAS Bulletin No.18 (Caikuai [2024] No.24) ("CAS Bulletin No.18") newly issued by the Ministry of Finance ("MOF").

(All amounts expressed in thousands of RMB unless otherwise stated)

IV. Taxation

Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value-added tax (VAT)	According to tax laws, output VAT is calculated on taxable income. VAT payable is determined by deducting input VAT from output VAT for the period	6% - 13%
	Tax payable based on simplified taxation method is calculated using the taxable sales amount multiplied by levying rate	3 - 5%
Urban maintenance and construction tax	Based on VAT paid	1% - 7%
Education surcharges	Based on VAT paid	3%
Local education surcharges	Based on VAT paid	2%
Corporate income tax	Based on taxable profits	15% - 25%

Note:

According to the Announcement of the Ministry of Finance, the State Taxation Administration on Relevant Tax Policies to Support the Financing of Small and Micro Enterprises (Caishui [2017] No. 77), from 1 December 2017 to 31 December 2019, the interest income obtained by financial institutions from granting small loans to farmers, small enterprises, micro enterprises and individual businesses is exempt from Value-added tax. According to the Announcement of the Ministry of Finance and , the State Taxation Administration on Continuing the Implementation of Preferential Tax Policies for Inclusive Finance (Caishui [2020] No. 22), the implementation period of the preferential tax policies is extended to 31 December 2023.

According to the Announcement of the Ministry of Finance, the State Taxation Administrationof Taxation on the Policy of Exemption from Value Added Tax on Loan Interest Income of Financial Institutions for Small and Micro Enterprises (Caishui [2018] No. 91), from 1 September 2018 to 31 December 2020, the interest income obtained by financial institutions from granting small loans to small enterprises, micro enterprises and self-employed industrial and commercial households shall be exempted from value-added tax within the specified range According to the Announcement of the Ministry of Finance, the State Taxation Administrationof Taxation on Extending the Implementation Period of Some Preferential Tax Policies (Caishui [2021] No. 6), the implementation period of the preferential tax policies will be extended to December 31, 2023. According to the Announcement of of the Ministry of Finance, the State Taxation Administrationof Taxation on the Tax Policies Related to Supporting the Financing of Small and Micro Enterprises (Caishui [2023] No. 13) and the Announcement of the Ministry of Finance, the State Taxation Administrationof Taxation on the Policy of Exemption of Value Added Tax on Loan Interest Income of Small and Micro Enterprises of Financial Institutions (Caishui [2023] No. 16), the interest income obtained by financial institutions from granting small loans to small enterprises, micro enterprises and individual businesses is exempt from value-added tax. The preferential tax policy will be implemented until 31 December 2027.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China (Announcement of the Ministry of Finance [2020] No. 23), from 1 January 2021 to 31 December 2030, the enterprise income tax on certain rural banks controlled by the Bank shall be paid at a reduced rate of 15%.

V. Notes to the financial statements

1. Cash and deposits with central bank

	Note	The Group		The Bank	
		2024	2023	2024	2023
Cash on hand		3,518,235	3,288,690	3,450,383	3,200,059
Cash and deposits with central bank					
Including: - Required reserve	(1)	53,913,379	52,499,164	52,288,059	50,824,372
- Excess reserve	(2)	14,457,303	12,720,495	11,238,642	9,043,902
- Risk reserve for foreign exchange		211,929	202,989	211,929	202,989
- Other deposits		796,249	792,524	793,039	788,994
Interest accrued		25,402	30,084	24,621	29,393
Total		72,922,497	69,533,946	68,006,673	64,089,709

(1) Statutory deposit reserves are deposited with the People's Bank of China ("PBOC") as required and are not available for the Group's daily operations. As at 31 December 2024, the Bank's RMB deposit reserve ratio is 5% (31 December 2023: 5.25%), the foreign currency deposit reserve ratio is 4% (31 December 2023: 4%). Deposit reserve ratio of the Bank's subsidiaries in Mainland China is subject to relevant regulations of the local PBOC.

(2) Excess reserves include funds deposited with the PBOC for settlement purposes and other non-restricted funds.

(All amounts expressed in thousands of RMB unless otherwise stated)

2. Deposits with banks and other financial institutions

Analysed by location and types of institutions

	The Group		The Bank	
	2024	2023	2024	2023
Deposits with domestic banks	14,521,587	15,012,184	8,709,166	7,971,324
Deposits with other domestic financial institutions	1,176,968	1,024,446	1,176,968	1,024,446
Deposits with oversea banks	893,776	985,760	893,776	985,760
Interest accrued	54,317	83,166	11,134	32,023
Subtotal	16,646,648	17,105,556	10,791,044	10,013,553
Less: Loss allowance	(19,194)	(18,575)	(7,108)	(16,480)
Total	16,627,454	17,086,981	10,783,936	9,997,073

As at 31 December 2024, the deposits with other banks and other financial institutions of the Group and the Bank included deposit of RMB231,970 thousand (deposit of the Group and the Bank as at 31 December 2023: RMB 67,529 thousand), and the deposits were restricted.

3. Placements with banks and other financial institutions

Analysed by location and types of institutions

	The Group		The Bank	
	2024	2023	2024	2023
Placements with domestic banks	1,435,449	1,422,953	1,435,449	1,422,953
Placements with other domestic financial institutions	51,016,394	51,340,642	53,416,394	52,140,642
Placements with oversea banks	826,666	885,338	826,666	885,338
Interest accrued	547,741	659,484	569,999	667,638
Subtotal	53,826,250	54,308,417	56,248,508	55,116,571
Less: Loss allowance	(142,353)	(148,360)	(156,210)	(153,365)
Total	53,683,897	54,160,057	56,092,298	54,963,206

4. Derivative financial instruments

The Group enters into foreign currency exchange rate, interest rate and precious metals related derivative financial instruments for purposes of trading, asset and liability management and customer driven business.

The contracts, notional amount and fair value of the Group's derivative financial instruments are as follows: The contracts and notional amount of the derivative financial instruments only provide a basis for comparing the fair value of the assets or liabilities recognised within the statement, but don't stand for the relevant future cash flow or current fair value, thus, do not indicate the Group's exposure to credit or market risks. The derivative financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, foreign exchange rates or precious metal prices relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

	The Group and the Bank					
	2024			2023		
	Notional amount	Fair value		Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Interest rate derivatives	260,616,399	2,361,526	(2,492,133)	225,406,400	954,496	(1,049,026)
Exchange rate derivatives	69,954,840	759,190	(418,539)	48,801,897	447,413	(267,832)
Precious metal derivatives	17,882,741	1,652,754	(207,541)	18,284,095	632,025	(449,942)
Credit risk mitigation	2,161,013	915	(57,924)	1,063,915	2,334	(14,536)
Total	350,614,993	4,774,385	(3,176,137)	293,556,307	2,036,268	(1,781,336)

(All amounts expressed in thousands of RMB unless otherwise stated)

5. Financial assets purchased under resale agreements

	The Group		The Bank	
	2024	2023	2024	2023
Bonds purchased under resale agreements	27,171,485	18,069,360	25,715,804	17,003,360
Interest accrued	9,060	12,647	8,635	12,130
Subtotal	27,180,545	18,082,007	25,724,439	17,015,490
Less: Loss allowance	(25,526)	(27,319)	(25,526)	(26,032)
Total	27,155,019	18,054,688	25,698,913	16,989,458

6. Loans and advances to customers

6.1 Category of loans and advances to customers

	Note	The Group		The Bank	
		2024	2023	2024	2023
Total loans and advances to customers at amortised cost		614,422,195	599,396,379	594,428,326	579,414,556
Interest accrued of loans and advances to customers at amortised cost		1,274,972	1,230,190	1,230,824	1,183,543
Subtotal		615,697,167	600,626,569	595,659,150	580,598,099
Less: Loss allowance		(25,308,285)	(27,834,218)	(24,473,190)	(26,963,107)
Carrying amount of loans and advances to customers at amortised cost	6.1.1	590,388,882	572,792,351	571,185,960	553,634,992
Loans and advances to customers at FVTOCI	6.1.2	137,565,558	108,563,530	137,565,558	108,563,530
Loans and advances to customers at FVTPL	6.1.3	3,230,907	3,523,403	3,230,907	3,523,403
Total		731,185,347	684,879,284	711,982,425	665,721,925

6.1.1 Loans and advances to customers at amortised cost

	The Group		The Bank	
	2024	2023	2024	2023
Corporate loans and advances to customers				
- Loans	400,732,262	388,447,141	398,727,247	385,913,476
Subtotal	400,732,262	388,447,141	398,727,247	385,913,476
Personal loans and advances				
- Personal mortgage loans	107,865,105	106,584,596	103,915,602	101,936,325
- Personal business loans	60,628,697	58,681,778	49,202,295	48,605,357
- Personal consumption loans	42,836,104	42,056,396	40,226,471	39,346,459
- Credit cards	2,292,779	3,605,151	2,292,779	3,605,151
- Others	67,248	21,317	63,932	7,788
Subtotal	213,689,933	210,949,238	195,701,079	193,501,080
Interest accrued of loans and advances to customers at amortised cost	1,274,972	1,230,190	1,230,824	1,183,543
Total loans and advances to customers at amortised cost	615,697,167	600,626,569	595,659,150	580,598,099
Less: Loss allowance	(25,308,285)	(27,834,218)	(24,473,190)	(26,963,107)
Carrying amount of loans and advances to customers at amortised cost	590,388,882	572,792,351	571,185,960	553,634,992

(All amounts expressed in thousands of RMB unless otherwise stated)

6.1.2 Loans and advances to customers at FVTOCI

	The Group and the Bank	
	2024	2023
Corporate loans and advances to customers		
Loans	37,614,826	26,565,434
Discounted bills	99,950,732	81,998,096
Carrying amount of loans and advances to customers at FVTOCI	137,565,558	108,563,530

6.1.3 Loans and advances to customers at FVTPL

	The Group and the Bank	
	2024	2023
Corporate loans and advances to customers		
Discounted bills	3,230,907	3,523,403

6.2 Analysed by industry distribution

	The Group				The Bank			
	2024		2023		2024		2023	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Real estate	116,721,445	15.46	104,664,765	14.71	116,719,323	15.88	104,642,743	15.13
Leasing and business services	88,533,328	11.72	95,013,113	13.35	88,240,652	12.00	94,655,368	13.69
Manufacturing	84,532,106	11.19	83,730,810	11.77	84,096,460	11.44	83,141,236	12.02
Wholesale and retail business	37,667,357	4.99	33,388,568	4.69	37,304,696	5.07	32,847,054	4.75
Transportation, warehousing and postal services	17,297,712	2.29	15,353,415	2.16	17,178,581	2.34	15,229,402	2.20
Information transmission, software and information technology services	13,890,412	1.84	13,926,035	1.96	13,850,791	1.88	13,866,096	2.01
Financial	13,878,816	1.84	8,005,163	1.13	13,877,816	1.89	8,004,163	1.16
Construction	12,514,308	1.66	11,368,635	1.60	12,178,731	1.66	11,005,111	1.59
Hotel and catering services	7,020,858	0.93	7,111,178	1.00	6,930,505	0.94	7,012,627	1.01
Scientific research and technical service	6,136,228	0.81	6,279,788	0.88	6,116,642	0.83	6,260,664	0.91
Others	40,154,518	5.31	36,171,105	5.08	39,847,876	5.42	35,814,446	5.18
Sub-total of corporate loans	438,347,088	58.04	415,012,575	58.33	436,342,073	59.35	412,478,910	59.65
Discounted bills	103,181,639	13.66	85,521,499	12.02	103,181,639	14.03	85,521,499	12.37
Personal loans	213,689,933	28.30	210,949,238	29.65	195,701,079	26.62	193,501,080	27.98
Total loans and advances to customers	755,218,660	100.00	711,483,312	100.00	735,224,791	100.00	691,501,489	100.00

(All amounts expressed in thousands of RMB unless otherwise stated)

6.3 Analysed by collateral types

	The Group		The Bank	
	2024	2023	2024	2023
Credit loans	154,249,916	144,577,030	145,481,576	137,982,723
Guaranteed loans	110,358,774	112,682,655	106,076,135	107,691,891
Mortgage loans	372,595,010	355,640,187	365,674,039	347,273,942
Pledged loans	118,014,960	98,583,440	117,993,041	98,552,933
Total	755,218,660	711,483,312	735,224,791	691,501,489

6.4 Overdue loans

	The Group				
	2024				
	Overdue 1 - 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue for more than 3 years	Total
Credit loans	739,809	980,590	555,584	31,965	2,307,948
Guaranteed loans	565,113	1,343,762	505,926	84,319	2,499,120
Mortgage loans	2,933,489	1,110,457	1,782,159	300,656	6,126,761
Pledged loans	24,934	16,940	4,065	-	45,939
Total	4,263,345	3,451,749	2,847,734	416,940	10,979,768

	The Group				
	2023				
	Overdue 1 - 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue for more than 3 years	Total
Credit loans	672,853	1,348,967	160,546	20,345	2,202,711
Guaranteed loans	608,663	562,754	740,676	42,266	1,954,359
Mortgage loans	1,082,517	1,609,634	1,816,853	189,344	4,698,348
Pledged loans	-	44,005	-	-	44,005
Total	2,364,033	3,565,360	2,718,075	251,955	8,899,423

	The Bank				
	2024				
	Overdue 1 - 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue for more than 3 years	Total
Credit loans	605,010	854,098	520,208	31,204	2,010,520
Guaranteed loans	491,940	1,278,262	481,174	79,893	2,331,269
Mortgage loans	2,797,725	1,044,331	1,741,332	295,737	5,879,125
Pledged loans	24,934	16,940	4,065	-	45,939
Total	3,919,609	3,193,631	2,746,779	406,834	10,266,853

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank				
	2023				
	Overdue 1 - 90 days (inclusive)	Overdue 91 - 360 days (inclusive)	Overdue 361 days - 3 years (inclusive)	Overdue for more than 3 years	Total
Credit loans	610,944	1,292,510	133,819	19,954	2,057,227
Guaranteed loans	509,403	515,865	717,568	37,804	1,780,640
Mortgage loans	955,560	1,536,031	1,790,630	182,514	4,464,735
Pledged loans	-	44,005	-	-	44,005
Total	2,075,907	3,388,411	2,642,017	240,272	8,346,607

Loans with principal or interests overdue for one day or more are classified as overdue loans.

6.5 Risks and ECL of loans and advances to customers

	The Group			
	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Carrying amount of loans and advances to customers at amortised cost	573,762,812	34,587,094	7,347,261	615,697,167
Less: Loss allowance of loans and advances to customers at amortised cost	(13,845,850)	(5,655,036)	(5,807,399)	(25,308,285)
Carrying amount of loans and advances to customers at amortised cost	559,916,962	28,932,058	1,539,862	590,388,882
Carrying amount of loans and advances to customers at FVTOCI	137,534,760	30,798	-	137,565,558
Loss allowance for loans and advances to customers measured at FVTOCI	(389,387)	(343)	(7,323)	(397,053)

	The Group			
	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Carrying amount of loans and advances to customers at amortised cost	558,989,035	34,702,699	6,934,835	600,626,569
Less: Loss allowance of loans and advances to customers at amortised cost	(16,325,377)	(6,454,344)	(5,054,497)	(27,834,218)
Carrying amount of loans and advances to customers at amortised cost	542,663,658	28,248,355	1,880,338	572,792,351
Carrying amount of loans and advances to customers at FVTOCI	108,550,009	6,198	7,323	108,563,530
Loss allowance for loans and advances to customers measured at FVTOCI	(208,114)	(3)	(7,323)	(215,440)

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank			
	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Carrying amount of loans and advances to customers at amortised cost	555,288,973	33,414,606	6,955,571	595,659,150
Less: Loss allowance of loans and advances to customers at amortised cost	(13,461,028)	(5,464,585)	(5,547,577)	(24,473,190)
Carrying amount of loans and advances to customers at amortised cost	541,827,945	27,950,021	1,407,994	571,185,960
Carrying amount of loans and advances to customers at FVTOCI	137,534,760	30,798	-	137,565,558
Loss allowance for loans and advances to customers measured at FVTOCI	(389,387)	(343)	(7,323)	(397,053)

	The Bank			
	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Carrying amount of loans and advances to customers at amortized cost	540,290,017	33,698,549	6,609,533	580,598,099
Less: Loss allowance of loans and advances to customers at amortised cost	(15,799,365)	(6,310,292)	(4,853,450)	(26,963,107)
Carrying amount of loans and advances to customers at amortised cost	524,490,652	27,388,257	1,756,083	553,634,992
Carrying amount of loans and advances to customers at FVTOCI	108,550,009	6,198	7,323	108,563,530
Loss allowance for loans and advances to customers measured at FVTOCI	(208,114)	(3)	(7,323)	(215,440)

6.6 Movement in allowance for impairment of loans and advances to customers

(a) Movement in allowance for impairment of loans and advances to customers at amortised cost

Provision for impairment	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2024	16,325,377	6,454,344	5,054,497	27,834,218
Transferred to:				
- Stage 1	1,992,221	(1,939,681)	(52,540)	-
- Stage 2	(772,849)	799,293	(26,444)	-
- Stage 3	(54,728)	(146,857)	201,585	-
(Reversal)/Provision during the year	(3,644,171)	487,937	5,108,220	1,951,986
Written-off during the year	-	-	(4,852,918)	(4,852,918)
Recovery of loans and advances to customers previously written off	-	-	374,999	374,999
Balance at 31 December 2024	13,845,850	5,655,036	5,807,399	25,308,285

(All amounts expressed in thousands of RMB unless otherwise stated)

Provision for impairment	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2023	15,447,495	6,168,775	6,308,281	27,924,551
Transferred to:				
- Stage 1	1,858,795	(1,745,438)	(113,357)	-
- Stage 2	(737,922)	1,173,292	(435,370)	-
- Stage 3	(65,163)	(345,825)	410,988	-
(Reversal)/Provision during the year	(177,828)	1,203,540	1,352,048	2,377,760
Written-off during the year	-	-	(3,198,257)	(3,198,257)
Recovery of loans and advances to customers previously written off	-	-	730,164	730,164
Balance at 31 December 2023	16,325,377	6,454,344	5,054,497	27,834,218

Provision for impairment	The Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2024	15,799,365	6,310,292	4,853,450	26,963,107
Transferred to:				
- Stage 1	1,978,152	(1,931,378)	(46,774)	-
- Stage 2	(763,410)	785,240	(21,830)	-
- Stage 3	(49,059)	(120,004)	169,063	-
(Reversal)/Provision during the year	(3,504,020)	420,435	4,775,382	1,691,797
Written-off during the year	-	-	(4,456,083)	(4,456,083)
Recovery of loans and advances to customers previously written off	-	-	274,369	274,369
Balance at 31 December 2024	13,461,028	5,464,585	5,547,577	24,473,190

Provision for impairment	The Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2023	15,033,546	6,067,755	6,067,801	27,169,102
Transferred to:				
- Stage 1	1,855,437	(1,742,220)	(113,217)	-
- Stage 2	(719,657)	1,145,219	(425,562)	-
- Stage 3	(52,942)	(322,902)	375,844	-
(Reversal)/Provision during the year	(317,019)	1,162,440	1,288,791	2,134,212
Written-off during the year	-	-	(2,986,052)	(2,986,052)
Recovery of loans and advances to customers previously written off	-	-	645,845	645,845
Balance at 31 December 2023	15,799,365	6,310,292	4,853,450	26,963,107

(All amounts expressed in thousands of RMB unless otherwise stated)

(b) Movement in allowance for impairment of loans and advances to customers at FVTOCI

Provision for impairment	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2024	208,114	3	7,323	215,440
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provision for the year	181,273	340	-	181,613
Balance at 31 December 2024	389,387	343	7,323	397,053

Provision for impairment	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2023	284,080	1	5,980	290,061
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
(Reversal)/Provision for the year	(75,966)	2	1,343	(74,621)
Balance at 31 December 2023	208,114	3	7,323	215,440

7. Financial assets held for trading

	The Group		The Bank	
	2024	2023	2024	2023
Fund investments	18,326,331	9,454,935	31,994,551	25,885,237
Interbank certificate of deposit	12,968,679	19,905,866	10,736,282	17,991,756
Financial bonds	11,244,684	12,296,346	2,835,587	3,718,300
Corporate bonds	7,627,796	16,495,278	3,080,277	6,663,485
Government bonds	1,410,357	879,510	971,321	858,453
Asset-backed securities	272	272	272	272
Trust and asset management plans	-	210,201	42,690,326	42,303,015
Others	55,418	-	39,469	-
Total	51,633,537	59,242,408	92,348,085	97,420,518

(All amounts expressed in thousands of RMB unless otherwise stated)

8. Debt investments

	The Group		The Bank	
	2024	2023	2024	2023
Government bonds	112,105,729	97,484,579	110,766,664	95,610,202
Financial bonds	71,195,716	71,637,944	71,087,254	71,637,944
Corporate bonds	416,038	1,510,279	416,038	1,510,279
Debt financing plans	275,000	525,000	275,000	525,000
Trust and asset management plans	204,401	204,401	204,401	204,401
Asset-backed securities	1,400	47,772	1,400	47,772
Subtotal	184,198,284	171,409,975	182,750,757	169,535,598
Interest accrued	2,731,291	2,829,772	2,713,948	2,804,058
Provision for impairment	(391,816)	(383,097)	(391,743)	(383,012)
Total	186,537,759	173,856,650	185,072,962	171,956,644

(i) Movement in provision for impairment of debt investments:

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2024	178,696	-	204,401	383,097
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provision for the year	8,719	-	-	8,719
Balance at 31 December 2024	187,415	-	204,401	391,816

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2023	24,621	-	204,401	229,022
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provision for the year	154,075	-	-	154,075
Balance at 31 December 2023	178,696	-	204,401	383,097

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2024	178,611	-	204,401	383,012
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provision for the year	8,731	-	-	8,731
Balance at 31 December 2024	187,342	-	204,401	391,743

	The Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2023	24,621	-	204,401	229,022
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
Provision for the year	153,990	-	-	153,990
Balance at 31 December 2023	178,611	-	204,401	383,012

9. Other debt investments

	The Group		The Bank	
	2024	2023	2024	2023
Financial bonds	142,271,634	142,236,206	111,958,027	115,491,933
Government bonds	67,069,918	59,247,477	66,216,049	58,439,265
Corporate bonds	64,902,557	51,340,372	44,503,638	29,831,592
Interbank certificate of deposit	7,143,138	3,671,586	7,143,138	2,128,651
Asset-backed securities	203,146	201,499	203,146	201,499
Subtotal	281,590,393	256,697,140	230,023,998	206,092,940
Interest accrued	3,993,657	4,045,403	3,140,263	3,194,964
Total	285,584,050	260,742,543	233,164,261	209,287,904

(i) Movement in provision for impairment of debt investments:

	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2024	275,011	45,918	-	320,929
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	-	-	-	-
- Stage 3	-	-	-	-
(Reversal)/Provision during the year	38,892	(35,124)	-	3,768
Balance at 31 December 2024	313,903	10,794	-	324,697

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2023	24,581	-	-	24,581
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	(50)	50	-	-
- Stage 3	-	-	-	-
Provision during the year	250,480	45,868	-	296,348
Balance at 31 December 2023	275,011	45,918	-	320,929

10. Investments in other equity instruments

	The Group and the Bank	
	2024	2023
Equity investments	361,500	236,500

11. Finance lease receivables / long-term receivables

	Note	The Group	
		2024	2023
Financing lease receivables	11.1	7,527,254	7,716,421
Long-term receivables	11.2	31,979,353	27,081,537
Total		39,506,607	34,797,958

11.1 Finance lease receivables

	The Group	
	2024	2023
Financing lease receivables	9,191,193	9,524,915
Interest accrued of financing lease receivables	67,544	96,141
Less: Unearned finance income	(1,308,192)	(1,164,354)
Total financing lease receivables	7,950,545	8,456,702
Less: Loss allowance	(423,291)	(740,281)
Carrying amount of finance lease receivables	7,527,254	7,716,421

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

	The Group	
	2024	2023
1st year after the balance sheet date	3,339,526	4,453,536
2nd year after the balance sheet date	1,511,474	2,830,671
3rd year after the balance sheet date	1,170,427	697,678
Years afterwards	3,169,766	1,543,030
Total minimum lease receipts	9,191,193	9,524,915
Accrued interest	67,544	96,141
Unearned finance income	(1,308,192)	(1,164,354)
Subtotal	7,950,545	8,456,702
Less: Loss allowance	(423,291)	(740,281)
Carrying amount of finance lease receivables	7,527,254	7,716,421

(All amounts expressed in thousands of RMB unless otherwise stated)

11.1.2 Finance lease receivables analysed by industry distribution:

	The Group			
	2024	Percentage (%)	2023	Percentage (%)
Production and supply of electricity, heat, gas and water	3,843,383	41.82	1,671,498	17.55
Water conservancy, environmental and other public services	1,773,513	19.30	3,910,669	41.06
Manufacturing	1,153,545	12.55	538,976	5.66
Transportation, warehousing and postal services	581,131	6.32	767,898	8.06
Construction industry	542,956	5.91	1,704,829	17.90
Leasing and business services	439,086	4.78	496,413	5.21
Others	857,579	9.32	434,632	4.56
Total	9,191,193	100.00	9,524,915	100.00

11.1.3 Movement in impairment loss for finance lease receivables:

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2024	160,824	248,051	331,406	740,281
Transferred to:				
- Stage 1	72,768	(49,830)	(22,938)	-
- Stage 2	(17,598)	34,817	(17,219)	-
- Stage 3	(204)	(6,675)	6,879	-
Reversal for the year	(80,524)	(29,107)	(98,522)	(208,153)
Written-off during the year	-	-	(225,892)	(225,892)
Recover after written-off	-	-	117,055	117,055
Balance at 31 December 2024	135,266	197,256	90,769	423,291

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2023	502,152	180,294	372,009	1,054,455
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	(57,678)	57,678	-	-
- Stage 3	(11,965)	(94,800)	106,765	-
(Reversal)/provision for the year	(271,685)	104,879	92,944	(73,862)
Written-off during the year	-	-	(277,734)	(277,734)
Recover after written-off	-	-	37,422	37,422
Balance at 31 December 2023	160,824	248,051	331,406	740,281

(All amounts expressed in thousands of RMB unless otherwise stated)

11.2 Long-term receivables

	The Group	
	2024	2023
Long-term receivables	35,843,298	30,589,441
Interest accrued of long-term receivables	269,044	256,237
Less: Unearned finance income	(2,619,986)	(2,664,249)
Total long-term receivables	33,492,356	28,181,429
Less: Loss allowance	(1,513,003)	(1,099,892)
Carrying amount of long-term receivables	31,979,353	27,081,537

11.2.1 Minimum receipts to be received after the balance sheet date

	The Group	
	2024	2023
1st year after the balance sheet date	16,247,991	12,911,594
2nd year after the balance sheet date	10,732,120	9,612,207
3rd year after the balance sheet date	4,577,139	5,088,102
Years afterwards	4,286,048	2,977,538
Total minimum receipts	35,843,298	30,589,441
Accrued interest	269,044	256,237
Unearned finance income	(2,619,986)	(2,664,249)
Subtotal	33,492,356	28,181,429
Less: Loss allowance	(1,513,003)	(1,099,892)
Carrying amount of long-term receivables	31,979,353	27,081,537

11.2.2 Long-term receivables analysed by industry distribution:

	The Group			
	2024	Percentage (%)	2023	Percentage (%)
Manufacturing	18,705,592	52.19	16,470,896	53.85
Production and supply of electricity, heat, gas and water	3,835,026	10.70	2,410,478	7.88
Transportation, warehousing and postal services	2,587,376	7.22	2,041,029	6.67
Water conservancy, environmental and other public services	2,481,484	6.92	3,721,899	12.17
Information transmission, software and information technology services	2,287,193	6.38	970,844	3.17
Construction industry	1,774,568	4.95	2,422,091	7.92
Leasing and business services	1,359,061	3.79	759,218	2.48
Mining industry	947,594	2.65	362,646	1.19
Cultural, sports and entertainment activities	845,588	2.36	503,112	1.64
Wholesale and retail	277,082	0.77	243,236	0.80
Others	742,734	2.07	683,992	2.24
Total	35,843,298	100.00	30,589,441	100.00

(All amounts expressed in thousands of RMB unless otherwise stated)

11.2.3 Movement in provision for impairment of long-term receivables

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2024	837,074	241,288	21,530	1,099,892
Transferred to:				
- Stage 1	71,289	(71,289)	-	-
- Stage 2	(23,868)	23,868	-	-
- Stage 3	(8,061)	(63,995)	72,056	-
(Reversal)/Provision for the year	(3,057)	317,530	179,193	493,666
Written-off during the year	-	-	(92,748)	(92,748)
Recover after write off	-	-	12,193	12,193
Balance at 31 December 2024	873,377	447,402	192,224	1,513,003

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2023	637,700	92,650	29,188	759,538
Transferred to:				
- Stage 1	-	-	-	-
- Stage 2	(14,593)	14,593	-	-
- Stage 3	(861)	-	861	-
Provision for the year	214,828	134,045	33,299	382,172
Written-off during the year	-	-	(41,818)	(41,818)
Balance at 31 December 2023	837,074	241,288	21,530	1,099,892

12. Long-term equity investments

	Note	The Group		The Bank	
		2024	2023	2024	2023
Investment in subsidiaries	12.1	-	-	3,622,232	3,581,112
Investments in associates	12.2	2,023,180	1,782,848	2,023,180	1,782,848
Subtotal		2,023,180	1,782,848	5,645,412	5,363,960
Less: Provision for impairment					
- Subsidiary		-	-	(892,564)	(892,564)
- Investments in associates	12.2	(2,068)	(2,068)	(2,068)	(2,068)
Total		2,021,112	1,780,780	4,750,780	4,469,328

(All amounts expressed in thousands of RMB unless otherwise stated)

12.1 Investments in subsidiaries

Information about subsidiaries

Name of the Subsidiary	2024	2023
Shanghai Chongming SHRCB Rural Bank Co., Ltd. (Note1)	78,120	51,000
Jinan Huaiyin SHRCB Rural Bank Co., Ltd.	25,500	25,500
Jinan Changqing SHRCB Rural Bank Co., Ltd.	25,500	25,500
Ningyang SHRCB Rural Bank Co., Ltd.	52,264	52,264
Dongping SHRCB Rural Bank Co., Ltd.	83,470	83,470
Linqing SHRCB Rural Bank Co., Ltd.	110,500	110,500
Liaocheng SHRCB Rural Bank Co., Ltd.	25,500	25,500
Chiping SHRCB Rural Bank Co., Ltd.	100,360	100,360
Yanggu SHRCB Rural Bank Co., Ltd.	45,276	45,276
Rizhao SHRCB Rural Bank Co., Ltd.	70,815	70,815
Taian SHRCB Rural Bank Co., Ltd.	107,666	107,666
Ningxiang SHRCB Rural Bank Co., Ltd.	51,000	51,000
Shuangfeng SHRCB Rural Bank Co., Ltd.	25,500	25,500
Lianyuan SHRCB Rural Bank Co., Ltd. (Note2)	46,784	32,784
Liling SHRCB Rural Bank Co., Ltd.	25,500	25,500
Shimen SHRCB Rural Bank Co., Ltd.	25,500	25,500
Cili SHRCB Rural Bank Co., Ltd.	25,500	25,500
Lixian SHRCB Rural Bank Co., Ltd.	25,500	25,500
Linli SHRCB Rural Bank Co., Ltd.	25,500	25,500
Yongxing SHRCB Rural Bank Co., Ltd.	25,500	25,500
Guiyang SHRCB Rural Bank Co., Ltd.	25,500	25,500
Hengyangxian SHRCB Rural Bank Co., Ltd.	25,500	25,500
Changsha Xingsha SHRCB Rural Bank Co., Ltd.	51,000	51,000
Ruili SHRCB Rural Bank Co., Ltd.	25,500	25,500
Kaiyuan SHRCB Rural Bank Co., Ltd.	25,500	25,500
Baoshan Longyang SHRCB Rural Bank Co., Ltd.	25,500	25,500
Mengzi SHRCB Rural Bank Co., Ltd.	25,500	25,500
Gejiu SHRCB Rural Bank Co., Ltd.	150,269	150,269
Jianshui SHRCB Rural Bank Co., Ltd.	25,500	25,500
Lincang Linxiang SHRCB Rural Bank Co., Ltd.	163,502	163,502
Mile Linxiang SHRCB Rural Bank Co., Ltd.	55,886	55,886
Songming Linxiang SHRCB Rural Bank Co., Ltd.	25,500	25,500
Kunming Guandu SHRCB Rural Bank Co., Ltd.	51,000	51,000
Shenzhen Guangming SHRCB Rural Bank Co., Ltd.(Note3)	109,954	109,954
Beijing Fangshan SHRCB Rural Bank Co., Ltd.	51,000	51,000
Yangtze United Financial Leasing Co., Ltd. (Note4)	1,784,366	1,784,366
Total	3,622,232	3,581,112

(All amounts expressed in thousands of RMB unless otherwise stated)

Name of the Subsidiary	Registered place	Nature of business	Registered capital	Acquisition method	Shareholding percentage of Bank (%)	Total voting right percentage of the Bank (%)
Shanghai Chongming SHRCB Rural Bank Co., Ltd. (Note1)	Shanghai	Financial industry	105,260	Establishment	51.23	52.88
Jinan Huaiyin SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	50,000	Establishment	51.00	51.00
Jinan Changqing SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	50,000	Establishment	51.00	51.00
Ningyang SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	76,764	Establishment	68.08	68.08
Dongping SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	107,970	Establishment	77.31	77.31
Lingqing SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	150,000	Establishment	73.67	73.67
Liaocheng SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	50,000	Establishment	51.00	51.00
Chiping SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	124,860	Establishment	80.38	80.38
Yanggu SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	69,776	Establishment	64.89	64.89
Rizhao SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	95,315	Establishment	74.30	74.30
Taian SHRCB Rural Bank Co., Ltd.	Shandong	Financial industry	132,166	Establishment	81.46	81.46
Ningxiang SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	110,000	Establishment	51.00	51.00
Shuangfeng SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Lianyuan SHRCB Rural Bank Co., Ltd. (Note2)	Hunan	Financial industry	57,284	Establishment	65.63	65.63
Liling SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Shimen SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Cili SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Lixian SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Linli SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Yongxing SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Guiyang SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Hengyangxian SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	50,000	Establishment	51.00	51.00
Changsha Xingsha SHRCB Rural Bank Co., Ltd.	Hunan	Financial industry	100,000	Establishment	51.00	51.00
Ruili SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	50,000	Establishment	51.00	51.00
Kaiyuan SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	50,000	Establishment	51.00	51.00
Baoshan Longyang SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	50,000	Establishment	51.00	51.00
Mengzi SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	50,000	Establishment	51.00	51.00
Gejiu SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	174,769	Establishment	85.98	85.98
Jianshui SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	50,000	Establishment	51.00	51.00
Lincang Linxiang SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	188,002	Establishment	86.97	86.97
Mile Linxiang SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	80,386	Establishment	69.52	69.52
Songming Linxiang SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	55,000	Establishment	51.00	51.00
Kunming Guandu SHRCB Rural Bank Co., Ltd.	Yunnan	Financial industry	100,000	Establishment	51.00	51.00
Shenzhen Guangming SHRCB Rural Bank Co., Ltd.(Note3)	Shenzhen	Financial industry	200,000	Establishment	51.65	61.65
Beijing Fangshan SHRCB Rural Bank Co., Ltd.	Beijing	Financial industry	100,000	Establishment	51.00	51.00
Yangtze United Financial Leasing Co., Ltd. (Note4)	Shanghai	Financial industry	2,450,000	Acquisition	54.29	54.29

(All amounts expressed in thousands of RMB unless otherwise stated)

Note 1: In February 18, 2009, the Bank established Shanghai Chongming Changjiang Rural Bank Co., Ltd. with 51.00% of its capital contribution. In 2011, Shanghai Chongming Changjiang Rural Bank Co., Ltd. completed capital increase and the Bank's shareholding ratio was adjusted to 48.45%. In December 2012, Shanghai Chongming Changjiang Rural Bank Co., Ltd. was renamed as Shanghai Chongming SHRCB Rural Bank Co., Ltd. (hereinafter referred to as "Shanghai Chongming Rural Bank"). In February 2024, the Bank obtained Hu Jin Fu [2024] No. 75 Reply of the Shanghai Regulatory Bureau of the State Financial Supervision and Administration on Approving the Directional Offering Scheme and Relevant Shareholder Qualifications of Shanghai Chongming Rural Bank, and agreed to subscribe 6 million shares of Shanghai Chongming Rural Bank by means of directional offering. After the completion of shareholding increase, the Bank's shareholding in Shanghai Chongming Rural Bank increased from 51 million shares to 57 million shares, with the shareholding ratio rising from 48.45% to 51.23%. On October 25, 2022, 15 shareholders of Shanghai Chongming Rural Bank signed an entrustment agreement with the Bank, which entrusted the Bank with 1.65% (1.84 million shares) of the voting rights of the shareholders' meeting of Shanghai Chongming Rural Bank held by them. Therefore, the Bank's voting rights to Shanghai Chongming Rural Bank totaled 52.88%

Note 2: In December 2024, the Bank obtained Xiang Jin Fu [2024] No. 285 Reply of Hunan Financial Regulatory Bureau on the Directional Offering Scheme and Relevant Shareholder Qualifications of Lianyuan SHRCB Rural Bank Co., Ltd., and agreed to subscribe for 14 million shares of Lianyuan SHRCB Rural Bank Co., Ltd. (hereinafter referred to as "Lianyuan Rural Bank") by means of directional offering. After the completion of shareholding increase, the Bank's shareholding in Lianyuan Village Branch increased from 32.7835 million shares to 46.7835 million shares, with the shareholding ratio rising from 57.23% to 65.63%.

Note 3: In December 2012, the Bank established Shenzhen Guangming SHRCB Rural Bank Co., Ltd.(Shenzhen Guangming SHRCB Rural Bank) owning 41.56% of its equity and voting rights. It obtained a business license on 27 December 2012 and began formal operations in early 2013. In December 2023, the Bank obtained Reply of the Shenzhen Regulatory Bureau of the National Financial Regulatory Administration on the Change of Equity of Shenzhen Guangming SHRCB Rural Bank Co., Ltd. (Shen Jin Fu [2023] No. 245) , and agreed that the Bank would accept 20 million shares of Shenzhen Guangming SHRCB Rural Bank Co., Ltd. held by Bayannur Hetao Rural Commercial Bank Co., Ltd., accounting for 10% of all shares of Shenzhen Guangming SHRCB Rural Bank. After the transfer, the Bank's shareholding in Shenzhen Guangming SHRCB Rural Bank increased from 83 million shares to 103 million shares, and its shareholding percentage increased from 41.65% to 51.65%.On 7 December 2012, China Gold Coin Shenzhen Distribution Center signed an agreement of concerted action with the Bank to commit that Shenzhen Guangming SHRCB Rural Bank will take concerted action with the Bank during the shareholders' meeting when it exercises its 10.00% voting right. Therefore, the Bank's voting rights percentage of Shenzhen Guangming SHRCB Rural Bank totaled 61.65%.

Note 4: In February 2023, the Bank obtained the Reply of Shanghai Regulatory Bureau of CBRC on Approving Shanghai Rural Commercial Bank Co., Ltd. to Increase its Shareholding in Changjiang United Financial Leasing Co., Ltd. (Hu CBRC Fu [2023] No. 59), and approved the Bank to increase its shareholding in its subsidiary Yangtze United Financial Leasing Co., Ltd. ("YUFL") by 80 million shares, accounting for 3.27% of all shares of YUFL. After the completion of shareholding increase, the Bank's shareholding in YUFL increased from 1.25 billion shares to 1.33 billion shares, with the Shareholding percentage rising from 51.02% to 54.29%.

12.2 Investments in associates

12.2.1 The analysis of movement in investments in associates is set out below:

Investee	The Group and the Bank							
	Movements during the year							
	As at 1 January 2024	Increase in investments	Investment income under equity method	Other comprehensive income adjustment	Cash dividend or profit distribution	Provision for impairment	As at 31 December 2024	Impairment at the end of the year
Jiangsu Haimen Rural Commercial Bank Co.,Ltd.(Note 1)	473,456	-	36,967	5,527	(3,785)	-	512,165	-
Hangzhou United Rural Commercial Bank Co., Ltd.(Note 2)	1,307,324	-	186,675	27,159	(12,211)	-	1,508,947	-
Shanghai Jingyi Industry Development Co., Ltd.(Note 3)	-	-	-	-	-	-	-	(2,068)
Total	1,780,780	-	223,642	32,686	(15,996)	-	2,021,112	(2,068)

Investee	The Group and the Bank							
	Movements during the year							
	As at 1 January 2023	Increase in investments	Investment income under equity method	Other comprehensive income adjustment	Cash dividend or profit distribution	Provision for impairment	As at 31 December 2023	Impairment at the end of the year
Jiangsu Haimen Rural Commercial Bank Co.,Ltd.(Note 1)	443,305	-	36,273	1,337	(7,459)	-	473,456	-
Hangzhou United Rural Commercial Bank Co., Ltd.(Note 2)	-	1,214,017	97,970	7,548	(12,211)	-	1,307,324	-
Shanghai Jingyi Industry Development Co., Ltd.(Note 3)	-	-	-	-	-	-	-	(2,068)
Total	443,305	1,214,017	134,243	8,885	(19,670)	-	1,780,780	(2,068)

(All amounts expressed in thousands of RMB unless otherwise stated)

Note 1: On 25 December 2020, the Bank contributed RMB 355,167 thousand to Jiangsu Haimen Rural Commercial Bank Co., Ltd. ("Haimen Rural Commercial Bank"), accounting for 8.96% of the total shares. According to the capital contribution agreement, the Bank assigned a director to the board of directors of Haimen Rural Commercial Bank and is able to exercise significant influence on Rural Commercial Bank, which is accounted for under the equity method.

Note 2: In March 2023, the Bank obtained the Reply of Shanghai Regulatory Bureau of CBRC on Approving Shanghai Rural Commercial Bank Co., Ltd. to Invest in Hangzhou United Rural Commercial Bank Co., Ltd. The Bank invested 87.218056 million shares in Hangzhou United Rural Commercial Bank Co., Ltd. ("Hangzhou United Rural Commercial Bank"), with a Shareholding percentage of 4%. According to the resolution of the 2022 annual general meeting of Hangzhou United Rural Commercial Bank on May 5, 2023, the candidate recommended by the Bank was elected as the shareholder director of the fourth Board of Directors, and the Bank could have a significant impact on Hangzhou United Rural Commercial Bank, which was accounted for in accordance with the equity method.

Note 3: On 31 December 2024, the Bank's shareholding percentage of Shanghai Jingyi Industrial Development Co., Ltd. (" Shanghai Jingyi ") was 18.87%, and full provision for impairment was made. The balance of the Bank's provision for impairment of such long-term equity investment was RMB 2,068 thousand.

12.2.2 Interests in joint ventures or associates

	The Group	
	2024	2023
Associates		
- Immaterial associates	2,021,112	1,780,780

(1) Details of immaterial associates and joint ventures

Name of investee	Direct Shareholding percentage (%)	Nature of business	Registered capital	Principal place of business	Registered place	Strategic to the Group's activities
Associates						
Haimen Rural Commercial Bank	8.96	Financial industry	1,067,174	Nantong	Nantong	No
Hangzhou United Rural Commercial Bank	4.00	Financial industry	2,180,463	Hangzhou	Hangzhou	No
Shanghai Jingyi	18.87	Investment management advisory	38,828	Shanghai	Shanghai	No

(2) Summarised financial information of the Group's immaterial associates:

	The Group	
	2024	2023
Aggregate carrying amount of investments	2,021,112	1,780,780
Aggregate amount of share of		
- Net profit	223,642	134,243
- Other comprehensive income	32,686	8,885
- Total comprehensive income	256,328	143,128

(All amounts expressed in thousands of RMB unless otherwise stated)

13. Fixed assets

	The Group					
	Plant and buildings	Transportation facilities	Electronic device	Machinery and equipments	Office equipments	Total
Cost						
1 January 2023	8,927,606	89,585	1,844,207	507,370	102,324	11,471,092
Additions during the year	14,100	6,768	45,116	8,137	1,856	75,977
Transfers from construction in progress	695,460	4,309	155,150	24,481	2,540	881,940
Disposals during the year	(898,967)	(15,493)	(79,955)	(35,201)	(5,580)	(1,035,196)
31 December 2023	8,738,199	85,169	1,964,518	504,787	101,140	11,393,813
Additions during the year	242,811	104,265	31,129	6,700	1,565	386,470
Transfers from construction in progress	92,860	2,518	194,277	29,752	3,235	322,642
Disposals during the year	(19,414)	(7,466)	(241,087)	(17,730)	(3,392)	(289,089)
31 December 2024	9,054,456	184,486	1,948,837	523,509	102,548	11,813,836
Accumulated depreciation						
1 January 2023	(3,734,188)	(68,570)	(1,416,592)	(380,838)	(77,362)	(5,677,550)
Provision during the year	(389,421)	(7,515)	(142,947)	(42,678)	(8,774)	(591,335)
Disposals during the year	331,305	14,743	75,912	32,718	5,332	460,010
31 December 2023	(3,792,304)	(61,342)	(1,483,627)	(390,798)	(80,804)	(5,808,875)
Provision during the year	(373,194)	(12,337)	(165,841)	(39,516)	(7,038)	(597,926)
Disposals during the year	5,217	7,098	229,339	16,771	3,200	261,625
31 December 2024	(4,160,281)	(66,581)	(1,420,129)	(413,543)	(84,642)	(6,145,176)
Provision for impairment						
1 January 2023	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
31 December 2023	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
31 December 2024	(485,801)	-	-	-	-	(485,801)
Carrying amounts						
At 31 December 2024	4,408,374	117,905	528,708	109,966	17,906	5,182,859
At 31 December 2023	4,460,094	23,827	480,891	113,989	20,336	5,099,137

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank					
	Plant and buildings	Transportation facilities	Electronic device	Machinery and equipments	Office equipments	Total
Cost						
1 January 2023	8,699,348	67,660	1,787,449	467,711	84,697	11,106,865
Additions during the year	11,640	1,963	42,478	7,015	1,665	64,761
Transfers from construction in progress	646,513	3,184	154,805	24,105	2,504	831,111
Disposals during the year	(898,950)	(9,395)	(77,500)	(33,936)	(4,853)	(1,024,634)
31 December 2023	8,458,551	63,412	1,907,232	464,895	84,013	10,978,103
Additions during the year	238,175	263	26,869	4,443	697	270,447
Transfers from construction in progress	71,764	2,422	193,939	29,222	2,964	300,311
Disposals during the year	(18,658)	(5,407)	(236,091)	(16,358)	(2,721)	(279,235)
31 December 2024	8,749,832	60,690	1,891,949	482,202	84,953	11,269,626
Accumulated depreciation						
1 January 2023	(3,670,381)	(52,579)	(1,375,596)	(348,160)	(62,626)	(5,509,342)
Provision during the year	(379,113)	(4,497)	(139,263)	(40,270)	(8,027)	(571,170)
Disposals during the year	331,305	8,949	73,590	31,529	4,645	450,018
31 December 2023	(3,718,189)	(48,127)	(1,441,269)	(356,901)	(66,008)	(5,630,494)
Provision during the year	(360,057)	(4,403)	(162,112)	(37,389)	(6,298)	(570,259)
Disposals during the year	5,217	5,142	224,592	15,547	2,590	253,088
31 December 2024	(4,073,029)	(47,388)	(1,378,789)	(378,743)	(69,716)	(5,947,665)
Provision for impairment						
1 January 2023	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
31 December 2023	(485,801)	-	-	-	-	(485,801)
Charge for the year	-	-	-	-	-	-
31 December 2024	(485,801)	-	-	-	-	(485,801)
Carrying amounts						
At 31 December 2024	4,191,002	13,302	513,160	103,459	15,237	4,836,160
At 31 December 2023	4,254,561	15,285	465,963	107,994	18,005	4,861,808

As at 31 December 2024, carrying amount of plant and buildings of the Group and the Bank that are in use but of which the certificates of title have not been obtained amounted to RMB935,681 thousand (31 December 2023: RMB1,001,973 thousand).

As at December 31, 2024, among the above fixed assets, the carrying value of transportation tools leased out by the Group through operating leases in the leasing business is RMB98.679 million (December 31, 2023: none).

(All amounts expressed in thousands of RMB unless otherwise stated)

14. Right-of-use assets / lease liabilities

(1) Right-of-use assets

	The Group				
	Plant & buildings	Transportation facilities	Electronic devices	Others	Total
Cost					
1 January 2023	1,071,064	382	567	6,530	1,078,543
Additions during the year	309,001	294	-	-	309,295
Disposals during the year	(195,377)	(140)	(567)	(59)	(196,143)
31 December 2023	1,184,688	536	-	6,471	1,191,695
Additions during the year	306,345	-	-	2,675	309,020
Disposals during the year	(268,533)	(274)	-	(4,610)	(273,417)
31 December 2024	1,222,500	262	-	4,536	1,227,298
Accumulated depreciation					
1 January 2023	(419,574)	(189)	(464)	(2,251)	(422,478)
Provision during the year	(246,812)	(182)	(102)	(1,125)	(248,221)
Disposals during the year	151,387	123	566	58	152,134
31 December 2023	(514,999)	(248)	-	(3,318)	(518,565)
Provision during the year	(251,697)	(179)	-	(1,042)	(252,918)
Disposals during the year	205,378	274	-	1,561	207,213
31 December 2024	(561,318)	(153)	-	(2,799)	(564,270)
Carrying amounts					
At 31 December 2024	661,182	109	-	1,737	663,028
At 31 December 2023	669,689	288	-	3,153	673,130

	The Bank				
	Plant & buildings	Transportation facilities	Electronic devices	Others	Total
Cost					
1 January 2023	930,627	-	567	-	931,194
Additions during the year	276,335	-	-	-	276,335
Disposals during the year	(169,702)	-	(567)	-	(170,269)
31 December 2023	1,037,260	-	-	-	1,037,260
Additions during the year	224,948	-	-	-	224,948
Disposals during the year	(246,009)	-	-	-	(246,009)
31 December 2024	1,016,199	-	-	-	1,016,199
Accumulated depreciation					
1 January 2023	(371,243)	-	(464)	-	(371,707)
Provision during the year	(217,622)	-	(102)	-	(217,724)
Disposals during the year	138,115	-	566	-	138,681
31 December 2023	(450,750)	-	-	-	(450,750)
Provision during the year	(217,551)	-	-	-	(217,551)
Disposals during the year	191,488	-	-	-	191,488
31 December 2024	(476,813)	-	-	-	(476,813)
Carrying amounts					
At 31 December 2024	539,386	-	-	-	539,386
At 31 December 2023	586,510	-	-	-	586,510

(All amounts expressed in thousands of RMB unless otherwise stated)

(2) Lease liabilities

	The Group		The Bank	
	2024	2023	2024	2023
Within 1 month (inclusive)	34,593	34,011	28,510	31,241
Over 1 month but within 3 months (inclusive)	36,575	36,525	31,337	32,733
Over 3 months bu within 1 year (inclusive)	155,945	146,641	133,763	130,585
Over 1 year but within 5 years (inclusive)	407,452	407,809	319,374	354,386
Over 5 years	57,757	64,457	48,361	54,424
Total undiscounted lease liabilities	692,322	689,443	561,345	603,369
Carrying amount of lease liabilities at the end of the period	648,588	640,744	526,105	561,391

15. Deferred tax

15.1 Deferred tax assets and deferred tax liabilities that are presented at the net amount after offsetting

	The Group		The Bank	
	2024	2023	2024	2023
Deferred tax assets	4,656,556	6,144,400	4,548,580	5,803,188
Deferred tax liabilities	-	-	-	-

Note: As certain rural banks controlled by the Bank suffered from continuous losses and it is expected that no sufficient future taxable income will be available to charge against the deductible losses and tax credit, the deferred tax assets were not recognised for the deductible temporary differences and deductible losses.

15.2 Deferred tax assets and deferred tax liabilities before offsetting

	The Group			
	2024		2023	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Provision for loss/impairment of assets	32,843,375	8,209,142	31,127,852	7,780,373
Lease liabilities	609,383	152,219	595,692	148,761
Other temporary differences	1,955,181	488,486	1,796,476	448,751
Subtotal	35,407,939	8,849,847	33,520,020	8,377,885
Amount offset	(16,773,711)	(4,193,291)	(8,934,680)	(2,233,485)
Balance after offsetting	18,634,228	4,656,556	24,585,340	6,144,400
Deferred tax liabilities:				
Changes in fair value of financial assets at FVTPL and derivative financial instrument	(5,014,155)	(1,253,539)	(3,961,225)	(990,306)
Right-of-use assets	(617,988)	(154,361)	(623,610)	(155,717)
Changes in fair value of financial assets at FVTOCI	(11,135,028)	(2,783,757)	(4,348,732)	(1,087,184)
Other temporary differences	(6,540)	(1,634)	(1,113)	(278)
Subtotal	(16,773,711)	(4,193,291)	(8,934,680)	(2,233,485)
Amount offset	16,773,711	4,193,291	8,934,680	2,233,485
Balance after offsetting	-	-	-	-

	The Bank			
	2024		2023	
	Deductible/ (taxable) temporary differences	Deferred tax assets / (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets / (liabilities)
Deferred tax assets:				
Provision for loss/impairment of assets	30,667,092	7,666,773	29,136,340	7,284,085
Lease liabilities	526,105	131,526	561,391	140,348
Other temporary differences	1,737,187	434,297	1,577,527	394,382
Subtotal	32,930,384	8,232,596	31,275,258	7,818,815
Amount offset	(14,736,062)	(3,684,016)	(8,062,507)	(2,015,627)
Balance after offsetting	18,194,322	4,548,580	23,212,751	5,803,188
Deferred tax liabilities:				
Changes in fair value of financial assets at FVTPL and derivative financial instrument	(5,012,429)	(1,253,107)	(3,961,225)	(990,306)
Right-of-use assets	(539,386)	(134,847)	(586,510)	(146,628)
Changes in fair value of financial assets at FVTOCI	(9,182,073)	(2,295,518)	(3,513,659)	(878,415)
Other temporary differences	(2,174)	(544)	(1,113)	(278)
Subtotal	(14,736,062)	(3,684,016)	(8,062,507)	(2,015,627)
Amount offset	14,736,062	3,684,016	8,062,507	2,015,627
Balance after offsetting	-	-	-	-

16. Other assets

	Note	The Group		The Bank	
		2024	2023	2024	2023
Other receivables and prepayments	16.1	2,283,507	1,582,097	839,187	1,004,820
Intangible assets	16.2	1,438,137	1,082,751	1,421,913	1,077,992
Amounts pending for settlement		432,836	56,209	431,490	53,272
Interest receivables		128,690	109,128	102,778	84,725
Long-term deferred expenses		82,487	73,828	51,978	43,179
Capital for debt payment		45,216	41,140	-	-
Subtotal		4,410,873	2,945,153	2,847,346	2,263,988
Provision for impairment of other assets		(109,709)	(112,519)	(80,088)	(83,912)
Total		4,301,164	2,832,634	2,767,258	2,180,076

16.1 Other receivables and prepayments

	The Group		The Bank	
	2024	2023	2024	2023
Other receivables and prepayments	1,574,165	808,925	135,378	236,270
Amounts to be transferred	633,196	706,901	633,196	706,901
Prepaid legal expenses	44,453	34,422	39,814	30,875
Rental deposits	31,693	31,849	30,799	30,774
Total	2,283,507	1,582,097	839,187	1,004,820

(All amounts expressed in thousands of RMB unless otherwise stated)

16.2 Intangible assets

	The Group			The Bank		
	Land use rights	Software	Total	Land use rights	Software	Total
Cost						
1 January 2023	561,403	1,238,854	1,800,257	561,403	1,228,572	1,789,975
Additions during the year	-	286,221	286,221	-	286,203	286,203
Disposals during the year	(12,320)	-	(12,320)	(12,320)	-	(12,320)
31 December 2023	549,083	1,525,075	2,074,158	549,083	1,514,775	2,063,858
Additions during the year	-	528,128	528,128	-	514,494	514,494
Disposals during the year	(2,866)	(28)	(2,894)	(2,866)	-	(2,866)
31 December 2024	546,217	2,053,175	2,599,392	546,217	2,029,269	2,575,486
Accumulated depreciation						
1 January 2023	(131,595)	(732,019)	(863,614)	(131,595)	(727,778)	(859,373)
Provision during the year	(12,723)	(118,364)	(131,087)	(12,723)	(117,064)	(129,787)
Disposals during the year	3,294	-	3,294	3,294	-	3,294
31 December 2023	(141,024)	(850,383)	(991,407)	(141,024)	(844,842)	(985,866)
Provision during the year	(12,412)	(158,115)	(170,527)	(12,412)	(155,946)	(168,358)
Disposals during the year	651	28	679	651	-	651
31 December 2024	(152,785)	(1,008,470)	(1,161,255)	(152,785)	(1,000,788)	(1,153,573)
Carrying amounts						
At 31 December 2024	393,432	1,044,705	1,438,137	393,432	1,028,481	1,421,913
At 31 December 2023	408,059	674,692	1,082,751	408,059	669,933	1,077,992

17. Provision for impairment of assets

	The Group					
	1 January 2024	Provision/ (reversal) during the year	Transfers in/ (out) during the year	Written-off during the year	Recover after written-off	31 December 2024
Due from placements with other banks and financial institutions	18,575	619	-	-	-	19,194
Placements with banks and other financial institutions at amortised cost	148,360	(6,007)	-	-	-	142,353
Financial assets purchased under resale agreements	27,319	(1,793)	-	-	-	25,526
Loans and advances to customers at amortised cost	27,834,218	1,951,986	-	(4,852,918)	374,999	25,308,285
Loans and advances to customers at FVTOCI	215,440	181,613	-	-	-	397,053
Debt investments	383,097	8,719	-	-	-	391,816
Other debt investments	320,929	3,768	-	-	-	324,697
Finance lease receivables and long-term receivables	1,840,173	285,513	-	(318,640)	129,248	1,936,294
Long-term equity investments	2,068	-	-	-	-	2,068
Fixed assets	485,801	-	-	-	-	485,801
Other assets	112,519	(19)	-	(4,128)	1,337	109,709
Total	31,388,499	2,424,399	-	(5,175,686)	505,584	29,142,796

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Group					
	1 January 2023	Provision/ (reversal) during the year	Transfers in/ (out) during the year	Written-off during the year	Recover after written-off	31 December 2023
Due from placements with other banks and financial institutions	12,898	5,677	-	-	-	18,575
Placements with banks and other financial institutions at amortised cost	43,637	104,723	-	-	-	148,360
Financial assets purchased under resale agreements	36,211	(8,892)	-	-	-	27,319
Loans and advances to customers at amortised cost	27,924,551	2,377,760	-	(3,198,257)	730,164	27,834,218
Loans and advances to customers at FVTOCI	290,061	(74,621)	-	-	-	215,440
Debt investments	229,022	154,075	-	-	-	383,097
Other debt investments	24,581	296,348	-	-	-	320,929
Finance lease receivables and long-term receivables	1,813,993	308,310	-	(319,552)	37,422	1,840,173
Long-term equity investments	2,068	-	-	-	-	2,068
Fixed assets	485,801	-	-	-	-	485,801
Other assets	162,796	(49,333)	-	(2,426)	1,482	112,519
Total	31,025,619	3,114,047	-	(3,520,235)	769,068	31,388,499

	The Bank				
	1 January 2024	Provision/ (reversal) during the year	Written-off during the year	Recover after written-off	31 December 2024
Due from placements with other banks and financial institutions	16,480	(9,372)	-	-	7,108
Placements with banks and other financial institutions at amortised cost	153,365	2,845	-	-	156,210
Financial assets purchased under resale agreements	26,032	(506)	-	-	25,526
Loans and advances to customers at amortised cost	26,963,107	1,691,797	(4,456,083)	274,369	24,473,190
Loans and advances to customers at FVTOCI	215,440	181,613	-	-	397,053
Debt investments	383,012	8,731	-	-	391,743
Other debt investments	320,929	3,768	-	-	324,697
Long-term equity investments	894,632	-	-	-	894,632
Fixed assets	485,801	-	-	-	485,801
Other assets	83,912	(3,824)	-	-	80,088
Total	29,542,710	1,875,052	(4,456,083)	274,369	27,236,048

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank				
	1 January 2023	Provision/ (reversal) during the year	Written-off during the year	Recover after written-off	31 December 2023
Due from placements with other banks and financial institutions	10,481	5,999	-	-	16,480
Placements with banks and other financial institutions at amortised cost	50,399	102,966	-	-	153,365
Financial assets purchased under resale agreements	36,211	(10,179)	-	-	26,032
Loans and advances to customers at amortised cost	27,169,102	2,134,212	(2,986,052)	645,845	26,963,107
Loans and advances to customers at FVTOCI	290,061	(74,621)	-	-	215,440
Debt investments	229,022	153,990	-	-	383,012
Other debt investments	24,581	296,348	-	-	320,929
Long-term equity investments	894,632	-	-	-	894,632
Fixed assets	485,801	-	-	-	485,801
Other assets	141,496	(57,584)	-	-	83,912
Total	29,331,786	2,551,131	(2,986,052)	645,845	29,542,710

18. Borrowings from the central bank

	The Group		The Bank	
	2024	2023	2024	2023
Borrowings from the central bank	48,569,984	49,922,789	48,197,537	49,562,765
Interest accrued	164,886	292,294	164,705	292,094
Total	48,734,870	50,215,083	48,362,242	49,854,859

19. Due to placements with other banks and financial institutions

Analysed by location and types of institutions

	The Group		The Bank	
	2024	2023	2024	2023
Deposits with domestic bank	1,729,784	4,965,857	6,090,122	9,569,509
Deposits with other domestic financial institutions	8,224,089	2,017,304	8,231,902	2,021,819
Interest accrued	5,900	22,420	24,930	46,096
Total	9,959,773	7,005,581	14,346,954	11,637,424

20. Placements from banks and other financial institutions

	The Group		The Bank	
	2024	2023	2024	2023
Placements from domestic bank	67,325,129	44,724,566	35,329,129	16,004,567
Placements from oversea bank	4,446,026	-	4,446,026	-
Interest accrued	437,124	191,423	242,617	43,276
Total	72,208,279	44,915,989	40,017,772	16,047,843

(All amounts expressed in thousands of RMB unless otherwise stated)

21. Financial assets sold under repurchase agreements

Analysed by types of collaterals sold under repurchase agreements

	The Group		The Bank	
	2024	2023	2024	2023
Bonds	47,399,663	31,606,627	37,524,968	17,392,800
Interest accrued	5,582	13,247	3,520	5,587
Total	47,405,245	31,619,874	37,528,488	17,398,387

22. Customer deposits

	The Group		The Bank	
	2024	2023	2024	2023
Demand deposits				
Corporate customers	246,938,461	261,622,802	243,703,791	257,910,004
Personal customers	80,770,443	76,930,384	78,393,641	74,370,547
Time deposits				
Corporate customers	175,894,823	159,791,759	174,173,728	157,332,671
Personal customers	503,704,294	455,637,415	481,477,505	433,694,045
Pledged deposits held as collateral	12,881,912	10,463,430	12,817,924	10,368,363
Others	51,950,965	51,965,966	51,936,466	51,961,026
Subtotal	1,072,140,898	1,016,411,756	1,042,503,055	985,636,656
Interest accrued	20,776,612	21,326,342	19,808,836	20,399,202
Total	1,092,917,510	1,037,738,098	1,062,311,891	1,006,035,858

23. Employee benefits payable

Employee benefits payable are listed as follow

	Note	The Group			
		1 January 2024	Additions during the year	Disposals during the year	31 December2024
Short-term employee benefits	(1)	3,393,543	4,965,433	(4,883,238)	3,475,738
Post-employment benefits					
- defined contribution plans	(2)	974	760,806	(760,763)	1,017
- defined benefit plan		-	-	-	-
Termination benefits		-	423	(423)	-
Total		3,394,517	5,726,662	(5,644,424)	3,476,755

	Note	The Group			
		1 January 2023	Additions during the year	Disposals during the year	31 December 2023
Short-term employee benefits	(1)	3,144,019	4,950,558	(4,701,034)	3,393,543
Post-employment benefits					
- defined contribution plans	(2)	878	709,165	(709,069)	974
- defined benefit plan		-	-	-	-
Termination benefits		-	320	(320)	-
Total		3,144,897	5,660,043	(5,410,423)	3,394,517

(All amounts expressed in thousands of RMB unless otherwise stated)

	Note	The Bank			
		1 January 2024	Additions during the year	Disposals during the year	31 December 2024
Short-term employee benefits	(1)	3,082,013	4,530,399	(4,417,437)	3,194,975
Post-employment benefits					
- defined contribution plans	(2)	-	704,353	(704,353)	-
- defined benefit plan		-	-	-	-
Total		3,082,013	5,234,752	(5,121,790)	3,194,975

	Note	The Bank			
		1 January 2023	Additions during the year	Disposals during the year	31 December 2023
Short-term employee benefits	(1)	2,813,867	4,533,101	(4,264,955)	3,082,013
Post-employment benefits					
- defined contribution plans	(2)	-	660,003	(660,003)	-
- defined benefit plan		-	-	-	-
Total		2,813,867	5,193,104	(4,924,958)	3,082,013

(1) Short-term employee benefits

	The Group			
	1 January 2024	Additions during the year	Disposals during the year	31 December 2024
Salaries, bonuses and allowances	3,378,897	4,049,496	(3,968,975)	3,459,418
Staff welfare	13,333	212,765	(212,765)	13,333
Social insurance				
- Medical insurance	584	256,915	(256,943)	556
- Work-related injury insurance	11	4,874	(4,876)	9
- Maternity insurance	6	1,003	(1,004)	5
Housing fund	668	340,367	(341,035)	-
Labour union fee, staff and workers' education fee	30	99,454	(97,096)	2,388
Others	14	559	(544)	29
Total	3,393,543	4,965,433	(4,883,238)	3,475,738

	The Group			
	1 January 2023	Additions during the year	Disposals during the year	31 December 2023
Salaries, bonuses and allowances	3,129,840	4,070,030	(3,820,973)	3,378,897
Staff welfare	13,333	189,931	(189,931)	13,333
Social insurance				
- Medical insurance	483	261,197	(261,096)	584
- Work-related injury insurance	9	4,673	(4,671)	11
- Maternity insurance	9	988	(991)	6
Housing fund	163	322,657	(322,152)	668
Labour union fee, staff and workers' education fee	182	98,192	(98,344)	30
Others	-	2,890	(2,876)	14
Total	3,144,019	4,950,558	(4,701,034)	3,393,543

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank			
	1 January 2024	Additions during the year	Disposals during the year	31 December 2024
Salaries, bonuses and allowances	3,067,998	3,711,612	(3,600,346)	3,179,264
Staff welfare	13,333	183,443	(183,443)	13,333
Social insurance				
- Medical insurance	-	233,811	(233,811)	-
- Work-related injury insurance	-	4,084	(4,084)	-
- Maternity insurance	-	199	(199)	-
Housing fund	668	307,224	(307,892)	-
Labour union fee, staff and workers' education fee	-	89,889	(87,539)	2,350
Others	14	137	(123)	28
Total	3,082,013	4,530,399	(4,417,437)	3,194,975

	The Bank			
	1 January 2023	Additions during the year	Disposals during the year	31 December 2023
Salaries, bonuses and allowances	2,800,315	3,743,148	(3,475,465)	3,067,998
Staff welfare	13,333	162,464	(162,464)	13,333
Social insurance				
- Medical insurance	-	239,971	(239,971)	-
- Work-related injury insurance	-	3,936	(3,936)	-
- Maternity insurance	-	216	(216)	-
Housing fund	163	292,705	(292,200)	668
Labour union fee, staff and workers' education fee	56	90,408	(90,464)	-
Others	-	253	(239)	14
Total	2,813,867	4,533,101	(4,264,955)	3,082,013

(2) Post-employment benefits- defined contribution plans

	The Group			
	1 January 2024	Additions during the year	Disposals during the year	31 December 2024
Basic pension insurance	945	449,658	(449,615)	988
Unemployment insurance	29	14,490	(14,490)	29
Annuity	-	296,658	(296,658)	-
Total	974	760,806	(760,763)	1,017

	The Group			
	1 January 2023	Additions during the year	Disposals during the year	31 December 2023
Basic pension insurance	767	425,059	(424,881)	945
Unemployment insurance	111	13,590	(13,672)	29
Annuity	-	270,516	(270,516)	-
Total	878	709,165	(709,069)	974

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank			
	1 January 2024	Additions during the year	Disposals during the year	31 December 2024
Basic pension insurance	-	405,638	(405,638)	-
Unemployment insurance	-	12,715	(12,715)	-
Annuity	-	286,000	(286,000)	-
Total	-	704,353	(704,353)	-

	The Bank			
	1 January 2023	Additions during the year	Disposals during the year	31 December 2023
Basic pension insurance	-	385,534	(385,534)	-
Unemployment insurance	-	12,106	(12,106)	-
Annuity	-	262,363	(262,363)	-
Total	-	660,003	(660,003)	-

24. Taxes payable

	The Group		The Bank	
	2024	2023	2024	2023
Corporate income tax	277,906	157,665	175,039	100,572
Individual income tax	21,941	23,146	21,034	22,581
Surcharges	47,748	49,786	47,179	49,118
VAT	389,000	408,653	384,374	403,354
Others	19,510	20,458	18,260	19,175
Total	756,105	659,708	645,886	594,800

25. Debt securities issued

	Note	The Group and the Bank	
		2024	2023
Interbank negotiable certificates of deposit	(1)	45,139,273	68,737,010
Financial bonds	(2)	18,000,000	13,000,000
Capital bonds	(3)	10,000,000	10,000,000
Interest accrued		449,970	383,136
Total		73,589,243	92,120,146

(1) On 31 December 2024, there were 71 interbank negotiable certificates of deposit (not yet matured) issued publicly by the Group and the Bank on the interbank market, with a maximum term of 1-year and an interest rate range of 1.72% to 2.21% (2023: 71 interbank negotiable certificates of deposit (not yet matured) issued publicly by the Group and the Bank on the interbank market, with a maximum term of 1-year and an interest rate range of 2.24% to 2.70%).

(All amounts expressed in thousands of RMB unless otherwise stated)

(2) As at the balance sheet date, the Group and the Bank issued the following financial bonds:

	2024	2023
23 SHRCB green bonds 01	3,000,000	3,000,000
23 SHRCB 01	10,000,000	10,000,000
24 SHRCB Small and micro debt 01	5,000,000	-
Total	18,000,000	13,000,000

In 13 July 2023, the Group and the Bank issued RMB 3 billion of 3-year fixed rate green financial bonds with interest rate of 2.67% on the national interbank bond market to the public.

In 24 August 2023, the Group and the Bank issued RMB 10 billion of 3-year fixed rate financial bonds with interest rate of 2.57% on the national interbank bond market to the public.

In 22 May 2024, the Group and the Bank issued RMB 5 billion of 3-year fixed rate financial bonds with interest rate of 2.23% on the national interbank bond market to the public.

(3) As at the balance sheet date, the Group and the Bank issued the following tier-II capital bonds:

	2024	2023
22 SHRCB tier-II 01	7,000,000	7,000,000
22 SHRCB tier-II capital bonds 02	3,000,000	3,000,000
Total	10,000,000	10,000,000

The Group and the Bank issued RMB 7 billion 10-year fixed rate tier-II capital bonds with interest rate of 3.67% on 3 March 2022 on the national interbank bond market to the public, which are redeemable at the end of the fifth year.

The Group and the Bank issued RMB 3 billion 10-year fixed rate tier-II capital bonds with interest rate of 3.39% on 20 July 2022 on the national interbank bond market to the public, which are redeemable at the end of the fifth year.

26. Provisions

	Note	The Group and the Bank	
		2024	2023
Provision for expected credit loss in off-balance sheet	(1)	749,501	704,473

(1) Movements of expected credit loss in off-balance sheet

	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2024	452,444	251,575	454	704,473
Transferred to:				
- Stage 1	65,655	(65,655)	-	-
- Stage 2	(21,015)	21,015	-	-
- Stage 3	-	-	-	-
(Reversal)/Provision during the year	(52,012)	97,375	(335)	45,028
Balance at 31 December 2024	445,072	304,310	119	749,501

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - Not credit impaired	Stage 3 Lifetime ECL - Credit impaired	Total
Balance at 1 January 2023	334,125	277,026	-	611,151
Transferred to:				
- Stage 1	21,583	(21,583)	-	-
- Stage 2	(2,331)	2,331	-	-
- Stage 3	-	(5)	5	-
Provision/(Reversal) during the year	99,067	(6,194)	449	93,322
Balance at 31 December 2023	452,444	251,575	454	704,473

27. Other liabilities

	The Group		The Bank	
	2024	2023	2024	2023
Lease deposits	2,822,088	2,742,756	-	-
Amounts to be settled and transferred	1,580,296	1,577,025	1,576,371	1,567,921
Dividends payable	6,144	4,494	816	653
Others	1,609,437	638,253	382,112	314,392
Total	6,017,965	4,962,528	1,959,299	1,882,966

28. Share capital

	The Group and the Bank			
	2024		2023	
	Number of shares ('000)	Percentage (%)	Number of shares ('000)	Percentage (%)
Renminbi ordinary shares listed in China (A share)	9,644,444	100.00	9,644,444	100.00

29. Capital reserve

	The Group			
	2024			
	Opening balance	Increase during the year	Decrease during the year (Note 1)	Closing balance
Share premium	16,550,128	-	(2,344)	16,547,784
Other capital reserves	66	-	-	66
Total	16,550,194	-	(2,344)	16,547,850

	The Group			
	2023			
	Opening balance	Increase during the year (Note 2&3)	Decrease during the year	Closing balance
Share premium	16,495,350	54,778	-	16,550,128
Other capital reserves	66	-	-	66
Total	16,495,416	54,778	-	16,550,194

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank			
	2024			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Share premium	16,784,433	-	-	16,784,433
Other capital reserves	66	-	-	66
Total	16,784,499	-	-	16,784,499

	The Bank			
	2023			
	Opening balance	Increase during the year	Decrease during the year	Closing balance
Share premium	16,784,433	-	-	16,784,433
Other capital reserves	66	-	-	66
Total	16,784,499	-	-	16,784,499

Note 1: In December 2024, the Bank obtained Xiang Jin Fu [2024] No. 285 Reply of Hunan Financial Regulatory Bureau on the Directional Offering Scheme and Relevant Shareholder Qualifications of Lianyuan Shanghai Rural Commercial Bank, and agreed to subscribe for 14 million shares of Lianyuan Shanghai Rural Commercial Bank by means of directional offering. The Bank recorded the difference of 2.34 million yuan between the newly acquired long-term equity investments cost and the share of identifiable net assets of Lianyuan Shanghai Rural Commercial Bank calculated continuously since the merger date based on the newly increased shareholding ratio in capital reserve.

Note 2: In February 2023, the Bank obtained the Reply of Shanghai Regulatory Bureau of CBRC on Approving Shanghai Rural Commercial Bank Co., Ltd. to Increase its Shareholding in Changjiang United Financial Leasing Co., Ltd. (Hu CBRC Fu [2023] No. 59), and approved the Bank to increase its shareholding in its subsidiary Yangtze United Financial Leasing Co., Ltd. ("YUFL") by 80 million shares. The Bank includes the difference of RMB 48.69 million between the newly acquired long-term equity investment cost and the identifiable net asset share of YUFL calculated continuously from the merger date based on the newly added shareholding ratio in the capital reserve.

Note 3: In December 2023, the Bank obtained Reply of the Shenzhen Regulatory Bureau of the National Financial Regulatory Administration on the Change of Equity of Shenzhen Guangming SHRCB Rural Bank Co., Ltd. (Shen Jin Fu [2023] No. 245) , and agreed that the Bank would accept 20 million shares of Shenzhen Guangming SHRCB Rural Bank Co., Ltd. held by Bayannur Hetao Rural Commercial Bank Co., Ltd. The bank includes the difference of RMB 6.18 million between the newly acquired long-term equity investment cost and the identifiable net asset share of Shenzhen Guangming SHRCB Rural Bank Co., Ltd. calculated based on the newly added shareholding ratio from the merger date into the capital reserve.

30. Other comprehensive income

	The Group					
		2024				
	Opening balance of other comprehensive income	Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After tax	Closing balance of other comprehensive income
Other comprehensive income that will not be reclassified to profit or loss						
Remeasurement of defined benefit plan	41,801	(38,523)	-	-	(38,523)	3,278
Other comprehensive income that will be reclassified to profit or loss						
Including: Other comprehensive income recognised under equity method	7,344	32,686	-	-	32,686	40,030
Changes in fair value of financial assets classified as at FVOCI	2,859,273	7,118,448	(517,535)	(1,650,228)	4,950,685	7,809,958
Credit losses of financial assets classified as at FVOCI	402,276	185,381	-	(46,345)	139,036	541,312
Total	3,310,694	7,297,992	(517,535)	(1,696,573)	5,083,884	8,394,578

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Bank					
		2024				
	Opening balance of other comprehensive income	Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After tax	Closing balance of other comprehensive income
Losses that will not be reclassified to profit or loss						
Remeasurement of defined benefit plan	41,801	(38,523)	-	-	(38,523)	3,278
Other comprehensive income that will be reclassified to profit or loss						
Including: Other comprehensive income recognised under equity method	7,344	32,686	-	-	32,686	40,030
Changes in fair value of financial assets classified as at FVOCI	2,232,968	6,000,568	(517,535)	(1,370,758)	4,112,275	6,345,243
Credit losses of financial assets classified as at FVOCI	402,276	185,381	-	(46,345)	139,036	541,312
Total	2,684,389	6,180,112	(517,535)	(1,417,103)	4,245,474	6,929,863

	The Group					
		2023				
	Opening balance of other comprehensive income	Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After tax	Closing balance of other comprehensive income
Losses that will not be reclassified to profit or loss						
Remeasurement of defined benefit plan	(9,474)	51,275	-	-	51,275	41,801
Other comprehensive income that will be reclassified to profit or loss						
Including: Other comprehensive income recognised under equity method	(1,541)	8,885	-	-	8,885	7,344
Changes in fair value of financial assets classified as at FVOCI	1,391,052	2,204,514	(246,886)	(489,407)	1,468,221	2,859,273
Credit losses of financial assets classified as at FVOCI	235,981	221,727	-	(55,432)	166,295	402,276
Total	1,616,018	2,486,401	(246,886)	(544,839)	1,694,676	3,310,694

	The Bank					
		2023				
	Opening balance of other comprehensive income	Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After tax	Closing balance of other comprehensive income
Losses that will not be reclassified to profit or loss						
Remeasurement of defined benefit plan	(9,474)	51,275	-	-	51,275	41,801
Other comprehensive income that will be reclassified to profit or loss						
Including: Other comprehensive income recognised under equity method	(1,541)	8,885	-	-	8,885	7,344
Changes in fair value of financial assets classified as at FVOCI	1,120,063	1,730,759	(246,886)	(370,968)	1,112,905	2,232,968
Credit losses of financial assets classified as at FVOCI	235,981	221,727	-	(55,432)	166,295	402,276
Total	1,345,029	2,012,646	(246,886)	(426,400)	1,339,360	2,684,389

(All amounts expressed in thousands of RMB unless otherwise stated)

31. Surplus reserve

	The Group			The Bank		
	1 January 2024	Increase during the year	31 December 2024	1 January 2024	Increase during the year	31 December 2024
Statutory surplus reserve	9,088,348	1,227,633	10,315,981	8,835,606	1,187,214	10,022,820
Discretionary surplus reserve	23,046,912	3,382,494	26,429,406	22,735,463	3,319,612	26,055,075
Total	32,135,260	4,610,127	36,745,387	31,571,069	4,506,826	36,077,895

	The Group			The Bank		
	1 January 2023	Increase during the year	31 December 2023	1 January 2023	Increase during the year	31 December 2023
Statutory surplus reserve	7,990,465	1,097,883	9,088,348	7,774,968	1,060,638	8,835,606
Discretionary surplus reserve	20,023,517	3,023,395	23,046,912	19,777,736	2,957,727	22,735,463
Total	28,013,982	4,121,278	32,135,260	27,552,704	4,018,365	31,571,069

In accordance with the Company Law and the Company's Articles of Association, the Group should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Group can cease appropriation when the statutory reserve accumulated to more than 50% of the registered capital. The statutory reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities. Approved by the Bank's 2023 Annual General Meeting of Shareholders on 7 June 2024, the Bank appropriated RMB1,187,214 thousand to the statutory surplus reserve for the year 2024. (Approved by the 2022 Annual General Meeting of Shareholders: RMB1,060,638 thousand)

The Bank makes appropriations to discretionary reserve after making appropriation to statutory reserve. Discretionary reserve could be used to make up for prior year's loss or increase the paid-in capital Approved by the Bank's 2023 Annual General Meeting of Shareholders on 7 June 2024, the Bank appropriated RMB3,319,612 thousand to discretionary surplus reserve. (Approved by the 2022 Annual General Meeting of Shareholders: RMB2,957,727 thousand)

32. General risk reserve

	The Group			The Bank		
	1 January 2024	Increase during the year	31 December 2024	1 January 2024	Increase during the year	31 December 2024
General risk reserve	14,511,669	842,690	15,354,359	13,956,709	809,967	14,766,676

	The Group			The Bank		
	1 January 2023	Increase during the year	31 December 2023	1 January 2023	Increase during the year	31 December 2023
General risk reserve	12,785,082	1,726,587	14,511,669	12,262,297	1,694,412	13,956,709

Pursuant to the Notice on Promulgation of the Administrative Measures on Accrual of Provisions by Financial Enterprises (Cai Jin [2012] No.20) promulgated by MOF, the Bank's balance of general risk reserve should not be less than 1.5% of the aggregate amount of all risk assets in principle.

The Group's general risk reserve normally includes the general risk reserve made by its subsidiaries in accordance with applicable laws and regulations in their respective industries.

(All amounts expressed in thousands of RMB unless otherwise stated)

33. Retained earnings

	The Group		The Bank	
	2024	2023	2024	2023
Opening balance	36,274,720	33,279,027	35,193,293	32,332,327
Add: Net profit attributable to the Bank' s shareholders	12,288,156	12,141,958	12,003,236	11,872,143
Less: Appropriation for statutory surplus reserve	(1,227,633)	(1,097,883)	(1,187,214)	(1,060,638)
Appropriation for discretionary surplus reserve	(3,382,494)	(3,023,395)	(3,319,612)	(2,957,727)
Appropriation to general risk reserve	(842,690)	(1,726,587)	(809,967)	(1,694,412)
Dividends to ordinary shares	(5,960,267)	(3,298,400)	(5,960,267)	(3,298,400)
Retained earnings at the end of the year	37,149,792	36,274,720	35,919,469	35,193,293

(1) The Board of the Bank, in accordance with the resolution of 2023 Annual General Meeting of Shareholders on 7 June 2024, the Company's 2024 medium-term profit distribution plan is as follows:

- No provision for statutory surplus reserve, discretionary surplus reserve and general risk reserve.

- Based on the total capital stock of 9,644,444,445 shares before the implementation of the plan, the Bank distributed cash dividends of RMB 2.39 (tax included) were distributed to each 10 ordinary share, totaling RMB2.305 billion.

(2) In accordance with the resolution of 2023 Annual General Meeting of Shareholders on 6 June 2024, the profit appropriation plan is as follows:

- Appropriation for statutory surplus reserve of RMB1.187 billion based on 10% of the net profit earned by the Bank in 2023;

- Combine the undistributed profits from previous years of the Bank with the net profit realized in 2023 and distribute 10% of the statutory surplus reserve and general risk reserve available for distribution to investors, with a discretionary surplus reserve of RMB 3.32 billion.

- Appropriation for general risk reserve of RMB810 million based on 1.5% of the increase in risk assets in 2023;

- Based on the total share capital of 9,644,444,445 ordinary shares as at 31 December 2023, the Bank distributed cash dividends on ordinary shares in the amount of RMB3.79 (including tax) for every 10 shares, totalling RMB3.655 billion.

(3) In accordance with the resolution of 2022 Annual General Meeting of Shareholders on 9 June 2023, the profit appropriation plan is as follows:

- Appropriation for statutory surplus reserve of RMB 1.061 billion based on 10% of the net profit earned by the Bank in 2022;

- Combine the undistributed profits from previous years of the Bank with the net profit realized in 2022 and distribute 10% of the statutory surplus reserve and general risk reserve available for distribution to investors, with a discretionary surplus reserve of RMB 2.958 billion.

- Appropriation for general risk reserve of RMB 1.694 billion based on 1.5% of the increase in risk assets in 2022;

- Based on the total share capital of 9,644,444,445 ordinary shares as at 31 December 2022, the Bank distributed cash dividends on ordinary shares in the amount of RMB 3.42 (including tax) for every 10 shares, totaling RMB 3.298 billion.

(All amounts expressed in thousands of RMB unless otherwise stated)

34. Net interest income

	The Group		The Bank	
	2024	2023	2024	2023
Interest income				
Deposits with central bank	885,566	916,303	851,072	862,873
Due from banks and other financial institutions	204,075	379,958	89,470	276,593
Placements with banks and other financial institutions and financial assets purchased under resale agreements	2,727,480	2,605,134	2,778,246	2,657,273
Loans and advances to customers				
Including: Corporate loans and advances	15,490,468	16,450,741	15,343,331	16,261,253
Individual loans	10,208,855	10,958,342	9,100,414	9,844,789
Discount bills	1,292,878	1,125,251	1,292,878	1,125,251
Financial investment	11,906,143	10,963,171	11,867,965	10,926,993
Interest income from sale and leaseback transactions	1,696,975	1,418,115	-	-
Interest income from finance leases	486,321	643,135	-	-
Sub-total	44,898,761	45,460,150	41,323,376	41,955,025
Interest expense				
Loans from the central bank	(1,078,808)	(900,540)	(1,072,312)	(891,928)
Due to banks and other financial institutions	(139,418)	(176,188)	(304,298)	(339,698)
Placements from banks and other financial institutions and financial assets sold under repurchase agreement	(2,940,352)	(2,411,541)	(2,123,872)	(1,691,644)
Customer deposits	(18,507,528)	(18,769,551)	(17,812,125)	(18,050,657)
Debt securities issued	(2,126,074)	(2,502,773)	(2,126,074)	(2,502,773)
Other	-	(50)	-	(50)
Sub-total	(24,792,180)	(24,760,643)	(23,438,681)	(23,476,750)
Net interest income	20,106,581	20,699,507	17,884,695	18,478,275

35. Net fee and commission income

	The Group		The Bank	
	2024	2023	2024	2023
Fee and commission income				
Agency services	1,472,842	1,771,026	1,471,767	1,769,193
Settlement and clearing services	310,293	252,107	310,262	252,083
Consultancy and advisory services	259,163	255,361	263,911	262,222
Electronic banking services	84,615	88,194	84,304	87,959
Guarantee and commitment services	65,205	55,366	65,205	55,366
Bank card services	53,411	51,232	53,358	51,172
Other operating activities	34,980	40,457	55,717	64,134
Sub-total	2,280,509	2,513,743	2,304,524	2,542,129
Fee and commission expenses				
Settlement and clearing services	(113,675)	(121,024)	(109,945)	(118,113)
Agency services	(74,060)	(74,525)	(74,060)	(74,523)
Other operating activities	(50,575)	(49,773)	(41,935)	(35,610)
Sub-total	(238,310)	(245,322)	(225,940)	(228,246)
Net fee and commission income	2,042,199	2,268,421	2,078,584	2,313,883

(All amounts expressed in thousands of RMB unless otherwise stated)

36. Investment income

	The Group		The Bank	
	2024	2023	2024	2023
Financial assets at FVTPL and derivative financial instruments	1,731,836	1,233,654	1,732,482	1,233,654
Financial assets measured at FVOCI	544,450	258,045	544,450	258,045
Long-term equity investment recognised under equity method	223,642	134,243	223,642	134,243
Profit or loss arising from derecognition of financial assets measured at amortized cost	5,940	-	-	-
Precious metals	(62,326)	(101,773)	(62,326)	(101,773)
Long-term equity investment recognised under cost method	-	-	123,277	128,627
Other	1,003	1,115	1,003	1,115
Total	2,444,545	1,525,284	2,562,528	1,653,911

37. Gain from changes in fair value

	The Group		The Bank	
	2024	2023	2024	2023
Financial assets held for trading and precious metals	1,200,940	1,664,422	1,199,214	1,664,422
Loans and advances at FVTPL	494	4,970	494	4,970
Financial liabilities held for trading	548	(3,543)	548	(3,543)
Derivative financial instruments	(57,661)	(43,325)	(57,661)	(43,325)
Total	1,144,321	1,622,524	1,142,595	1,622,524

38. General and administrative expenses

	The Group		The Bank	
	2024	2023	2024	2023
Employee benefits	5,726,662	5,660,043	5,234,752	5,193,104
Office and administrative expense	2,060,803	1,914,863	1,926,963	1,767,296
Depreciation of fixed assets	593,473	591,335	570,259	571,170
Depreciation of right-of-use assets	252,918	248,221	217,551	217,724
Amortisation of intangible assets	170,527	131,087	168,358	129,787
Amortisation of long-term deferred expenses	33,849	33,448	22,864	24,127
Rental expenses	16,039	20,160	10,433	14,951
Total	8,854,271	8,599,157	8,151,180	7,918,159

(All amounts expressed in thousands of RMB unless otherwise stated)

39. Credit losses

	The Group		The Bank	
	2024	2023	2024	2023
Loans and advances measured at amortized cost	1,951,986	2,377,760	1,691,797	2,134,212
Loans and advances at FVOCI	181,613	(74,621)	181,613	(74,621)
Debt investments	8,719	154,075	8,731	153,990
Other debt investments	3,768	296,348	3,768	296,348
Finance lease receivables and long-term receivables	285,513	308,310	-	-
Provisions	45,028	93,322	45,028	93,322
Others	(8,339)	50,617	(10,857)	41,202
Total	2,468,288	3,205,811	1,920,080	2,644,453

40. Income tax expenses

	The Group		The Bank	
	2024	2023	2024	2023
Current income tax	2,574,598	2,484,022	2,268,914	2,223,290
Deferred income tax	(208,729)	(84,930)	(162,495)	(45,292)
Total	2,365,869	2,399,092	2,106,419	2,177,998

Reconciliation of income tax expenses to accounting profit is as follows:

	The Group		The Bank	
	2024	2023	2024	2023
Profit before tax	14,973,478	14,886,467	14,109,655	14,050,141
Tax calculated at applicable tax rate	3,743,370	3,721,617	3,527,414	3,512,535
Effect of different tax rates applied by subsidiaries	(5,490)	(2,961)	-	-
Effect of non-taxable income	(1,481,827)	(1,385,426)	(1,503,249)	(1,408,539)
Effect of non-deductible (before tax) expenses and losses	96,782	86,647	92,391	81,464
Tax effect arising from tax filing of prior year	(11,752)	(165)	(10,458)	(27)
Others	24,786	(20,620)	321	(7,435)
Income tax expenses	2,365,869	2,399,092	2,106,419	2,177,998

41. Earnings per share

	The Group	
	2024	2023
Net profit attributable to the Bank' s shareholders (RMB'000)	12,288,156	12,141,958
Weighted average number of ordinary shares outstanding ('000 shares)	9,644,444	9,644,444
Basic earnings per share and diluted earnings per share (in RMB)	1.27	1.26

(All amounts expressed in thousands of RMB unless otherwise stated)

42. Supplement to the cash flow statement

(1) Reconciliation of net profit to cash flows from operating activities:

	The Group		The Bank	
	2024	2023	2024	2023
Net profit	12,607,609	12,487,375	12,003,236	11,872,143
Add: Credit losses	2,468,288	3,205,811	1,920,080	2,644,453
Impairment losses	1,139	1,558	-	-
Depreciation of fixed assets	597,926	591,335	570,259	571,170
Depreciation of right-of-use assets	252,918	248,221	217,551	217,724
Amortisation of intangible assets	170,527	131,087	168,358	129,787
Amortisation of long-term deferred expenses	33,849	33,448	22,864	24,127
Gaines from disposal of fixed assets, intangible assets, and other long-term assets	(549,665)	(34,239)	(549,710)	(34,505)
Gains from changes in fair value	(1,144,321)	(1,622,524)	(1,142,595)	(1,622,524)
Investment income	(822,109)	(393,403)	(939,446)	(522,030)
Interest income from securities and other investments	(11,906,143)	(10,963,171)	(11,867,965)	(10,926,993)
Interest expenses of issued debt securities	2,126,074	2,502,773	2,126,074	2,502,773
Interest expenses from lease liabilities	21,122	21,966	17,157	19,193
Net exchange gains	(132,970)	(200,932)	(132,970)	(200,932)
Increase in deferred tax assets	(208,729)	(84,930)	(162,495)	(45,292)
Increase in operating receivables	(52,285,301)	(60,420,780)	(51,977,428)	(57,987,874)
Increase in operating payables	99,972,783	94,131,791	100,856,108	84,417,592
Non-operating income	-	(468,816)	-	(468,816)
Net cash inflow from operating activities	51,202,997	39,166,570	51,129,078	30,589,996

(2) Change in cash and cash equivalents:

	The Group		The Bank	
	2024	2023	2024	2023
Cash and cash equivalents at the end of the year	34,245,715	29,272,508	28,846,222	24,211,395
Less: Cash and cash equivalents at the beginning of the year	(29,272,508)	(54,819,400)	(24,211,395)	(50,333,000)
Net increase/(decrease) in cash and cash equivalents	4,973,207	(25,546,892)	4,634,827	(26,121,605)

(3) Details of cash and cash equivalents:

	The Group		The Bank	
	2024	2023	2024	2023
Cash on hand	3,518,235	3,288,690	3,450,383	3,200,059
Deposits with central bank that are not restricted	15,253,552	13,513,019	12,031,681	9,832,896
Amount due from banks and other financial institutions with an original maturity of three months or less	11,510,220	10,506,363	9,900,450	9,214,004
Placements with banks and other financial institutions with an original maturity of three months or less	3,963,708	1,964,436	3,463,708	1,964,436
Cash and cash equivalents at the end of the year	34,245,715	29,272,508	28,846,222	24,211,395

VI. Collaterals

1. Assets pledged

The Group's secured liabilities relating to assets pledged as collateral are loans from the central bank, financial assets sold under repurchase agreement, customer deposits, the carrying amount of financial liabilities as at 31 December 2024 were RMB 170,846,795 thousand (interest accrued not included) (31 December 2023: RMB 147,436,495 thousand). In addition, secured liabilities include bonds leased by the Group as a lessee via bond lending operations, which are conducted under normal commercial terms.

The assets pledged as collateral above include bonds and notes, and the classification of asset items includes debt investments and other debt investments. As at 31 December 2024, the carrying amount of assets pledged as collateral (interest accrued not included) was RMB191,042,708 thousand (31 December 2023: RMB164,985,072 thousand).

2. Collateral accepted

As at 31 December 2024, The Group and the Bank conduct financial assets purchased under resale agreements and bond lending transactions in accordance with general commercial terms. The total fair value of collateral that can be sold or reused as collateral in the absence of default by the collateral owner is Nil (31 December 2023: RMB102,077 thousand).

VII. Transfer of financial assets

In the normal course of business, the Group may transfer recognised financial assets to a third party in the course of a transaction. The Group either recognises these transferred financial assets in full, to the extent of its continuing involvement, or derecognises them in full.

1. Credit asset transfers

For the year ended 31 December 2024, the Group did not directly transfer credit assets to third parties (2023: Nil).

2. Securities lending transactions

For securities lending transactions, counterparties may sell the securities or use them as collaterals as long as the Group does not default but shall return the securities to the Group upon the maturity dates set forth in the related agreements. For these transactions, the securities are not derecognised as the Group has retained almost all the risks and returns thereon. As at 31 December 2024, the carrying amount of assets transferred by the Group in the securities lending transaction was RMB11,180,000 thousand (31 December 2023: RMB13,810,000 thousand).

3. Sales and repurchase agreements

Sales and repurchase agreements ("repurchase agreements") are transactions in which the Group sells a financial asset and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. As the repurchase prices are fixed, the Group continues to be exposed to substantially all of the credit and market risks and rewards of the securities sold. These securities, which the Group has no ability to use during the life of the agreements, are not derecognised from the financial statements, but are considered to be "collateral" for the secured loans, as the Group retains substantially all the risks and rewards of the securities. The Group recognises financial liability for cash received. For all these arrangements, the counterparties have recourse not only to the transferred financial assets.

As at 31 December 2024 and at 31 December 2023, the Group had transactions under repurchase agreements, and the proceeds from the sales of these securities are presented as "financial assets sold under repurchase agreements" (see Note V. 21).

In the case of a repurchase agreement transaction with a sell-out element, the rights to the underlying assets are transferred to the counterparty. As at 31 December 2024, the transferred financial assets not yet derecognised by the Group and the Bank include debt investments and other debt investments with a total carrying amount of RMB889,349 thousand, and the related liabilities with a total carrying amount of RMB844,768 thousand. (As at 31 December 2023, the Group and the Bank did not have derecognized transferred financial assets and related liabilities).

(All amounts expressed in thousands of RMB unless otherwise stated)

VIII. Interests in other entities

1. Subsidiaries

For information about the subsidiaries of the Group, refer to Note V.12.1.

2. Associates

For information about the associates of the Group, refer to Note V. 12.2.

3. Interests in structured entities

The Group manages and invests in several structured entities, inducing funds, trusts, asset management plans, asset-backed securities and wealth management products. The Group determines whether it controls a structured entity by assessing the influence of decision making and extent of participation in the establishment of the structured entity; its overall economic interest (both gain from direct holding and expected management fees) set out in related arrangements; as well as the extent of its decision-making power over the structured entity. The Group considers that it has control of a structured entity and includes the structured entity within the scope of the Group's consolidated financial statements when the Group has power over the structured entity through arrangements such as investment contracts and access to variable returns through participation in the relevant activities of the structured entity, and the ability to influence the variable returns of the structured entity. The Group is not required to include a structured entity in the consolidated financial statements if the Group does not have significant power over the principal activities of the structured entity, or if the percentage of economic interest held by the Group in the structured entity is insignificant such that the Group acts as an agent rather than as the primary responsible party to the structured entity.

As at 31 December 2024, structured entities included in the consolidation scope by the Bank were RMB56,492,116 thousand, and was under "financial assets held for trading" on the balance sheet (31 December 2023: RMB58,812,652 thousand).

(1) Information about structured entities not included in the consolidated financial statements:

The Group did not include the following structured entities in the consolidated financial statements: funds, trusts, asset management plans, asset-backed securities provided by third parties, and wealth management products provided by the Group. The nature and purpose of these structured entities are to manage assets on behalf of investors. These structured entities are financed by issuing investment products to investors. The Group's interest in these structured entities mainly includes income from direct holding or management fees arising from the provision of management services to these structured entities.

The Group has not included the above-mentioned structured entities in the consolidated financial statements based on the definition of control as described in Note III. 4(1), the relevant agreements and the Group's investment in the structured entities.

(2) Interest in unconsolidated structured entities sponsored by third parties:

The Group holds interests in structured entities sponsored by third-party institutions through direct investments. As at the balance sheet date, the Group's interests in structured entities sponsored by third-party institutions that are not included in the scope of the consolidated financial statements through directly held investments are represented in the Group's consolidated balance sheet under the relevant asset and liability items and their carrying value / maximum exposure to losses as follows:

	As at 31 December 2024			
	Financial assets held for trading	Debt investments	Other debt investments	Total
Funds	18,326,331	-	-	18,326,331
Trusts and asset management products	-	-	-	-
Asset-backed securities	272	1,397	203,808	205,477
Total	18,326,603	1,397	203,808	18,531,808

(All amounts expressed in thousands of RMB unless otherwise stated)

	As at 31 December 2023			
	Financial assets held for trading	Debt investments	Other debt investments	Total
Funds	9,454,935	-	-	9,454,935
Trusts and asset management products	210,201	-	-	210,201
Asset-backed securities	272	47,703	202,162	250,137
Total	9,665,408	47,703	202,162	9,915,273

The maximum exposure to loss on funds and asset management products at year end is equal to their fair value at the balance sheet date. The maximum exposure to loss on trusts, asset management plans and asset-backed securities at the end of the year is equal to their fair value or amortised cost at the balance sheet date in accordance with the line items of these assets recognised in the balance sheet.

(3) Interest in the unconsolidated structured entities sponsored by the Group

The Group is a sponsor of a structured entity if both of the following criteria are met:

- the Group has had a significant influence in initiating the establishment of the structured entity or in organising other interested parties to jointly establish the structured entity, and

- and the structured entity is an extension of the Group's principal activities and the structured entity maintains a close business relationship with the Group.

Unconsolidated structured entities sponsored by the Group are mainly financial products provided by the Group and the Group's interest in them is mainly the management fee and other service fees for managing these structured entities.

As at 31 December 2024, the balance of unconsolidated structured entities sponsored by the Group was RMB178,395,952 thousand (31 December 2023: RMB181,893,663 thousand).

(4) Unconsolidated structure entities sponsored by the Group during the year and in which the Group holds no interest as at 31 December 2024

Fee and commission income arising from wealth management products provided by the Group in 2024 and due by the year then ended was not material (2023: not material).

IX. Segment reporting

Products and services provided by each segment reporting of the Group are mainly corporate banking, personal banking, financial markets and other business.

Corporate banking services include corporate deposit taking, corporate lending, corporate wealth management, trade-related products and payments, agency and commissions.

Personal banking includes personal deposits, personal loans, personal wealth management, bank cards, payments and agency.

Financial markets business includes money market transaction, transaction under repurchase agreement, bond investment, interest rate and precious metals derivatives trading, and inter-bank wealth management.

Other business are those cannot form a separate segment or service cannot be allocated on a reasonable basis.

Segment accounting policies are consistent with those used to prepare the consolidated financial statements.

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Group				
	2024				
	Corporate banking business	Personal banking business	Financial market business	Other businesses	Total
I. Operating Income	12,538,513	10,558,551	4,058,986	(514,706)	26,641,344
Net interest income	11,791,907	9,328,089	551,404	(1,564,819)	20,106,581
Including: External net interest income	9,934,198	(200,828)	10,207,537	165,674	20,106,581
Internal net interest income/(expense)	1,857,709	9,528,917	(9,656,133)	(1,730,493)	-
Net fee and commission income	741,688	1,228,209	105,420	(33,118)	2,042,199
(Losses)/Gains arising from investments	(65,510)	(1,365)	2,137,236	374,184	2,444,545
Other income	-	-	-	98,138	98,138
(Losses)/Gains from changes in fair value	(22,216)	-	1,164,811	1,726	1,144,321
Exchange gain	92,644	3,618	100,115	16,622	212,999
Other operating income	-	-	-	42,896	42,896
Gains from asset disposals	-	-	-	549,665	549,665
II. Operating expenses	(4,455,338)	(5,999,653)	(702,634)	(487,809)	(11,645,434)
Taxes and surcharges	(131,759)	(122,367)	(56,100)	5,435	(304,791)
General and administrative expenses	(4,326,550)	(3,541,222)	(510,179)	(476,320)	(8,854,271)
Credit losses	2,971	(2,336,064)	(136,355)	1,160	(2,468,288)
Loss from impairment of assets	-	-	-	(1,139)	(1,139)
Other operating expenses	-	-	-	(16,945)	(16,945)
III. Operating profit	8,083,175	4,558,898	3,356,352	(1,002,515)	14,995,910
Add: Non-operating income	-	-	-	36,695	36,695
Less: Non-operating expenses	-	-	-	(59,127)	(59,127)
IV. Profit before income tax	8,083,175	4,558,898	3,356,352	(1,024,947)	14,973,478
Total assets	439,528,092	261,687,984	704,770,339	81,823,080	1,487,809,495
Total liabilities	(493,889,011)	(600,690,100)	(218,660,971)	(46,587,582)	(1,359,827,664)

(All amounts expressed in thousands of RMB unless otherwise stated)

	The Group				
	2023				
	Corporate banking business	Personal banking business	Financial market business	Other businesses	Total
I. Operating Income	13,197,258	10,219,671	2,880,393	116,476	26,413,798
Net interest income	12,502,196	8,753,279	(52,018)	(503,950)	20,699,507
Including: External net interest income	10,582,672	372,071	9,394,985	349,779	20,699,507
Internal net interest income/(expense)	1,919,524	8,381,208	(9,447,003)	(853,729)	-
Net fee and commission income	722,123	1,465,153	122,329	(41,184)	2,268,421
(Losses)/Gains arising from investments	(126,715)	(643)	1,145,403	507,239	1,525,284
Other income	-	-	-	34,656	34,656
(Losses)/Gains from changes in fair value	19,192	-	1,603,332	-	1,622,524
Exchange gain	80,462	1,882	61,347	37,481	181,172
Other operating income	-	-	-	47,995	47,995
Gains from asset disposals	-	-	-	34,239	34,239
II. Operating expenses	(5,081,304)	(5,374,279)	(909,808)	(784,257)	(12,149,648)
Taxes and surcharges	(145,911)	(122,022)	(42,624)	(2,882)	(313,439)
General and administrative expenses	(3,919,560)	(3,435,621)	(415,449)	(828,527)	(8,599,157)
Credit losses	(1,015,833)	(1,816,636)	(451,735)	78,393	(3,205,811)
Loss from impairment of assets	-	-	-	(1,558)	(1,558)
Other operating expenses	-	-	-	(29,683)	(29,683)
III. Operating profit	8,115,954	4,845,392	1,970,585	(667,781)	14,264,150
Add: Non-operating income	-	-	-	671,034	671,034
Less: Non-operating expenses	-	-	-	(48,717)	(48,717)
IV. Profit before income tax	8,115,954	4,845,392	1,970,585	(45,464)	14,886,467
Total assets	405,980,719	252,794,346	655,129,441	78,309,194	1,392,213,700
Total liabilities	(491,180,837)	(549,890,292)	(198,684,351)	(36,099,725)	(1,275,855,205)

X. Commitments and contingencies

1. Credit commitment

The Group's credit commitment include credit limit for loan and credit card, bank acceptance bill, financial guarantee and letter of credit.

The contractual amount of credit commitment for loan or credit card is the full amount available to the borrower and card holder. The contractual amount of a letter of guarantee and letter and credit is the maximum loss when the other party fails to fulfil its contractual obligations. A bank acceptance bill is the redemption commitment made by the Group to the draft issued by the customer.

As the loan and credit facility may not be fully drawn before maturity, the amounts below may not represent the expected future cash outflows.

	The Group	
	2024	2023
Credit commitment for loan or credit card(Irrevocable loan)	65,827,477	65,461,336
Bank acceptance bills	22,258,961	19,572,951
Issuance of letter of guarantee	6,425,563	5,229,339
Issuance of letter of credit	14,254,473	13,145,858
Total	108,766,474	103,409,484

(All amounts expressed in thousands of RMB unless otherwise stated)

2. Capital expenditure commitments

At balance sheet dates, capital expenditure commitments of the Group are summarised as follows:

	The Group	
	2024	2023
Authorised but not contracted for	144,904	37,087
Contracted but not provided for	72,136	266,206
Total	217,040	303,293

3. Finance leases commitments

	The Group	
	2024	2023
Finance leases commitments	795,114	264,671

Finance lease commitments represent the contractual amounts of finance leases entered into by the Group as lessor as at 31 December 2024 and 2023 and where the lease has not yet commenced.

4. Operating lease commitments

As at 31 December 2024, potential future cash outflows not included in lease liabilities where the Group is the lessee were immaterial (31 December 2023: immaterial).

5. Bond underwriting and payment commitments

As at 31 December 2024, the Group has no commitment to underwrite bonds that have not yet matured (31 December 2023: Nil).

The Group underwrites treasury bonds. Bonds holder has a right to redeem the bonds at par at any time prior to maturity and the Group is required to pay the principal at face value and interest payable due on the redemption date. Interest payable to holder is calculated on the basis of the calculation method promulgated by the MOF and the People's Bank of China. The redemption amount may differ from the fair value of similar bonds available in the market as at the redemption date.

As at the balance sheet date, the Group's commitments for the redemption of treasury bonds that have been underwritten, sold but not yet matured at par value are as follows:

	2024	2023
Redemption commitments	2,811,097	2,535,501

6. Outstanding litigation and dispute

As at 31 December 2024, pending litigation and disputes in which the Group is a defendant amounted to RMB6 million (31 December 2023: RMB88 million). The Group is of the opinion, after consultation with internal and external legal counsel, that no provision is required in respect of the above litigation and disputes.

XI. Entrusted loans

	The Group	
	2024	2023
Entrusted loans	75,967,062	88,290,577
Entrusted loan funds	75,967,062	88,290,577

XII. Risk management of financial instruments

The Group's operations expose it to a variety of financial risks and the Group analyses, evaluates, assumes and manages risks or portfolios of risks at a certain level. Risk management is critical to the financial industry, while commercial activity inevitably involves operational risk. The Group aims to achieve an appropriate balance between risk and return and to minimise any potential adverse impact on the Group's financial performance.

The objective of the Group's risk management is to adopt the advanced risk management theories based on the stable risk management strategy determined by the Board of Directors, establish a risk management system that is suitable for the Group's market positioning, local credit environment, and matching the development of the Group , continuously improve the ability to identify, measure, monitor and control various risks, to effectively control the risks at an acceptable level, and ensure that the business management activities are in compliance with laws and regulations, convenient and efficient, operated stably, and can effectively prevent and reduce operating risks, and maintain the capital security of the Group and achieve continuous and stable value-added.

The Group's Board of Directors is responsible for establishing and maintaining an effective risk management system and has ultimate responsibility for the Group's risk management. The Risk Management Committee, which reports to the Board of Directors, performs risk management functions under the authority of the Board of Directors and formulates the strategy and overall policy with respect to risk management. The executive body of the risk management system is the Group's senior management, which is responsible for implementing the risk management strategy defined by the Board of Directors, implementing the risk management policy and establishing the risk management system and procedures covering all business and management processes.

The Risk Management Department is responsible for the overall risk management of the Group. It is responsible for the day-to-day operation of the risk management system to ensure consistency and effectiveness of overall risk management. It also prepares or assists in the preparation of relevant policies, regulations, procedures, risk control standards and detailed operating rules and submits them to senior management and the Board of Directors for approval. It also organises regular monitoring, analysis and reporting on the effectiveness of the implementation of risk management policies, systems and processes. In addition, the business unit and the branch are the first line of defence against risk and are responsible and accountable for their own risk management and the services they provide.

The Group's credit risk consists primarily of credit risk, market risk and liquidity risk. Market risk mainly includes interest rate risk and foreign currency risk.

1. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to loans and debt instruments.

The Group is exposed to credit risk when a debtor or counterparty defaults on its contractual obligations or its credit quality deteriorates, resulting in a financial loss to the Group. The Group's credit exposures arise principally from loans, investments, guarantees, acceptance bills and other credit risks related businesses on- and off-balance-sheet.

The credit risk management system of the Group is divided into four levels: the first level is the Board of Directors and its special committee, the Supervisory Board and its special committee; the second level is the senior management and its special committee; the third level is the head office credit risk management function departments; the fourth level is the head office credit risk related business departments, branches and its subordinate special committee and functional departments. The Board of Directors is responsible for establishing and maintaining an effective credit risk management system and bears ultimate responsibility for the credit risk management of the Group. The Supervisory Board is primarily responsible for overseeing the establishment and operation of the Group's credit risk management system. Senior management is responsible for the day-to-day management of the Group's credit risk and reports to the Board in accordance with the credit risk management strategies, policies, preferences and systems approved by the Board.

1.1 Credit risk assessment

1.1.1 Loans, finance lease receivables/long-term receivables and credit commitments

The Group formulates a five-grade classification system to measure and manage the quality of its credit assets, including finance lease receivables and long-term receivables. The classification system is based on the Measures for Credit Risk Classification of Financial assets of Commercial Banks issued by former CBRC and the People's Bank of China. The five grades for the balance sheet and off-balance credit assets are pass, special mention, substandard, doubtful and loss. Those in the bottom three grades are considered as "non-performing".

The core definition of credit assets classification by Measures for Credit Risk Classification of Financial assets of Commercial Banks is as follows:

Pass: Borrower or lessee is able to meet its contractual obligations and there is no uncertainty as to whether principal and interest payments will be made on time.

Special Mention: Borrower or lessee is currently able to make principal and interest payments, although there are some potential factors that may adversely affect the execution of contractual obligations.

Substandard: Borrower or lessee is unable to pay the principal and and interest payments in full, or the financial assets have suffered credit impairment.

Doubtful: Borrower or lessee has been unable to pay the principal and and interest payments in full, or the financial assets have suffered significant credit impairment.

Loss: Only a small portion or none of the principal and interest can be recovered after taking all possible measures.

1.1.2 Bonds and other bills

In accordance with its own risk-bearing capacity and the qualifications of issuers, the Group carries out quota management, sets standards for bond investment according to the principle of risk return balance. The Group continuously optimizes the internal rating system, provides effective technical support for bond access, continually refines the post-investment management requirements, and emphasizes on continuous risk monitoring and timely risk alert.

1.1.3 Placements with banks and other financial institutions

The Group has established strict standards for the acceptance of financial institutions by setting rating standards, and tracks changes in the accreditation of financial institutions.

1.1.4 Wealth management products

The Group has established standards for the acceptance of trust plan issuers and thoroughly manages the allocation of the trust plan's assets, as well as continuously monitoring changes in the issuer's institutional qualifications.

The Group has established standards for the acceptance of asset management plan issuers and thoroughly manages the allocation of the asset management plan's assets, as well as continuously monitoring changes in the issuer's institutional qualifications.

1.2 Risk limit control and mitigation measures

The Group manages, limits and controls concentrations of credit risk wherever they are identified, in particular, to individual counterparty, group and Industry.

The Group sets limits on each borrower, group and industry to optimize credit risk structure. Risks mentioned-above are monitored when appropriate and reviewed annually or more frequently as deemed necessary.

Exposure to Credit risk is also managed through regular analysis of the ability of borrowers to meet principal and interest repayment obligations. The Group will update their lending limits when appropriate based on the analysis.

Some other specific control and mitigation measures are as follows:

1.2.1 Loans

The Group has a number of policies and practices in place to mitigate credit risk, one of the more significant measures is obtaining collateral, deposits and guarantees from corporate borrower or personal borrower. The Group implements guidelines on the acceptance of specific classes of collateral. The principal of types of collateral are as follows:

• Financial collateral, e.g. cash and cash equivalents, precious metals, bonds and bills

• Real estate, e.g. commercial real estate, residential real estate and construction in progress

• Accounts receivable, e.g. trading accounts receivable, and rental receivable

• Other collaterals, e.g. letters of credit, machinery and equipment, and transportations

Fair value of collaterals is usually required to be assessed by professional evaluator designated by the Group. To mitigate the credit risk, the Group sets limit on the highest collateral ratio (the ratio of loan amount to the fair value of collateral) for difference types of collateral. The principal collateral types for corporate loans and individual loans are as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)

Collateral	Maximum ratio (%)
Time deposit	85.00 - 100.00
Certificate treasury bonds	90.00 - 100.00
Financial bond	90.00
Corporate bond	80.00
Commercial building and factory	50.00 - 70.00
Housing and land use rights	60.00 - 70.00

For loans guaranteed by a third-party guarantor, the Group will assess the financial condition, credit history and ability to meet obligations of the guarantor.

Collateral held as security for other financial assets other than loans is determined by the nature of the instrument. Debt securities, certificate treasury bonds and other eligible bills are generally unsecured.

1.2.2 Credit-related commitments

The primary purpose of these credit-related commitments is to ensure that funds are available to a customer as required. Issued letters of guarantee, letters of credit and acceptance bill represent irrevocable assurances that the Group will make payments in event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans, and guarantee deposits are received by the Group to lessen the credit risks of the service provided by the Group when the amount of credit commitment applied by the customer exceeds the original credit limit. The Group's potential amount of credit risk is equivalent to the total amount of credit commitments.

1.3 Credit risk impairment analysis and provision policy

1.3.1 Risk stages of financial instruments

The Group applies a ‘three-stage model' for measuring ECLs for financial instruments based on whether the credit risk of a financial instrument has increased significantly since initial recognition or whether it has become credit-impaired:

Stage 1: For financial instruments with no significant increase in credit risk since initial recognition, the 12 months ECL shall be recognized;

Stage 2: For financial instruments with significant increase in credit risk since initial recognition but no objective evidence of impairment, the lifetime expected credit loss shall be recognized;

Stage 3: For financial instruments with objective evidence of impairment at the balance sheet date, the lifetime expected credit loss shall be recognized.

1.3.2 Significant increases in credit risk

In classifying the risk stages of financial instruments, the Group takes full account of all reasonable and evidence-based information, including forward-looking information which reflects whether there has been a significant change in its credit risk. Main considerations include regulatory and economic environment, internal and external credit risk ratings, solvency, operating capacity, loan agreement terms and repayment activities. The Group compares the risk of default on the initial recognition date and on the balance sheet date of a financial instrument to determine the change in the risk of default over the expected life of the instrument. The Group assesses, at least quarterly, whether the credit risk of the relevant financial instrument has increased significantly since the initial recognition. By setting qualitative and quantitative criteria, the Group determines whether the credit risk of a financial instrument has increased significantly since the initial recognition. When one or more of the following criteria are met, the Group believes that the credit risk of financial instruments has increased significantly:

- The principal or interest of the debt is overdue for more than 30 days;
- Since initial recognition, the classification of credit risk transferred from Pass to Special Mention;
- Significant deterioration in the credit rating of the debtor since initial recognition;
- Significant adverse changes in the debtor's operating or financial position;
- Other circumstances identified by the Group as indicative of a significant increase in credit risk.

The Group regularly reviews whether the evaluation criteria are applicable to the current situation.

1.3.3 Judgement criteria for incurred credit impairment

In determining whether a credit impairment occurs, the Group adopts criteria consistent with internal credit risk management objectives for the relevant financial instruments, taking into account both quantitative and qualitative indicators. In assessing whether a debtor has suffered a credit impairment, the Group takes into account the following factors:

• The internal rating of the customer is a default ;

• The debtor is more than 90 days overdue after the date of payment of the contract;

• The Group, for economic or contractual reasons relating to the financial difficulties of the debtor, grants the debtor concessions which are normally unwilling to make;

• The Group realizes that the debtor may not be able to repay its debts to the bank in full unless recourse measures such as the realization of the collateral are taken;

• The disappearance of an active market for the financial asset because of significant financial difficulties of the debtor；

• It is probable that the debtor will enter bankruptcy or other financial reorganisation; or

• Other objective evidence indicating impairment of the financial asset.

1.3.4 Risk grouping

The Group assesses ECLs on credit risk exposures on an individual or portfolio basis. When assessing ECLs on a portfolio basis, the Group assigns assets with similar credit risk characteristics to the same group. Key factors to consider when grouping include the type of transaction, the type of customer, the industry to which the customer belongs, Customer scale, risk mitigation methods, market distribution and other information. The Group regularly reviews the appropriateness of grouping.

1.3.5 Measurement parameters of ECL

The Group estimates the Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD) for each single debt of future periods to determine the credit impairment loss. The expected credit loss is the result after discounting the product of the probability of default, loss given default and exposure at default.

The key parameters used for measuring ECL are:

• PD: is an estimate of the likelihood of default over future 12 months or lifetime horizon;

• LGD: is the proportion of the loss arising on default to the exposure at default;

• EAD: is the amount that the Group should be paid in the event of default in the future 12 months or the lifetime.

These figures are generally derived from internally developed statistical models and other historical data.

During the reporting period, there is no significant changes in evaluation techniques or key assumptions.

1.3.6 Forward-looking information

The Group uses macroeconomic forward-looking information during the calculation of expected credit loss.

Through the analysis of historical data, the Group identifies key economic indicators that affect credit risk and expected credit loss in various business types, such as gross domestic product (GDP), Consumer Price Index (CPI). The Group evaluates these indicators on a regular basis and analyses the relationship between these key economic indicators and the probability of default using the regression model, and assesses the forward looking impact of the movement in these indicators on the expected credit loss is calculated.

Based on macroeconomic statistical analyses and expert judgements, the Group calculates weighted provision for expected credit loss under optimistic, benchmark and pessimistic macroeconomic scenarios and its weight. At the end of 2024, the optimistic, benchmark and pessimistic macroeconomic scenarios have similar weightings.

The Group regularly evaluates and forecasts the macroeconomic indicators used in the forward-looking expected credit loss model. Taking the cumulative year-on -year growth rate of gross domestic product (GDP) and the cumulative year-on-year growth rate of consumer Price Index (CPI) as examples, the Group predicts that the cumulative year-on-year growth rate of GDP will be 4.66% under the 2025 benchmark scenario, the monthly year-on-year growth rat0065 of CPI is 1.40% under the benchmark scenario of 2025.

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.

(All amounts expressed in thousands of RMB unless otherwise stated)

1.4 Maximum exposure to credit risk before collateral held or other credit enhancements

	The Group	
	2024	2023
Credit risk exposures relating to balance sheet items:		
Cash and deposits with central bank	72,922,497	69,533,946
Deposits with banks and other financial institutions	16,627,454	17,086,981
Placements with banks and other financial institutions	53,683,897	54,160,057
Derivative financial assets	4,774,385	2,036,268
Financial assets purchased under resale agreements	27,155,019	18,054,688
Loans and advances to customers	731,185,347	684,879,284
Financial assets held for trading	51,633,537	59,242,408
Debt investments	186,537,759	173,856,650
Other debt investments	285,584,050	260,742,543
Finance lease receivables	7,527,254	7,716,421
Long-term receivables	31,979,353	27,081,537
Other financial assets	1,257,527	982,897
Sub-total	1,470,868,079	1,375,373,680
Credit risk exposures relating to off-balance-sheet items:		
Credit commitments for loans	65,827,477	65,461,336
Bank acceptance bills	22,258,961	19,572,951
Issuance of letter of guarantee	6,425,563	5,229,339
Issuance of letter of credit	14,254,473	13,145,858
Sub-total	108,766,474	103,409,484
Total	1,579,634,553	1,478,783,164

The tables above represent the maximum exposure to credit risk before collateral held or other credit enhancements.

(All amounts expressed in thousands of RMB unless otherwise stated)

1.5 Credit quality analysis of financial instruments included in impairment assessment

As at 31 December 2024, the Group's financial assets are classified by risk stage as follows:

	2024							
	Book value				Expected credit impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and deposits with central bank	72,922,497	-	-	72,922,497	-	-	-	-
Deposits with banks and other financial institutions	16,646,648	-	-	16,646,648	(19,194)	-	-	(19,194)
Placements with banks and other financial institutions	53,826,250	-	-	53,826,250	(142,353)	-	-	(142,353)
Financial assets purchased under resale agreements	27,180,545	-	-	27,180,545	(25,526)	-	-	(25,526)
Loans and advances to customers	573,762,812	34,587,094	7,347,261	615,697,167	(13,845,850)	(5,655,036)	(5,807,399)	(25,308,285)
Finance lease receivables	7,043,574	719,449	187,522	7,950,545	(135,266)	(197,256)	(90,769)	(423,291)
Long-term receivables	31,374,444	1,725,367	392,545	33,492,356	(873,377)	(447,402)	(192,224)	(1,513,003)
Financial investment	186,725,174	-	204,401	186,929,575	(187,415)	-	(204,401)	(391,816)
Sub-total	969,481,944	37,031,910	8,131,729	1,014,645,583	(15,228,981)	(6,299,694)	(6,294,793)	(27,823,468)
Financial assets measured at FVOCI								
Loans and advances to customers	137,534,760	30,798	-	137,565,558	(389,387)	(343)	(7,323)	(397,053)
Financial investment	285,380,241	203,809	-	285,584,050	(313,903)	(10,794)	-	(324,697)
Sub-total	422,915,001	234,607	-	423,149,608	(703,290)	(11,137)	(7,323)	(721,750)
Credit commitment	103,333,589	5,428,803	4,082	108,766,474	(445,072)	(304,310)	(119)	(749,501)
Total	1,495,730,534	42,695,320	8,135,811	1,546,561,665	(16,377,343)	(6,615,141)	(6,302,235)	(29,294,719)

(All amounts expressed in thousands of RMB unless otherwise stated)

As at 31 December 2023, the Group's financial assets are classified by risk stage as follows:

	2023							
	Book value				Expected credit impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and deposits with central bank	69,533,946	-	-	69,533,946	-	-	-	-
Deposits with banks and other financial institutions	17,105,556	-	-	17,105,556	(18,575)	-	-	(18,575)
Placements with banks and other financial institutions	54,308,417	-	-	54,308,417	(148,360)	-	-	(148,360)
Financial assets purchased under resale agreements	18,082,007	-	-	18,082,007	(27,319)	-	-	(27,319)
Loans and advances to customers	558,989,035	34,702,699	6,934,835	600,626,569	(16,325,377)	(6,454,344)	(5,054,497)	(27,834,218)
Finance lease receivables	7,163,705	805,743	487,254	8,456,702	(160,824)	(248,051)	(331,406)	(740,281)
Long-term receivables	27,346,120	806,601	28,708	28,181,429	(837,074)	(241,288)	(21,530)	(1,099,892)
Financial investment	174,035,346	-	204,401	174,239,747	(178,696)	-	(204,401)	(383,097)
Sub-total	926,564,132	36,315,043	7,655,198	970,534,373	(17,696,225)	(6,943,683)	(5,611,834)	(30,251,742)
Financial assets measured at FVOCI								
Loans and advances to customers	108,550,009	6,198	7,323	108,563,530	(208,114)	(3)	(7,323)	(215,440)
Financial investment	260,540,381	202,162	-	260,742,543	(275,011)	(45,918)	-	(320,929)
Sub-total	369,090,390	208,360	7,323	369,306,073	(483,125)	(45,921)	(7,323)	(536,369)
Credit commitment	100,452,429	2,949,480	7,575	103,409,484	(452,444)	(251,575)	(454)	(704,473)
Total	1,396,106,951	39,472,883	7,670,096	1,443,249,930	(18,631,794)	(7,241,179)	(5,619,611)	(31,492,584)

Note: The three-level classification does not apply to impairment allowance recognised on other financial assets measured at amortised cost using the practical expedient.

1.6 Restructured loans

According to Measures for Credit Risk Classification of Financial assets of Commercial Banks issued by former CBRC and the People's Bank of China and effective on 1 July 2023, restructured loans refer to loans with adjustments to the contract made by commercial banks in favor of the debtor with financial difficulties in order to urge the debtor to repay its debt, or loans to refinance the debtor's existing debt, including repayment and new financing. As at 31 December 2024, the balance of restructured loans of the Group satisfied with the above-mentioned measure is RMB2,669,400 thousand (As at 31 December 2023, the balance of restructured loans of the Group satisfied with the former regulations is RMB2,213,425 thousand). As at 31 December 2024, the balance of restructured loans of the Bank satisfied with the above-mentioned measure is RMB2,540,651 thousand (As at 31 December 2023, the balance of restructured loans of the Bank satisfied with the former regulations is RMB2,191,503 thousand).

1.7 Credit-impaired loans and advances to customers

Covered or not covered with collaterals and other credit enhancements

	The Group	
	2024	2023
Carrying value - covered	571,972	1,195,713
Carrying value - not covered	967,890	691,948
Total	1,539,862	1,887,661

(All amounts expressed in thousands of RMB unless otherwise stated)

1.8 Bonds and other investments

The Group adopts credit rating method to monitor the credit risk of the debt instrument portfolios. The investment grading of debt instruments is always based on the grading of rating agencies recognized by the PBOC. At the balance sheet date, according to the investment grading, the carrying amount of the financial investment is set out as follows:

	The Group			
	2024			
	Financial assets held for trading	Debt investments	Other debt investments	Total
AAA- to AAA+	1,425,975	55,598,444	94,199,032	151,223,451
AA- to AA+	-	-	1,173,553	1,173,553
Unrated	50,207,562	130,939,315	190,211,465	371,358,342
Total	51,633,537	186,537,759	285,584,050	523,755,346

	The Group			
	2023			
	Financial assets held for trading	Debt investments	Other debt investments	Total
AAA- to AAA+	1,642,426	49,443,176	88,440,815	139,526,417
AA- to AA+	30,373	-	992,414	1,022,787
Unrated	57,569,609	124,413,474	171,309,314	353,292,397
Total	59,242,408	173,856,650	260,742,543	493,841,601

2. Liquidity risk

The Group is exposed to daily calls on its available cash resources from overnight deposits, demand deposits, maturing time deposits, bonds payable, loan draw downs, guarantees and other payment calls. Historical experience shows that a large proportion of the deposits will remain in the Group rather than being withdrawn at maturity. The Group sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals in the event of unexpected demand.

The Group is required to maintain certain percentage of RMB and foreign currency customer deposits with the PBOC, which are restricted for the Group's daily operation, see Note V.1 for detail.

Maintaining a matching maturity structure of assets and liabilities and effectively managing matching differences is of paramount importance to the Group's management. A bank is seldom able to match assets and liabilities exactly, as transactions are often of uncertain duration and involve different types of business.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of Banks and their exposure to changes in interest rates and exchange rates.

The Group provides guarantees and issues letters of credit based on customers' creditworthiness and deposit amount.Customers usually do not fully withdraw the amount of letter of guarantees or letter of credit provided by the Group, the cash amount required is generally lower than the guaranteed amount The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

The Group has administrative measures in place for liquidity risk management to standardise liquidity management policies and procedures. Liquidity risk management system of the Group is mainly divided into three levels. The first level is the Board of Directors and its special committee, supervisory board and its special committees; the second level is the senior management and its special committee; the third level is the functional departments of the head office and the branches. The Board of Directors shall bear the ultimate responsibility for liquidity risk management, examine and approve liquidity risk preferences, liquidity risk management strategies, important policies and procedures, etc. The supervisory board is responsible for monitoring liquidity risk management. Senior management is responsible for carrying out the specific management responsibilities and defining the organizational structure of liquidity risk management. It also formulates, regularly assesses and monitors the implementation of liquidity risk preferences, liquidity risk management strategies, policies and procedures. And senior management is responsible for organizing the implementation of specific liquidity risk management, and reporting to the Board of Directors on the status of liquidity risk with regular understanding of the management work. Asset and Liability Management department of the head office is responsible for leading the liquidity risk management, and the risk management department of the head office is responsible for integrating liquidity risk into the overall risk management system. The Audit Department of the head office shall perform the audit duties and carry out a comprehensive audit of the liquidity risk management.

(All amounts expressed in thousands of RMB unless otherwise stated)

The Group adheres to the prudent liquidity management strategy. Through the establishment of a scientific and overall liquidity risk management system, the Group implements effective identification, measurement, monitoring and reporting of liquidity risk. By formulating liquidity risk management policies in accordance with regulatory requirements, external macro-operating environment and business development, the Group effectively promises balance liquidity, safety and efficiency under the premise of ensuring liquidity safety.

The liquidity risk preference of the Group is prudent and well adapted to the current development stage of the Group. The current liquidity risk management policy and system basically meet the regulatory requirements and the Group's own management needs.

Liquidity risk management includes daily basic work such as large amount forecast management, reserve management, liquidity supervision index measurement, monitoring and controlling, asset-liability matching management, etc., and liquidity emergency management, stress testing and other sudden risk management. Daytime liquidity risk management based on the funds position management system, daily liquidity risk management and stress testing based on the asset liability management system.

Taking into account the external market environment and its own business characteristics, the Group develops stress test plans annually, and conducts regular stress tests to assess whether the Group can cope with the liquidity requirements in extreme situations. Besides the annual stress tests required by the Regulatory agencies, the Group also conducts stress tests on a quarterly basis. The test results show that the liquidity risk of the Group is always in controllable range under the set stress scenario and multiple scenario stress assumptions.

In addition, the Group develops a liquidity contingency plan to timely conduct liquidity contingency exercises in case of a liquidity crisis. On this basis, the Group establishes a regular reporting mechanism on liquidity risk to timely report to the Board and senior management the updated liquidity risk.

(1) Contractual undiscounted cash flow analysis

	The Group								
	2024								
	Contractual cash flow	Undated	Overdue	On demand	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Non-derivative financial assets									
Cash and balances with central bank	72,922,497	54,125,308	-	18,797,189	-	-	-	-	-
Due from banks and other financial institutions	16,684,667	-	-	9,937,668	2,755,123	823,734	3,168,142	-	-
Placements with banks and other financial institutions	54,443,837	-	-	-	8,763,328	6,425,721	32,700,184	6,554,604	-
Financial assets purchased under resale agreements	27,184,491	-	-	-	27,082,496	-	101,995	-	-
Loans and advances to customers	860,865,231	-	10,979,768	-	36,825,909	88,069,113	251,955,805	237,970,327	235,064,309
Financial assets held for trading	52,114,640	-	39,469	15,949	34,511,522	1,187,256	11,379,282	3,770,161	1,211,001
Debt investments	210,217,845	-	204,401	-	3,210,131	6,434,173	29,221,095	103,965,216	67,182,829
Other debt investments	301,509,876	-	-	-	53,605,660	5,245,818	32,739,657	153,353,623	56,565,118
Investments in other equity instruments	361,500	361,500	-	-	-	-	-	-	-
Finance lease receivables	9,191,193	-	219,922	-	290,584	679,115	2,256,456	3,838,428	1,906,688
Long-term receivables	35,843,298	-	545,568	-	1,635,990	3,077,621	11,125,086	18,404,213	1,054,820
Other financial assets	1,349,810	-	123,122	-	1,226,688	-	-	-	-
Total non-derivative financial assets	1,642,688,885	54,486,808	12,112,250	28,750,806	169,907,431	111,942,551	374,647,702	527,856,572	362,984,765

(All amounts expressed in thousands of RMB unless otherwise stated)

	2024								
	Contractual cash flow	Undated	Overdue	On demand	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Non-derivative financial liabilities									
Loans from the central bank	(49,238,505)	-	-	-	(4,595,035)	(5,980,916)	(38,662,554)	-	-
Due to banks and other financial institutions	(9,960,103)	-	-	(9,893,872)	-	(35,976)	(30,255)	-	-
Placements from banks and other financial institutions	(71,345,470)	-	-	-	(16,415,883)	(12,664,492)	(41,222,862)	(1,042,233)	-
Financial liabilities held for trading	(187,693)	-	-	(187,693)	-	-	-	-	-
Financial assets sold under repurchase agreement	(47,408,928)	-	-	-	(47,408,928)	-	-	-	-
Customer deposits	(1,108,860,246)	-	-	(359,703,643)	(75,523,275)	(118,259,972)	(263,273,876)	(292,099,480)	-
Debt securities issued	(77,337,500)	-	-	-	(2,480,000)	(10,216,900)	(33,570,300)	(19,994,500)	(11,075,800)
Lease liabilities	(692,322)	-	-	-	(34,593)	(36,575)	(155,945)	(407,452)	(57,757)
Other financial liabilities	(5,981,883)	-	-	-	(3,041,972)	(128,330)	(842,309)	(1,841,383)	(127,889)
Total non-derivative financial liabilities	(1,371,012,650)	-	-	(369,785,208)	(149,499,686)	(147,323,161)	(377,758,101)	(315,385,048)	(11,261,446)
Net value	271,676,235	54,486,808	12,112,250	(341,034,402)	20,407,745	(35,380,610)	(3,110,399)	212,471,524	351,723,319
Derivative financial instruments									
Derivative settled on a gross basis									
- Cash inflow	75,297,664	-	-	-	21,684,534	14,925,746	37,111,446	1,575,938	-
- Cash outflow	(73,349,718)	-	-	-	(20,842,422)	(14,287,808)	(36,651,967)	(1,567,521)	-
Derivative settled on a net basis	(156,038)	-	-	-	17,747	(31,706)	(46,507)	(95,574)	2
Total derivative financial instruments	1,791,908	-	-	-	859,859	606,232	412,972	(87,157)	2
Credit commitment	108,766,474	-	-	22,325,471	6,329,734	11,255,873	23,881,539	18,788,153	26,185,704

(All amounts expressed in thousands of RMB unless otherwise stated)

	2023								
	Contractual cash flow	Undated	Overdue	On demand	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Non-derivative financial assets									
Cash and balances with central bank	69,533,946	52,702,153	-	16,831,793	-	-	-	-	-
Due from banks and other financial institutions	17,152,948	-	-	10,164,074	2,625,459	1,684,707	2,678,708	-	-
Placements with banks and other financial institutions	54,784,655	-	-	-	8,422,000	7,222,311	35,565,590	3,574,754	-
Financial assets purchased under resale agreements	18,085,248	-	-	-	18,085,248	-	-	-	-
Loans and advances to customers	829,083,554	-	8,899,423	-	30,931,374	84,545,806	239,065,692	236,493,829	229,147,430
Financial assets held for trading	60,093,252	-	-	-	35,968,703	7,131,517	9,217,488	6,388,261	1,387,283
Debt investments	195,136,265	-	204,401	-	4,399,590	6,270,692	23,667,174	103,418,408	57,176,000
Other debt investments	281,178,121	-	-	-	53,456,894	6,062,320	17,597,039	159,289,193	44,772,675
Investments in other equity instruments	236,500	236,500	-	-	-	-	-	-	-
Finance lease receivables	9,524,915	-	880,799	-	297,231	828,432	3,001,263	3,723,127	794,063
Long-term receivables	30,589,441	-	249,170	-	1,126,294	2,452,728	9,173,063	16,889,182	699,004
Other financial assets	1,079,130	-	110,348	-	968,782	-	-	-	-
Total non-derivative financial assets	1,566,477,975	52,938,653	10,344,141	26,995,867	156,281,575	116,198,513	339,966,017	529,776,754	333,976,455

(All amounts expressed in thousands of RMB unless otherwise stated) Notes to the Financial Statements

	2023								
	Contractual cash flow	Undated	Overdue	On demand	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Non-derivative financial liabilities									
Loans from the central bank	(50,868,114)	-	-	-	(6,470,210)	(5,098,401)	(39,299,503)	-	-
Due to banks and other financial institutions	(7,057,742)	-	-	(1,573,161)	(301,873)	(654)	(5,182,054)	-	-
Placements from banks and other financial institutions	(44,934,595)	-	-	-	(8,705,334)	(7,360,942)	(28,128,581)	(739,738)	-
Financial liabilities held for trading	(97,128)	-	-	(97,128)	-	-	-	-	-
Financial assets sold under repurchase agreement	(31,621,070)	-	-	-	(31,621,070)	-	-	-	-
Customer deposits	(1,055,698,195)	-	-	(373,629,505)	(58,881,670)	(101,936,401)	(212,609,003)	(308,641,616)	-
Debt securities issued	(96,678,700)	-	-	-	(7,220,000)	(7,536,900)	(55,378,800)	(15,108,600)	(11,434,400)
Lease liabilities	(689,443)	-	-	-	(34,011)	(36,525)	(146,641)	(407,809)	(64,457)
Other financial liabilities	(4,946,306)	-	-	-	(2,254,887)	(58,000)	(437,677)	(2,096,582)	(99,160)
Total non-derivative financial liabilities	(1,292,591,293)	-	-	(375,299,794)	(115,489,055)	(122,027,823)	(341,182,259)	(326,994,345)	(11,598,017)
Net value	273,886,682	52,938,653	10,344,141	(348,303,927)	40,792,520	(5,829,310)	(1,216,242)	202,782,409	322,378,438
Derivative financial instruments									
Derivative settled on a gross basis									
- Cash inflow	58,435,547	-	-	-	23,597,106	9,864,341	24,511,862	462,238	-
- Cash outflow	(57,192,121)	-	-	-	(23,466,712)	(9,622,068)	(23,643,980)	(459,361)	-
Derivative settled on a net basis	(89,123)	-	-	-	(1,142)	(12,841)	(28,055)	(47,085)	-
Total derivative financial instruments	1,154,303	-	-	-	129,252	229,432	839,827	(44,208)	-
Credit commitment	103,409,484	-	-	30,547,661	6,099,930	10,344,324	21,958,047	16,464,335	17,995,187

3. Market risk

Market risk refers to the risk of loss to the Group's on/off-balance sheet business caused by adverse changes in market price (interest rate, exchange rate and other prices). The Group's market risk arises primarily from the interest rate risk and exchange rate risk of various asset and liability businesses and products involved in market operations.

The Group's market risk arises from trading books and bank books. According to the requirements of the Capital Management Measures of Commercial Banks (Decree No. 4 of 2023 of the State Financial Supervision and Administration Administration) issued by the State Financial Supervision and Administration Administration, the Group manages market risk separately by distinguishing between bank account books and transaction account books. Trading accounts include financial instruments and commodity positions held for trading or to hedge the risk of other items in the trading account. Bank accounts refer to asset and liability operations and related financial instruments recorded on and off the bank's balance sheet, with relatively stable market values, which the bank undertakes and is willing to hold for stable returns or to hedge risks.

The Group set up market risk management policies and market risk pressure test policies management. The Group's market risk management organizational system is divided into three levels. The first level is the Board and its subordinate special committees; The second level is the senior management and the internal control and risk management committee; The third level is the functional departments and offices of the Head Office and all branches. The director shall bear the ultimate responsibility for market risk management and ensure that the Group effectively identifies, measures, monitors and controls the market risks assumed by various businesses. The Internal Control Management Committee takes the role of market risk management of the senior management. The risk management department of the head office leads and assumes responsibility of market risk management, implement all specific tasks to identify, measure, monitor and control market risks. The departments bearing market risk take the responsibilities of applying the policy and follow the standard procedure of the Group, coordinating with the Risk Management Department, reporting market risk and the execution of standard procedure, as well as applying decisions made by the Asset and Liability Management Committee. Furthermore, the asset and liability information system of the Group can manage market risk effectively.

(All amounts expressed in thousands of RMB unless otherwise stated)

(1) Measurement of market risk

The Group uses sensitivity analysis, scenario analysis and pressure test to assess investment portfolio risk that exposures to the movement of interest rate and exchange rate. By simulating the impact of interest rate, exchange rate and income curve on the market value of the portfolio, the Group's overall market risk level is revealed in a timely and accurate manner. And in accordance with the market risk management reporting system, the Group reports regularly to senior management and the Board of Directors.

(2) Foreign currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of exchange rate on its financial position and cash flows.

The Group's principle in controlling exchange rate risk is to match its assets and liabilities in each currency and to maintain exchange rate risk within established limits. The Group sets risk tolerance limits in accordance with the relevant regulatory requirements, the guidelines of the Internal Control and Risk Management Committee and management's assessment of the current environment. The Group also manages its foreign capital sources and usage of foreign currencies to minimize potential currency mismatches.

The tables below summaries the Group's exposure to foreign currency exchange rate risk at the balance sheet date. Included in the tables are the Group's assets and liabilities at carrying amounts in RMB:

	2024			
	RMB	USD equivalent to RMB	Other currencies equivalent to RMB	Total
Assets				
Cash and balances with central bank	72,142,658	743,511	36,328	72,922,497
Due from banks and other financial institutions	14,907,606	1,211,345	508,503	16,627,454
Placements with banks and other financial institutions	51,517,062	2,166,835	-	53,683,897
Derivative financial assets	4,150,745	613,719	9,921	4,774,385
Financial assets purchased under resale agreements	27,155,019	-	-	27,155,019
Loans and advances to customers	725,407,369	3,737,360	2,040,618	731,185,347
Financial assets held for trading	51,633,537	-	-	51,633,537
Debt investments	186,187,965	349,794	-	186,537,759
Other debt investments	275,866,534	9,319,658	397,858	285,584,050
Investments in other equity instruments	361,500	-	-	361,500
Finance lease receivables	7,527,254	-	-	7,527,254
Long-term receivables	31,979,353	-	-	31,979,353
Other financial assets	1,254,504	3,019	4	1,257,527
Total financial assets	1,450,091,106	18,145,241	2,993,232	1,471,229,579
Liabilities				
Loans from the central bank	(48,734,870)	-	-	(48,734,870)
Due to banks and other financial institutions	(9,959,705)	(68)	-	(9,959,773)
Placements from banks and other financial institutions	(52,072,404)	(20,135,875)	-	(72,208,279)
Financial liabilities held for trading	(187,693)	-	-	(187,693)
Derivative financial liabilities	(2,982,421)	(147,988)	(45,728)	(3,176,137)
Financial assets sold under repurchase agreement	(47,405,245)	-	-	(47,405,245)
Customer deposits	(1,081,420,049)	(10,118,653)	(1,378,808)	(1,092,917,510)
Debt securities issued	(73,589,243)	-	-	(73,589,243)
Lease liabilities	(648,588)	-	-	(648,588)
Other financial liabilities	(5,977,838)	-	(4,045)	(5,981,883)
Total financial liabilities	(1,322,978,056)	(30,402,584)	(1,428,581)	(1,354,809,221)
Net balance sheet exposure	127,113,050	(12,257,343)	1,564,651	116,420,358
Derivative financial instrument contracts	(16,545,252)	17,104,620	(1,364,768)	(805,400)
Credit commitment	107,791,055	819,856	155,563	108,766,474

(All amounts expressed in thousands of RMB unless otherwise stated)

	2023			
	RMB	USD equivalent to RMB	Other currencies equivalent to RMB	Total
Assets				
Cash and balances with central bank	68,885,384	585,875	62,687	69,533,946
Due from banks and other financial institutions	15,608,114	922,405	556,462	17,086,981
Placements with banks and other financial institutions	52,332,089	1,827,968	-	54,160,057
Derivative financial assets	1,746,867	119,665	169,736	2,036,268
Financial assets purchased under resale agreements	18,054,688	-	-	18,054,688
Loans and advances to customers	677,668,963	4,012,441	3,197,880	684,879,284
Financial assets held for trading	59,242,408	-	-	59,242,408
Debt investments	173,511,817	344,833	-	173,856,650
Other debt investments	254,458,502	6,228,740	55,301	260,742,543
Investments in other equity instruments	236,500	-	-	236,500
Finance lease receivables	7,716,421	-	-	7,716,421
Long-term receivables	27,081,537	-	-	27,081,537
Other financial assets	980,109	2,788	-	982,897
Total financial assets	1,357,523,399	14,044,715	4,042,066	1,375,610,180
Liabilities				
Loans from the central bank	(50,215,083)	-	-	(50,215,083)
Due to banks and other financial institutions	(7,005,514)	(67)	-	(7,005,581)
Placements from banks and other financial institutions	(43,221,779)	(1,694,210)	-	(44,915,989)
Financial liabilities held for trading	(97,128)	-	-	(97,128)
Derivative financial liabilities	(1,668,016)	(101,457)	(11,863)	(1,781,336)
Financial assets sold under repurchase agreement	(31,619,874)	-	-	(31,619,874)
Customer deposits	(1,028,450,355)	(7,427,236)	(1,860,507)	(1,037,738,098)
Debt securities issued	(92,120,146)	-	-	(92,120,146)
Lease liabilities	(640,744)	-	-	(640,744)
Other financial liabilities	(4,945,765)	(528)	(13)	(4,946,306)
Total financial liabilities	(1,259,984,404)	(9,223,498)	(1,872,383)	(1,271,080,285)
Net balance sheet exposure	97,538,995	4,821,217	2,169,683	104,529,895
Derivative financial instrument contracts	4,550,020	(3,695,342)	(1,410,565)	(555,887)
Credit commitment	101,812,748	1,435,679	161,057	103,409,484

(All amounts expressed in thousands of RMB unless otherwise stated)

The table below illustrates the potential impact of an appreciation or depreciation of other currencies against RMB by 500bps on the Group's net profit:

	The Group	
	2024	2023
500 basis points appreciation	26,330	9,980
500 basis points depreciation	(26,330)	(9,980)

When determining the business conditions and financial inputs, the Group makes following assumptions in performing sensitivity analysis to exchange rate:

• Analysis based on the static gap of balance sheet, and changes to the Group' s business operations after balance sheet date are not considered;

• Exchange rate sensitivity refers to the exchange gains and losses caused by the fluctuation of 500 basis points of the absolute value of the closing price (middle price) of each currency against RMB on the balance sheet date;

• As the proportion of the Group's non-US dollar assets and liabilities in other foreign currencies in the total assets and liabilities is not significant, the possible impact on the Group's net profit of other foreign currencies in the above sensitivity analysis is calculated at the amount converted into US dollars;

• The calculation of foreign exchange exposure includes spot foreign exchange exposure, forward foreign exchange exposure and swap foreign exchange exposure;

• Other variables (including interest rate) remain unchanged; and

• Customers' reactions to the exchange rate movements and exchange rate movements' impact on the marketing prices are not considered;

Due to these limitations of the Group's approach, actual impact on the Group's net income from exchange rate fluctuation may vary from the analysis above.

(3) Interest rate risk

The Group's interest rate risk arises primarily from mismatches between the maturity date or repricing date of interest-earning assets and interest-bearing liabilities. The Group's interest-bearing assets and interest-bearing liabilities are mainly denominated in RMB. Since the reform of the central bank's loan market quotation rate ("LPR"), the Group has implemented relevant policies and actively promoted the application of LPR in accordance with regulatory requirements.

The Group manages interest rate risk mainly by optimizing the business scale and maturity structure of its assets and liabilities, regularly monitoring interest rate risk sensitivity indicators and using exposure analysis to statically measure the repricing characteristics of assets and liabilities. At the same time, The Group continues to pay attention to changes in domestic and foreign economic situations, and increase the observation of the trend of local and foreign currency interest rates, keep up with interest rate movements, performs the scenario analysis and adjusts interest rate of loans and deposits as appropriate, in order to reduce the interest rate exposure.

The following table summarises the structural analysis of the Group's financial assets and financial liabilities at the interest rate repricing date. The tables show the Group's assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

(All amounts expressed in thousands of RMB unless otherwise stated)

	2024					
	Non-interest bearing	Less than 3 months	3 months -1 year (inclusive)	1-5 years (inclusive)	More than 5 years	Total
Assets						
Cash and balances with central bank	4,980,961	67,941,536	-	-	-	72,922,497
Due from banks and other financial institutions	54,317	13,466,345	3,106,792	-	-	16,627,454
Placements with banks and other financial institutions	547,741	14,976,712	31,874,183	6,285,261	-	53,683,897
Derivative financial assets	4,774,385	-	-	-	-	4,774,385
Financial assets purchased under resale agreements	9,060	27,045,959	100,000	-	-	27,155,019
Loans and advances to customers	1,274,972	308,408,035	365,701,160	47,471,442	8,329,738	731,185,347
Financial assets held for trading	198,915	35,644,482	11,199,273	3,548,489	1,042,378	51,633,537
Debt investments	2,731,291	8,065,964	25,151,551	90,932,591	59,656,362	186,537,759
Other debt investments	3,993,657	60,799,830	29,625,592	137,988,531	53,176,440	285,584,050
Investments in other equity instruments	361,500	-	-	-	-	361,500
Finance lease receivables	63,062	5,901,993	752,179	556,507	253,513	7,527,254
Long-term receivables	260,030	26,519,712	3,437,354	1,653,406	108,851	31,979,353
Other financial assets	1,257,527	-	-	-	-	1,257,527
Total financial assets	20,507,418	568,770,568	470,948,084	288,436,227	122,567,282	1,471,229,579
Liabilities						
Loans from the central bank	(164,886)	(10,322,957)	(38,247,027)	-	-	(48,734,870)
Due to banks and other financial institutions	(5,900)	(9,923,873)	(30,000)	-	-	(9,959,773)
Placements from banks and other financial institutions	(437,124)	(30,013,973)	(40,757,182)	(1,000,000)	-	(72,208,279)
Financial liabilities held for trading	(187,693)	-	-	-	-	(187,693)
Derivative financial liabilities	(3,176,137)	-	-	-	-	(3,176,137)
Financial assets sold under repurchase agreement	(5,582)	(47,399,663)	-	-	-	(47,405,245)
Customer deposits	(22,158,329)	(544,483,495)	(251,980,897)	(274,294,789)	-	(1,092,917,510)
Debt securities issued	(449,970)	(12,409,628)	(32,729,645)	(18,000,000)	(10,000,000)	(73,589,243)
Lease liabilities	-	(56,437)	(145,887)	(390,832)	(55,432)	(648,588)
Other financial liabilities	(5,706,553)	(80,878)	(194,452)	-	-	(5,981,883)
Total financial liabilities	(32,292,174)	(654,690,904)	(364,085,090)	(293,685,621)	(10,055,432)	(1,354,809,221)
Interest rate risk exposure	(11,784,756)	(85,920,336)	106,862,994	(5,249,394)	112,511,850	116,420,358

(All amounts expressed in thousands of RMB unless otherwise stated)

	2023					
	Non-interest bearing	Less than 3 months	3 months -1 year (inclusive)	1-5 years (inclusive)	More than 5 years	Total
Assets						
Cash and balances with central bank	4,667,942	64,866,004	-	-	-	69,533,946
Due from banks and other financial institutions	83,166	14,387,534	2,616,281	-	-	17,086,981
Placements with banks and other financial institutions	659,484	15,495,495	34,618,978	3,386,100	-	54,160,057
Derivative financial assets	2,036,268	-	-	-	-	2,036,268
Financial assets purchased under resale agreements	12,647	18,042,041	-	-	-	18,054,688
Loans and advances to customers	1,230,190	275,927,813	343,486,209	53,961,760	10,273,312	684,879,284
Financial assets held for trading	274,452	42,997,594	8,956,791	5,814,448	1,199,123	59,242,408
Debt investments	2,829,771	9,105,812	19,726,784	90,816,474	51,377,809	173,856,650
Other debt investments	4,045,403	59,442,029	14,331,075	142,267,579	40,656,457	260,742,543
Investments in other equity instruments	236,500	-	-	-	-	236,500
Finance lease receivables	90,907	5,169,878	1,581,585	847,757	26,294	7,716,421
Long-term receivables	248,980	22,705,286	2,706,934	1,354,367	65,970	27,081,537
Other financial assets	982,897	-	-	-	-	982,897
Total financial assets	17,398,607	528,139,486	428,024,637	298,448,485	103,598,965	1,375,610,180
Liabilities						
Loans from the central bank	(292,294)	(11,368,478)	(38,554,311)	-	-	(50,215,083)
Due to banks and other financial institutions	(22,420)	(1,873,161)	(5,110,000)	-	-	(7,005,581)
Placements from banks and other financial institutions	(191,423)	(16,459,486)	(27,565,080)	(700,000)	-	(44,915,989)
Financial liabilities held for trading	(97,128)	-	-	-	-	(97,128)
Derivative financial liabilities	(1,781,336)	-	-	-	-	(1,781,336)
Financial assets sold under repurchase agreement	(13,247)	(31,606,627)	-	-	-	(31,619,874)
Customer deposits	(21,794,263)	(527,062,838)	(202,647,206)	(286,233,791)	-	(1,037,738,098)
Debt securities issued	(383,136)	(14,460,056)	(54,276,954)	(13,000,000)	(10,000,000)	(92,120,146)
Lease liabilities	-	(61,850)	(133,851)	(383,587)	(61,456)	(640,744)
Other financial liabilities	(4,946,306)	-	-	-	-	(4,946,306)
Total financial liabilities	(29,521,553)	(602,892,496)	(328,287,402)	(300,317,378)	(10,061,456)	(1,271,080,285)
Interest rate risk exposure	(12,122,946)	(74,753,010)	99,737,235	(1,868,893)	93,537,509	104,529,895

(All amounts expressed in thousands of RMB unless otherwise stated)

The potential impact on net interest income and other comprehensive income of financial assets and liabilities held by the Group at the balance sheet date that are expected to reprice within one year, assuming a 100 basis point parallel shift in the yield curves for each currency, is analysed below:

	The Group			
	2024		2023	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income
+100 basis points parallel shift in all yield curves	501,268	(5,902,096)	644,573	(6,796,334)
-100 basis points parallel shift in all yield curves	(501,268)	6,302,086	(644,573)	7,237,094

In performing the above analysis, the Group has made the following general assumptions when determining business conditions and financial parameters:

• Analysis based on the static gap of balance sheet, and changes to the Group' s business operations after balance sheet date are not considered;

• The impact of cash and balances with central bank and accepted demand deposits on the static shortfall at the balance sheet date are not considered;

• The impacts on interest-earning assets and interest-bearing liabilities are the same;

• All interest re-priced assets and liabilities are re-priced in the middle of each specified time period;

• Customers' responses to interest rate movement are not considered;

• Impact of interest rate movement on market prices of assets and liabilities are not considered;

• Impact of interest rate movement on off-balance sheet items are not considered;

• The necessary actions to be taken by the Group in response to the interest rate movement are not considered.

Due to these limitations above, the actual impact of interest rate fluctuation on the net profit of the Group may vary from the analysis above.

XIII. Fair value of financial instruments

1. Fair value measurement

(1) The levels of fair value measurement

The following table presents the fair value information and fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring basis. The level at which fair value measurement is categorised is determined by the lowest level input in the fair value hierarchy that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

(All amounts expressed in thousands of RMB unless otherwise stated)

The following table presents the Group's financial instruments measured at fair value at the balance sheet date by the levels of fair value measurement:

	2024			
	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	Total
Assets				
Derivative financial assets	-	4,774,385	-	4,774,385
Loans and advances to customers				
Including: Loans and advances to customers at FVOCI	-	-	3,230,907	3,230,907
Loans and advances to customers at FVOCI	-	-	137,565,558	137,565,558
Financial assets held for trading	18,342,280	33,251,788	39,469	51,633,537
Other debt investments	-	285,584,050	-	285,584,050
Investments in other equity instruments	-	-	361,500	361,500
Total assets measured at fair value on a recurring basis	18,342,280	323,610,223	141,197,434	483,149,937
Liabilities				
Financial liabilities held for trading	-	(187,693)	-	(187,693)
Derivative financial liabilities	-	(3,176,137)	-	(3,176,137)
Total liabilities measured at fair value on a recurring basis	-	(3,363,830)	-	(3,363,830)

	2023			
	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	Total
Assets				
Derivative financial assets	-	2,036,268	-	2,036,268
Loans and advances to customers				
Including: Loans and advances to customers at FVOCI	-	-	3,523,403	3,523,403
Loans and advances to customers at FVOCI	-	-	108,563,530	108,563,530
Financial assets held for trading	9,454,935	49,577,272	210,201	59,242,408
Other debt investments	-	260,742,543	-	260,742,543
Investments in other equity instruments	-	-	236,500	236,500
Total assets measured at fair value on a recurring basis	9,454,935	312,356,083	112,533,634	434,344,652
Liabilities				
Financial liabilities held for trading	-	(97,128)	-	(97,128)
Derivative financial liabilities	-	(1,781,336)	-	(1,781,336)
Total liabilities measured at fair value on a recurring basis	-	(1,878,464)	-	(1,878,464)

(2) Level 1 Fair value measurement

Where there is a reliable quotation on an active market (e.g. quoted by a recognised stock exchange or a manager of an actively traded mutual funds), the closing price on the active market on the last trading day prior to the balance sheet date is used as the fair value.

(3) Level 2 Fair value measurement

The Group's Level 2 financial instruments are mainly fixed income investments, foreign exchange forwards and swaps, interest rate swaps, foreign exchange options and precious metals contracts. The fair value of bonds is based on the valuation by China Central Depository & Clearing Company Limited; foreign exchange forwards and swaps, interest rate swaps and currency options are valued using the discounted cash flow method and the Blair-Scholes model; the fair value of precious metals is based on the closing price of the Shanghai Gold Exchange. All significant valuation parameters are based on observable market information.

(All amounts expressed in thousands of RMB unless otherwise stated)

(4) Level 3 Fair value measurement

The Group's Level 3 financial assets are mainly loans and advances to customers at FVTPL, loans and advances to customers at FVOCI, financial products, trusts and asset management plans. The Group uses the discounted cash flow method where the unobservable inputs are the cash flows and the discount rate. Other equity instruments are valued using the latest market approach, where the unobservable parameters are the latest available funding prices.

Movement of the Level 3 financial instruments

	The Group				
	Loans and advances to customers at FVTPL	Loans and advances to customers at FVOCI	Financial assets held for trading	Other equity instruments	Total
1 January 2024	3,523,403	108,563,530	210,201	236,500	112,533,634
Comprehensive income					
- Profit or loss	159,116	-	-	-	159,116
- Other comprehensive income	-	80,970	-	-	80,970
Purchases/issue	75,431,245	316,569,829	55,789	125,000	392,181,863
Disposal/settlement	(75,882,857)	(287,648,771)	(226,521)	-	(363,758,149)
31 December 2024	3,230,907	137,565,558	39,469	361,500	141,197,434

	The Group				
	Loans and advances to customers at FVTPL	Loans and advances to customers at FVOCI	Financial assets held for trading	Other equity instruments	Total
1 January 2023	2,858,795	92,436,016	1,019,297	236,500	96,550,608
Comprehensive income					
- Profit or loss	166,152	-	1,260,864	-	1,427,016
- Other comprehensive income	-	16,365	-	-	16,365
Purchases/issue	35,637,239	209,031,003	7,010,000	-	251,678,242
Disposal/settlement	(35,138,783)	(192,919,854)	(9,079,960)	-	(237,138,597)
31 December 2023	3,523,403	108,563,530	210,201	236,500	112,533,634

Information about Level 3 fair value measurements using significant unobservable inputs is as follows:

	Fair value at 31 December 2024	Valuation techniques	Unobservable inputs
Loans and advances to customers	140,796,465	Discounted cash flow model	Cash flows, discount rates
Financial assets held for trading	39,469	Discounted cash flow model	Cash flows, discount rates
Investments in other equity instruments	361,500	See recent market approach	Recent financing prices

	Fair value at 31 December 2023	Valuation techniques	Unobservable inputs
Loans and advances to customers	112,086,933	Discounted cash flow model	Cash flows, discount rates
Financial assets held for trading	210,201	Discounted cash flow model	Cash flows, discount rates
Investments in other equity instruments	236,500	See recent market approach	Recent financing prices

(All amounts expressed in thousands of RMB unless otherwise stated)

2. Changes in valuation techniques and the reasons for the changes

During the reporting period, there were no significant changes in valuation techniques for fair value measurements.

3. Fair values of financial assets and liabilities not measured at fair value

All financial instruments are carried at amounts not materially different from their fair value as at 31 December 2024 and 2023 except as follows:

	The Group			
	2024		2023	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets				
Debt investments	186,537,759	195,697,058	173,856,650	177,477,885
Financial liabilities				
Debt securities issued	73,589,243	73,926,202	92,120,146	91,652,228

The financial assets and financial liabilities above are measured at Level 2 fair value.

XIV. Related parties and related-party transactions

1. Shareholders with over 5% of the Bank's Shares

Name of related party	Principal activities	Shareholding percentage (%)	
		2024	2023
Shanghai State-owned Assets Management Co., Ltd.	Capital operation and industrial investment	9.29	9.29
China COSCO Shipping Corporation Ltd.	International shipping	8.29	8.29
BaoSteel Corporation Ltd.	Steel smelting and processing	8.29	8.29
Shanghai Jiushi (Group) Co., Ltd.	Urban transportation, sports industry and capital management	7.79	7.72
China Pacific Life Insurance Co., Ltd.	Insurance and fund utilisation	5.81	5.81

General information of major shareholders:

Shareholders	Legal representative	Registration place	2024 Registered capital
Shanghai State-owned Assets Management Co., Ltd.	Guan Wei	Shanghai	RMB 5.5 billion
China COSCO Shipping Corporation Ltd.	Wan Min	Shanghai	RMB 11 billion
BaoSteel Corporation Ltd.	Zhou Jixin	Shanghai	RMB 22.3 billion
Shanghai Jiushi (Group) Co., Ltd.	Guo Jianfei	Shanghai	RMB 60 billion
China Pacific Life Insurance Co., Ltd.	Li Jinsong	Shanghai	RMB 8.6 billion

Principal activities of these shareholders are as follows:

Shanghai State-owned Assets Management Co., Ltd.: Mainly engaged in industrial investment, capital operations, asset acquisition, packaging and transfer, enterprise and asset custody, debt restructuring, property brokerage, real estate agents, financial consultancy, investment consultancy and operation-related consultancy services, guarantees relating to assets operation and capital operation.

China Ocean Shipping Group Co. Ltd.: Mainly engaged in international shipping, international shipping supporting business; import and export business of goods and technology; marine, land, air international cargo agency services; self-owned ship leasing; sales of ship, container and steel; marine engineering equipment design; wharf and port investment; sales of communication equipment; information and technical services; warehousing (excluding hazardous chemicals); technology development, transfer, consultation and services in the fields related to ships and spare parts and equity investment fund.

BaoSteel Corporation Limited is principally engaged in the manufacture of hazardous chemicals; operation of hazardous chemicals; management of hazardous waste; power generation, transmission and supply (distribution); port operations; road haulage (excluding dangerous goods); road transport of dangerous goods; manufacture of special equipment; motor vehicle inspection and testing services. (For those subject to approval, the Company won't carry out business activities before obtaining the approval from relevant departments. Specific operations are subject to approval by the relevant departments.) General operations: smelting of iron and steel; casting of steel; smelting of non-ferrous metals; casting of non-ferrous metals; sale of coal and coal products; sale of metal ores; sale of metal materials; sales of high-grade special steel materials; sales of special equipment; sales of renewable raw materials; sales agency; technical services, technical development, technical consulting, technical exchange, technology transfer and technology promotion; production of chemical products (excluding licensed chemical products); sales of chemical products (excluding licensed chemical products); production of basic chemical raw materials (excluding production of licensed chemicals such as hazardous chemicals); general warehousing services (except hazardous chemicals and other items requiring authorisation); national freight forwarding services; national container forwarding services; leasing of non-residential real estate; leasing of land use rights; leasing of machinery; leasing of transport equipment; ship chartering; leasing of special equipment; Manufacture of drawing, calculating and measuring instruments; sale of drawing, calculating and measuring instruments; business consultancy; environmental protection monitoring; tender agency services; repair and maintenance of motor vehicles; import and export of goods; import and export of technology; import and export agency; scrap metal and scrap metal processing.

Shanghai Jiushi Group Co., Ltd. is mainly engaged in urban transportation operation, infrastructure investment management and resource exploitation and utilization with domestic and foreign capital, land and property development and operation, property management, sports and tourism operation, equity investment, management and operation, information technology services, auto mobile leasing, and consulting business.

China Pacific Life Insurance Co., Ltd.: Mainly engaged in underwriting various kinds of life insurance business in RMB and foreign currency, including life insurance, health insurance, accident and injury insurance, handling reinsurance business of the above mentioned business, various kinds of statutory life insurance business, establishing agency relations and business contacts with domestic and foreign insurance and related institutions, and acting as agents for foreign insurance institutions in the appraisal and settlement of losses and other related matters entrusted by them, running funds operations of the Insurance Law and other relevant laws and regulations, and participating in international insurance activities upon approval and other business upon approval by the China Insurance Regulatory Commission.

2. Information about the subsidiaries of the Bank

For information about the subsidiaries of the Bank, refer to Note V. 12.1.

3. Information about associates of the Bank

Associates of the Bank are Haimen Rural Commercial Bank, Shanghai Jingyi Industry Development Company Limited and Hangzhou United Rural Commercial Bank Co., Ltd..

(All amounts expressed in thousands of RMB unless otherwise stated)

4. Related party transactions

Transactions between the Group and its related parties were conducted under general commercial terms and normal business processes, and the pricing principles were consistent with those adopted in transactions with independent third-parties. The amount of the Group's significant transactions with related parties and the balance of significant transactions as at the balance sheet date are as follows:

	Shareholders that hold 5% or more equity in the Bank, and the groups to which they belong	Connected natural persons	Other connected legal representatives	Total	Ratio to amount /balance of related transactions (%)
The amount of significant transactions in 2024:					
Interest income	134,730	421	289,684	424,835	0.95
Interest expense	56,292	1,221	30,725	88,238	0.36
Net fee and commission income	1,108	13	186	1,307	0.06
Investment income	5,425	-	233,331	238,756	9.77
Gains and losses from changes in fair value	5,813	-	3,833	9,646	0.84
Exchange gain/loss	6,679	-	(751)	5,928	2.78
General and administrative expenses	9,730	7,871	2,540	20,141	0.23
Other comprehensive income	11,463	-	48,335	59,798	1.18
As at 31 December 2024, the balance of significant transactions is as follows:					
Due from banks and other financial institutions	51	-	868,336	868,387	5.22
Lending funds	-	-	400,107	400,107	0.75
Derivative financial assets	29,534	-	12,286	41,820	0.88
Financial assets purchased under resale agreements	100,006	-	500,204	600,210	2.21
Loans and advances to customers	3,422,677	1,344	5,354,510	8,778,531	1.20
Financial investment:					
- Financial assets held for trading	-	-	215,430	215,430	0.42
- Other debt investments	777,757	-	1,379,933	2,157,690	0.76
Long-term equity investments	-	-	2,021,112	2,021,112	100.00
Due to banks and other financial institutions	48	-	449	497	0.00
Customer deposits	3,710,857	44,298	2,312,226	6,067,381	0.56
Derivative financial liabilities	18,434	-	13,227	31,661	1.00
Debt securities issued	797,018	-	-	797,018	1.08
As at 31 December 2024, significant off-balance sheet items are as follows:					
Entrusted loans	322,542	118	-	322,660	0.42
Loans secured by collateral provided by related parties	105,724	-	600,000	705,724	0.10

(All amounts expressed in thousands of RMB unless otherwise stated)

	Shareholders that hold 5% or more equity in the Bank, and the groups to which they belong	Connected natural persons	Other connected legal representatives	Total	Ratio to amount /balance of related transactions (%)
The amount of significant transactions in 2023:					
Interest income	113,572	504	244,567	358,643	0.79
Interest expense	54,968	926	39,631	95,525	0.39
Net fee and commission income	43	4	8,900	8,947	0.39
Investment income	2,464	-	124,391	126,855	8.32
Gains and losses from changes in fair value	(5,216)	-	(3,035)	(8,251)	0.51
General and administrative expenses	12,647	7,672	2,026	22,345	0.26
Other comprehensive income	1,528	-	13,634	15,162	0.46
As at 31 December 2023, the balance of significant transactions is as follows:					
Due from banks and other financial institutions	66	-	766,976	767,042	4.49
Derivative financial assets	28,995	-	16,972	45,967	2.26
Financial assets purchased under resale agreements	50,067	-	89,713	139,780	0.77
Loans and advances to customers	3,873,627	13,476	6,123,713	10,010,816	1.46
Financial investment:					
- Financial assets held for trading	211,102	-	250,754	461,856	0.78
- Other debt investments	1,124,175	-	1,308,435	2,432,610	0.93
Long-term equity investments	-	-	1,780,780	1,780,780	100.00
Due to banks and other financial institutions	50	-	220	270	0.00
Customer deposits	3,226,682	30,683	3,057,602	6,314,967	0.61
Derivative financial liabilities	30,387	-	18,373	48,760	2.74
Debt securities issued	792,494	-	698,652	1,491,146	1.62
As at 31 December 2023, significant off-balance sheet items are as follows:					
Entrusted loans	368,295	147	-	368,442	0.42
Loans secured by collateral provided by related parties	1,293,470	-	400,000	1,693,470	0.25

5. Transactions between the Bank and its subsidiaries

The amount of significant transactions during the period:

	2024	2023
Interest income	57,718	55,805
Interest expense	164,882	163,494
Fee and commission income	26,897	30,876
Investment income	123,277	128,627
Operation and administrative expenses	115	9

The balance of significant transactions as at the balance sheet date is as follows:

	2024	2023
Placements with banks and other financial institutions	2,907,930	803,149
Due to banks and other financial institutions	4,387,324	4,631,925

(All amounts expressed in thousands of RMB unless otherwise stated)

6. Trades with annuity plan

The Group did not have any other related party transactions with the established corporate annuity funds in 2024 and 2023 other than normal contributions.

7. Remuneration of key management personnel

	The Group	
	2024	2023
Remuneration and benefits	12,957	18,229

The remuneration of key management personnel includes the salary received from the company within the relevant year that belongs to the current year, as well as the coporate contribution of social insurance, housing fund, enterprise annuity, and supplementary medical insurance. According to the regulations of the relevant departments of the State, the final total amount of remuneration of such key management personnel in 2024 is pending for the final confirmation by the major responsible departments.

XV. Capital management

The objectives of the Group's capital management are:

(1) Maintain a reasonable level of capital adequacy ratio, continue to meet the requirements of capital regulatory laws, regulations and policies, and ensure the compliance of operations;

(2) Maintain a solid capital base, ensure that the capital can fully resist the corresponding risks, and can support and meet the implementation of the Group's business growth and strategic planning;

(3) Establish an economic capital management system with capital efficiency as the core, optimize resource allocation and operation management mechanism, improve capital efficiency, maximize value, and provide shareholders with sustainable, stable and reasonable investment returns.

China's commercial banks should meet the capital adequacy ratio requirements specified in the Measures for the Capital Management of Commercial Banks (Decree No. 4 of the State Financial Supervision and Administration Administration). The Capital Management Measures for Commercial Banks divides commercial banks into three categories, and applies differentiated capital supervision requirements. According to the classification criteria, the Bank is applicable to the management requirements of the first tier commercial banks. The Capital Management Measures of Commercial Banks requires that the core tier one capital adequacy ratio of commercial banks should not be less than 7.50%, the tier one capital adequacy ratio should not be less than 8.50%, and the capital adequacy ratio should not be less than 10.50%.

Capital adequacy ratio management is the core of the Group's capital management. The capital adequacy ratio reflects the Group's ability to operate steadily and resist risks. The capital adequacy ratio management objective of the Group is to prudently determine the capital adequacy ratio objective on the basis of meeting the statutory regulatory requirements, according to the actual risk situation, referring to the capital adequacy ratio level of advanced peers and the operating conditions of the Group. The Group forecasts, plans and manages the capital adequacy ratio based on strategic development planning, business expansion, risk change trend and other factors using scenario simulation, stress testing and other methods.

As of December 31, 2024, the Group's core tier one capital adequacy ratio, tier one capital adequacy ratio and capital adequacy ratio all meet the requirements of the Capital Management Measures of Commercial Banks and other relevant regulations. For more information on capital, please refer to the 2024 Capital Management Pillar III Information Disclosure Report published by the Bank on its official website.

XIV. Subsequent events

According to Tai Jin Fu [2024] No. 74 Reply of Taian Supervision Branch of the State Administration of Financial Supervision and Administration on Approving the Directional Offering Scheme of Taian Shanghai Rural Commercial Bank Co., Ltd. in November 2024, the Bank subscribed 20 million shares of Taian Shanghai Rural Commercial Bank Co., Ltd. in the form of directional offering. After the investment, the Bank's shareholding in Taian Shanghai Rural Commercial Rural Bank Co., Ltd. increased from 107.6658 million shares to 127.6658 million shares, with the shareholding ratio rising from 81.46% to 83.90%.

XVII. Comparative figures

Certain comparative figures have been reclassified in order to comply with the presentation method of the financial statements.

(All amounts expressed in thousands of RMB unless otherwise stated) Supplementary information to financial statements for the year

Supplementary information to financial statements for the year

1. Extraordinary gain and loss

In accordance with the Explanatory Announcement No. 1 of Information Disclosure for Public Offering Securities - Non-recurring Profit or Loss (2008), the Group's extraordinary gain and loss are as follows:

	2024	2023
Net proceeds from disposal of non-current assets	549,665	34,239
Government grants recognised in profit or loss for the current period	98,138	75,247
Investment cost of subsidiaries, associates and joint ventures acquired by the Bank less than the value generated from the fair value of the identifiable net assets of the invested entity that should be allocated when acquiring	-	468,816
Net gain on disposal of long-term unclaimed deposits	1,159	1,576
Net gains from compensation for breach of contract	(7,823)	(8,908)
Donation expenditure	(17,824)	(11,747)
Other non-operating income and expenses besides the items above	2,056	131,989
Sub-total of non-recurring profit or loss (Note)	625,371	691,212
Effect of income tax of non-recurring profit or loss	(158,636)	(60,372)
Total	466,735	630,840
Including: Non-recurring profit or loss that will have impact on the net profit attributable to shareholders of the Bank	447,763	618,543
Non-recurring profit or loss that will have impact on the net profit attributable to non-controlling interest	18,972	12,297

Note: The above breakdown of non-recurring profit or loss is determined and disclosed in accordance with Interpretive Pronouncement on the Preparation of Information Disclosures of Companies Issuing Public Shares No. 1 – Extraordinary Gains and Losses (2023) (Announcement of China Securities Regulatory Commission [2023] No.65) issued by CSRC. According to the announcement, non-recurring profit or loss arises from the transactions or events that is not directly related to daily operations, or the transactions or events that are associated with normal operations but may affect the investors' proper judgements on the performance and profitability of the company due to their special and incidental nature. The above non-recurring profit or loss is accounted for in other income, gains from disposal of assets, non-operating income or non-operating expenses accordingly. Gains or losses from the investment or management of assets entrusted to others, the reversal of provisions for credit losses on financial assets, investment income from the holding and disposal of trading financial assets, trading financial liabilities and other debt instruments, and custody fee income from entrusted operations are gains or losses arising from the Group's normal operating activities and are therefore not included in the disclosure of non-recurring gains or losses.

2. Earnings per share

In accordance with Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (Revised 2010) issued by the CSRC, the Group's earnings per share are calculated as follows:

	2024	2023
Weighted average number of ordinary shares outstanding ('000 shares)	9,644,444	9,644,444
Before the deduction of non-recurring profit or loss		
Net profit for the year attributable to the Bank's ordinary shareholders	12,288,156	12,141,958
Basic earnings per share and diluted earnings per share (in RMB)	1.27	1.26
After the deduction of non-recurring profit or loss		
Net profit for the year attributable to the Bank's ordinary shareholders	11,840,393	11,523,415
Basic earnings per share and diluted earnings per share (in RMB)	1.23	1.19

In both 2024 and 2023, there was no difference between basic and diluted earnings per share as the Group did not have any shares that would have a potential dilutive effect.

Supplementary information to financial statements for the year (All amounts expressed in thousands of RMB unless otherwise stated)

3. Return on net assets

In accordance with Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (2010 revised) issued by the CSRC, the Group's return on net assets is calculated as follows:

	2024	2023
Net assets at the end of the year attributable to the Bank's ordinary shareholders	123,836,410	112,426,981
Weighted average net assets attributable to the Bank's ordinary shareholders	118,709,123	107,130,475
Before the deduction of non-recurring profit or loss		
Net profit for the year attributable to the Bank's ordinary shareholders	12,288,156	12,141,958
Weighted average return on net assets (%)	10.35	11.34
After the deduction of non-recurring profit or loss		
Net profit for the year attributable to the Bank's ordinary shareholders	11,840,393	11,523,415
Weighted average return on net assets (%)	9.97	10.76

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Address: No.70, Zhongshan No.2 Road (E), Huangpu District, Shanghai, China Tel: 021-61899999 Post: 200002