

Appendix 1

Commercial Bank Performance Evaluation Measures

Chapter 1 General Provisions

Article 1 These Measures are formulated in accordance with the ‘Guiding Opinions of the Central Committee of the Communist Party of China and the State Council on Improving the Management of State-owned Financial Capital’, the ‘Financial Enterprise Financial Rules’, and other relevant provisions, with the aim of further leveraging market mechanisms, refining the commercial bank performance evaluation system, promoting commercial banks' more effective responsiveness to national macroeconomic policies, serving the real economy and microeconomic entities, guiding commercial banks towards high-quality development, enhancing vitality, improving operational efficiency, and strengthening state-owned financial capital.

Article 2 These Measures apply to the substantive management of commercial banks by state-owned financial enterprises, including wholly state-owned and state-controlled commercial banks (including those under state control), as well as the substantive management of commercial banks by state-owned financial enterprises.

the Financial Rules for Financial Enterprises, and other relevant provisions.

Article 2 These Measures shall apply to wholly state-owned and state-controlled commercial banks

(including commercial banks under effective state control), as well as commercial banks under the substantive management of wholly state-owned and state-controlled financial enterprises.

Other commercial banks may implement these Measures by reference.

The term ‘commercial bank’ as used herein refers to large state-owned commercial banks, nationwide joint-stock commercial banks, city commercial banks, rural commercial banks, rural cooperative banks, rural credit cooperatives, and other institutions requiring a banking business licence to operate.

Article 3

Performance evaluation as referred to herein denotes the process whereby the finance department establishes an evaluation indicator system based on the functional characteristics of commercial banks. Employing appropriate evaluation methods and standards, it conducts a comprehensive assessment of a commercial bank's compliance with national macro policies, service to the real economy, and financial risk prevention during a fiscal year, alongside evaluating its development quality and operational efficiency.

Article 4

and financial risk prevention during a fiscal year, as well as their development quality and operational efficiency.

Article 4 The performance evaluation of commercial banks shall adhere to the following principles:

(1) Upholding the orientation of serving national macro policies and the real economy.

The performance evaluation of commercial banks shall provide robust support for the implementation of national macro policies, reflecting the orientation of better serving the real economy and micro-level economy, and promoting positive interaction and mutual prosperity between commercial banks and the real economy.

(2) Upholding high-quality development and innovation-driven orientation. Commercial bank performance evaluation shall be guided by new development concepts, centred on supply-side structural reform, and oriented towards sustainable development. It shall guide commercial banks to accelerate the transformation of development concepts and approaches, enhance independent innovation, optimise resource allocation, improve input-output efficiency, strengthen core competitiveness, reinforce financial service functions, and effectively prevent financial risks.

(3) Upholding the unity of market mechanisms and government guidance. Commercial bank performance evaluation shall follow the laws of market economies and enterprise development, adhering to the decisive role of market forces in resource allocation. The government shall formulate rules, provide macro-level guidance, and safeguard economic and financial security.

(3) Upholding the unity of market mechanisms and government guidance. Commercial bank performance

evaluation shall follow the laws of market economies and enterprise development, upholding the decisive role of the market in resource allocation

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The government shall formulate rules, exercise macro-level guidance, and safeguard economic and financial security. The finance department shall lawfully fulfil its duties as the investor of financial enterprises, strengthening guidance primarily through capital management

to promote the preservation and appreciation of state-owned financial capital.

(4) Upholding the combination of unified regulations and tiered management. The Ministry of Finance shall be responsible for formulating the National Financial Enterprise Performance Evaluation Management Measures, collecting data, calculating

and publishing industry benchmarks, and organising and implementing performance evaluations of centrally managed commercial banks. Provincial-level finance departments (hereinafter referred to as provincial finance departments) shall organise and implement performance evaluations in accordance with these Measures.

for formulating national performance evaluation management measures for financial enterprises, collecting data, calculating and publishing industry benchmark values, and organising the performance evaluation of centrally managed commercial banks.

Provincial-level people's government finance departments (hereinafter referred to as provincial finance departments) shall organise and implement the performance evaluation of commercial banks within their respective jurisdictions in accordance with these Measures.

Article 5 To ensure the objectivity, fairness, timeliness, and effectiveness of performance evaluation work, commercial banks shall provide comprehensive and authentic performance evaluation data. Performance evaluation work shall be based on financial accounting reports audited by independent audit institutions in accordance with Chinese auditing standards, wherein financial statements shall be consolidated financial statements prepared under Chinese accounting standards. Performance evaluation data shall be provided by the responsible commercial bank's annual financial accounting report.

evaluation shall be based on financial accounting reports audited by independent audit institutions in accordance with Chinese auditing standards.

The financial statements shall be consolidated financial statements prepared in accordance with Chinese accounting standards.

Performance evaluation data shall be reviewed by the independent audit institution responsible for auditing the commercial bank's annual financial report, which shall issue a separate audit report. Relevant business data of commercial banks shall be consistent with and mutually corroborative of the final results submitted in accordance with regulatory requirements.

Article 6

Article 6 The performance evaluation results of commercial banks constitute an objective reflection of the comprehensive assessment of their overall operations

and shall serve as a key basis for improving their management and the comprehensive assessment of their responsible officers.

They shall be the primary basis for determining the remuneration of responsible officers and the total wage fund of commercial banks.

Chapter II Evaluation Orientation and Indicator System

Article 7 The dimensions of commercial bank performance evaluation include serving national development objectives

and the real economy, development quality, risk prevention and control, and operational efficiency.

The evaluation focuses on serving the real economy, serving key economic sectors and weak links,

as well as economic benefits, shareholder returns, and asset quality.

Article 8 The commercial bank performance evaluation indicator system comprises:

(1) Serving national development objectives and the real economy: This includes serving the ecological civilisation strategy, serving strategic emerging industries, the completion of inclusive micro and small enterprise loans ('two increases'), and the completion of inclusive micro and small enterprise loans ('two controls') – four indicators that primarily reflect the commercial bank's service to national macro-strategies, the real economy, and microeconomic conditions.

(2) Development Quality: Includes Economic Value Added, Profit Margin on Labour Costs,

Net Profit Per Employee, and Tax and Interest Paid Per Employee. These four indicators primarily reflect commercial banks' high-quality development status and per capita contribution levels.

(3) Risk Prevention and Control: Includes Non-performing Loan Ratio, Non-performing Loan Growth Rate, Provision Coverage Ratio, Liquidity Ratio, and Capital Adequacy Ratio. These five indicators primarily reflect commercial banks' asset management and risk prevention capabilities.

(4) Operational Efficiency: Includes Cost-Efficiency Ratio, Cost-to-Income Ratio, Profitability Ratio, and Return on Assets. These indicators primarily reflect commercial banks' operational efficiency and profitability.

(3) Risk Prevention and Control: Comprising five indicators—non-performing loan ratio, growth rate of non-performing loans, provision coverage ratio, liquidity ratio, and capital adequacy ratio—primarily reflecting commercial banks' asset management and risk prevention capabilities.

(4) Operational Efficiency: Comprising three indicators—(state-owned) capital preservation and appreciation rate, return on net assets, and dividend-to-tax ratio—primarily reflecting commercial banks'

capital appreciation and operational efficiency levels.

Article 9 The commercial bank performance evaluation indicator system shall remain relatively stable,

subject to timely dynamic adjustments based on objective circumstances such as national macro policies, real economy demands, and financial development trends.

The weighting of each individual indicator shall be determined according to its importance and guiding function,

as detailed in the Commercial Bank Performance Evaluation Indicator System (Annex 2).

The scores for each individual indicator shall be aggregated to form the commercial bank's comprehensive performance evaluation score.

Chapter III Evaluation Methods

Article 10: Based on the characteristics of commercial bank performance evaluation indicators, the finance department may adopt appropriate single or composite evaluation methods. Single evaluation methods include industry benchmarking, historical benchmarking, regulatory standard benchmarking, and qualitative scoring. Industry standard values shall be uniformly calculated and published by the Ministry of Finance; other standard values shall be calculated and determined by the Ministry of Finance and provincial-level finance departments respectively, in accordance with the principle of tiered management.

Article 11: For performance evaluation indicators using a composite method, the Ministry of Finance and provincial-level finance departments shall select at least two evaluation methods based on indicator characteristics, setting respective evaluation method weights (see Annex 3), to achieve comprehensive evaluation from different dimensions.

Article 11 For performance evaluation indicators employing a composite approach, the Ministry of Finance

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and provincial-level finance departments shall select at least two evaluation methods based on indicator characteristics,

assigning respective weights to each method (see Appendix 3) to comprehensively evaluate the same

indicator from multiple dimensions.

Article 12 For performance evaluation indicators using the industry benchmarking method, the Ministry of Finance

shall screen commercial bank data based on preliminary reports submitted by centrally managed commercial banks and provincial-level finance departments

and establish a sample database to calculate the industry benchmark value (see Annex 3).

Article 13: For benchmark values of indicators using the historical benchmarking method, the Ministry of Finance and provincial-level finance departments shall calculate the benchmark values based on commercial bank basic data according to the principle of hierarchical management.

The average value of the sample shall be designated as the 'median value'. The standard values for the other five categories shall be determined using reasonable methods (see Annex 3).

Article 14: For indicators using the qualitative scoring method, the Ministry of Finance shall determine the standard values based on the qualitative scores provided by the Ministry of Finance and provincial-level finance departments.

The sample mean serves as the 'median value'. The other five standard value tiers shall be determined by reasonable methods (see Annex 3).

Article 14: For performance evaluation indicators employing qualitative scoring methods,

the finance department, regulatory authorities, or institutions entrusted with shareholder duties

shall each assign scores based on evidence provided by commercial banks and regulatory circumstances. The average score shall constitute the indicator's final score.

Article 15: Evaluation scoring shall compare the commercial bank's adjusted actual values against its standard value tier, calculating

scores for each basic indicator using the following formula:

Total Performance Evaluation Score = \sum Individual Indicator Scores

Individual Indicator Score = Base Score for Current Tier + Adjustment Score

Base Score for Current Tier = Indicator Weight \times Standard Coefficient for Current Tier

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Adjustment Points = Efficiency Coefficient \times (Upper Tier Base Points - Current Tier Base Points)

Upper Tier Base Points = Indicator Weight × Upper Tier Standard Coefficient

Efficiency Coefficient = (Actual Value - Current Tier Standard Value) / (Upper Tier Standard Value - Current Tier

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Standard Value)

The Current Tier Standard Value refers to the lower of the standard values in the upper and lower tiers.

Chapter IV

Article 16: For matters occurring during the evaluation period (fiscal year) of the assessed commercial bank that qualify for bonus or penalty points, after verification, corresponding points shall be added or deducted (see

Appendix 3).

Chapter IV: Evaluation Data

Article 17: To ensure the authenticity, completeness, and reasonableness of performance evaluations,

commercial banks may adjust or restore book data during the evaluation period based on the principles of materiality and comparability.

data during the evaluation period in accordance with the principles of materiality and comparability. After auditors issue a verification opinion on the requested adjustments, objective reduction factors shall be added to and objective increase factors deducted from the relevant financial indicators.

Matters eligible for adjustment primarily include:

(1) Where commercial banks experience industry-wide declines in operating income or profits due to force majeure such as major natural disasters or sudden public health incidents,

impact factors may be comprehensively considered when calculating industry standard values;

(2) Where commercial banks absorb losses from prior years' assets or operations within their profit and loss accounts during the evaluation period, the loss amount may be treated as an objective reduction factor for the current year's profit;

(3) Where commercial banks undertake policy-driven business approved by the State Council or implement regulatory requirements approved by the State Council that

significantly impact operating results or asset quality, the affected portion may be treated as an objective reduction factor for the current year's profit or assets;

(4) Where changes in accounting policies or estimates significantly impact operating results, the affected amount may be treated as an objective impact factor on the current year's profit or assets;

(5) Where changes in the scope or proportion of consolidated reporting affect performance evaluation results, the impact portion may be treated as an objective impact factor on the current year's profit or assets;

may be treated as an objective factor affecting the current year's profit or assets;

(5) Where changes occur in the scope or proportion of consolidated reporting for commercial banks, the portion of the change affecting performance evaluation results shall be treated as an objective influencing factor;

(6) Where a commercial bank receives a non-standard unqualified audit opinion, it shall adjust the book data for evaluation based on the material matters affecting operating results disclosed in the audit report;

(7) Other objective factors recognised by the financial authorities.

(vii) Other objective factors recognised by the financial authorities.

Article 18 Commercial banks shall ensure that all performance evaluation data and materials are timely,

accurate, and accessible. Where data originates from regulatory reports, such reports shall be submitted

as supporting documentation; where data originates from internal business statistics, detailed explanations

of the statistical methodology shall be provided. This specifically includes:

(i) The commercial bank's performance evaluation baseline data table;

(ii) The commercial bank's annual financial accounting report;

(iii) Annual financial accounting report audit report issued by an accounting firm

and special audit report on performance evaluation data;

(iv) Explanatory materials regarding all performance evaluation basic data and adjustments

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along with data sources;

(v) Other materials deemed necessary by the finance department.

Article 19 The finance department shall review, verify, and confirm the performance evaluation

data and materials provided by the evaluated commercial bank.

CHAPTER V EVALUATION RESULTS AND APPLICATION

Article 20 Performance evaluation results shall be expressed through evaluation scores, evaluation types, and evaluation grades.

Evaluation scores shall be represented on a percentage scale, with a maximum of 100 points.

Evaluation types denote the tier of comprehensive performance assigned to enterprises based on their evaluation scores, expressed through both text and letters. These are categorised into five types:

Excellent (A), Good (B), Average (C), Low (D), and Poor (E).

Evaluation grades further subdivide each type to reflect distinctions within the same category, denoted by repeating the corresponding letter after the initial letter (see Appendix 3).

Article 21: Where a commercial bank fails to achieve the preservation and appreciation of state-owned capital in the current year, its confirmed performance evaluation result shall be downgraded by one grade from the calculated outcome.

Article 22: Upon finalising the performance evaluation results, the finance department shall promptly notify the commercial bank, copy the notification to the organisational personnel department responsible for the comprehensive assessment of the commercial bank's leadership team and personnel, and the industry regulatory authority, and disclose the results to the public through appropriate channels.

Article 22: Upon finalising the performance evaluation results, the finance department shall promptly

communicate these to the commercial bank, copying the organisational personnel department responsible for the comprehensive

assessment of the bank's leadership team and personnel, as well as the industry regulatory authority. The results shall also be

publicly disclosed in an appropriate manner.

Article 23: For annual performance evaluations rated at Medium or below (excluding Medium),

the commercial bank shall promptly analyse the causes and identify gaps against the performance evaluation scoring table, strengthen management, and improve assessment practices.

Article 24

Should financial data be found inaccurate or erroneous following the current evaluation period, the finance department may retrospectively adjust the evaluation results and other outcomes linked thereto.

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Article 25

For matters qualifying for performance evaluation bonus points, a prudent and rigorous approach shall be adopted. Where conditions for bonus points are genuinely met, sufficient evidence and thorough justification must be provided.

For performance evaluation deduction items, once verified, they shall be confirmed strictly.

Chapter VI Work Requirements

Article 26 Commercial banks under central administration shall submit a complete set of performance evaluation data and materials in duplicate to the Ministry of Finance by 15 April each year.

The specific content and time requirements for local commercial banks to submit performance evaluation materials to their respective fiscal departments shall be determined by the provincial-level fiscal departments.

Article 27 Commercial banks shall provide authentic and comprehensive performance evaluation data and materials.

The principal responsible person of the commercial bank, the person in charge of financial and accounting work, or the chief accountant shall be responsible for the authenticity and completeness of the data and materials provided.

data and materials. The principal responsible officer of the commercial bank, the officer in charge of financial and accounting work, or the chief accountant shall be responsible for the authenticity and completeness of the data and materials provided.

Where a commercial bank intentionally omits, conceals, or provides false materials in its submitted performance evaluation materials, the finance department at the corresponding level shall require the commercial bank to rectify the situation and impose penalties in accordance with the Financial Rules for Financial Enterprises and other relevant regulations.

Article 28. The finance department shall confirm the results of state-owned capital preservation and appreciation in accordance with the requirements for such confirmation and the annual financial settlement work arrangements.

Article 29. The Ministry of Finance shall issue industry standard values by the end of April each year based on the materials submitted by centrally administered commercial banks and provincial-level finance departments.

Article 30. Provincial-level finance departments shall carry out performance evaluation work for commercial banks within their jurisdiction in accordance with these Measures. Where commercial banks fall within the scope of local regulatory responsibilities and there is a genuine need, provincial-level finance departments may, based on local characteristics, formulate implementation rules in accordance with the provisions of the "Regulations on

Article 30 Provincial-level finance departments shall conduct performance evaluations of commercial banks within their jurisdictions in accordance with these Measures.

For commercial banks falling under local regulatory responsibilities, provincial-level finance departments may, where genuinely necessary and based on regional characteristics, make appropriate adjustments to evaluation methodologies in accordance with the principle of strictness.

Provincial-level finance departments shall compile and submit the performance evaluation results of commercial banks within their jurisdictions to the Ministry of Finance by 30 November each year.

Article 31 Staff members of finance departments organising commercial bank performance evaluations shall act with diligence, follow standard procedures, and provide robust guidance.

Where abuse of authority, failure to follow procedures, or inadequate guidance occurs during performance evaluations by finance departments at all levels and their staff, the relevant departments shall be held accountable.

Article 31: Relevant staff of financial departments organising and conducting commercial

bank performance evaluations shall discharge their duties conscientiously, standardise procedures, and strengthen guidance.

Where financial departments at all levels or their staff engage in illegal or disciplinary violations

such as abuse of power, dereliction of duty, or malpractice involving favouritism during commercial bank performance evaluations,

they shall be held accountable in accordance with the law.

Article 32: Institutions entrusted to conduct commercial bank audit services and their and their relevant personnel shall strictly implement the regulations governing commercial bank performance evaluation work, standardise technical operations, ensure the independence, objectivity, and impartiality of the evaluation process, and ensure the appropriateness of evaluation conclusions, while strictly safeguarding the commercial secrets of commercial banks.

For those who participate in falsification, violate procedures and work regulations, leading to inaccurate evaluation conclusions, or disclose the commercial secrets of commercial banks, the finance department shall order that they no longer be entrusted to undertake commercial bank audit business, and shall notify their competent industry authorities of the relevant circumstances, recommending that corresponding penalties be imposed.

Chapter VII Supervision and Inspection

Article 33

The financial authorities shall conduct timely supervision and inspection of commercial bank performance evaluation work. For violations, commercial banks shall be required to rectify and penalties imposed in accordance with the Financial Enterprise Accounting Rules and other relevant regulations.

Chapter VII Supplementary Provisions

Article 34

Where changes in shareholding structure or other reasons result in a commercial bank originally centrally managed becoming locally managed, or a locally managed commercial bank becoming centrally managed, the financial authorities shall promptly adjust the department responsible for confirming performance evaluation results in accordance with the principle of hierarchical management.

Article 35

The financial department shall promptly adjust the department responsible for confirming performance evaluation results in accordance with the principle of hierarchical management.

Article 35 These Measures shall come into effect on 1 January 2021, and commercial bank performance evaluations shall be conducted in accordance with these Measures.

For performance evaluations of financial enterprises other than commercial banks, the Notice of the Ministry of Finance on Issuing the Measures for Performance Evaluation of Financial Enterprises (Cai Jin [2016] No. 35) shall continue to apply for the time being.