



重庆银行

BANK OF CHONGQING

BANK OF CHONGQING CO., LTD.*

重慶銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1963)

(Stock Code of Preference Shares: 4616)



2020 INTERIM REPORT

** The Bank holds a financial licence number B0206H250000001 approved by the regulatory authority of the banking industry of the PRC and was authorised by the Administration for Market Regulation of Chongqing to obtain a corporate legal person business licence with a unified social credit code 91500000202869177Y. The Bank is not an authorised institution within the meaning of Hong Kong Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking and/or deposit-taking business in Hong Kong.*

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Definitions

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

“Articles of Association”	the articles of association of the Bank, as amended from time to time
“Bank” or “Bank of Chongqing”	Bank of Chongqing Co., Ltd. (重慶銀行股份有限公司), a joint stock limited company incorporated in the PRC, whose H Shares are listed on the Main Board of the Hong Kong Stock Exchange
“Group”	Bank of Chongqing Co., Ltd. and its subsidiary
“Board” or “Board of Directors”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“CBRC”	formerly known as China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“CBRC Chongqing Bureau”	formerly known as China Banking Regulatory Commission Chongqing Bureau (中國銀行業監督管理委員會重慶監管局)
“Chongqing CBIRC”	China Banking and Insurance Regulatory Commission Chongqing Bureau (中國銀行保險監督管理委員會重慶監管局)
“Yufu”	Chongqing Yufu Capital Operation Group Co., Ltd., previously named Chongqing Yufu Assets Management Group Co., Ltd. and renamed on 13 July 2020, a company incorporated in the PRC with limited liability, holding approximately 14.78% of the total issued share capital of the Bank as at the end of the Reporting Period
“Dah Sing Bank”	Dah Sing Bank, Limited, a licensed bank incorporated in Hong Kong, holding approximately 14.66% of the total issued share capital of the Bank as at the Latest Practicable Date
“Director(s)”	director(s) of the Bank
“Supervisor(s)”	the supervisor(s) of the Bank
“Domestic Shares”	ordinary shares issued by the Bank in China, with a nominal value of RMB1.00 each, which are subscribed in Renminbi
“HKD” or “HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Shares”	overseas-listed foreign shares issued by the Bank, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“IFRS(s)”	International Financial Reporting Standard(s)
“Latest Practicable Date”	15 September 2020, the latest practicable date prior to printing of this interim report
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC” or “Central Bank”	People’s Bank of China (中國人民銀行)
“PRC” or “China”	the People’s Republic of China
“Reporting Period”	Six months ended 30 June 2020
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shares”	the Domestic Shares and the H Shares
“Shareholder(s)”	the shareholders of the Bank

Corporate Information

Legal Name and Abbreviation in Chinese

重慶銀行股份有限公司(Abbreviation: 重慶銀行)

Name in English

Bank of Chongqing Co., Ltd.

Legal Representative

LIN Jun

Authorised Representatives

LIN Jun

WONG Wah Sing

Secretary to the Board

PENG Yanxi

Company Secretary

HO Wing Tsz Wendy

Registered Address and Postal Code

No. 6 Yongpingmen Street, Jiangbei District,
Chongqing, the PRC
400024

Principal Place of Business in Hong Kong

Level 54, Hopewell Centre, 183 Queen's Road East,
Hong Kong

Corporate Website

<http://www.cqcbank.com>

E-mail

ir@cqcbank.com

H Shares

Listing Exchange: The Stock Exchange of Hong Kong Limited
Stock Name: BCQ
Stock Code: 1963

Offshore Preference Shares

Listing Exchange: The Stock Exchange of Hong Kong Limited
Stock Name: BCQ 17USDPREF
Stock Code: 4616

Date and Registration Authority of Initial Incorporation

September 2, 1996

Administration for Market Regulation of Chongqing,
the PRC
(formerly known as Administration for
Industry and Commerce of Chongqing, the PRC)

Unified Social Credit Code of Business License

91500000202869177Y

Financial License Registration Number

B0206H250000001

Auditors

International:

PricewaterhouseCoopers

Address: 22/F, Prince's Building, Central, Hong Kong

Domestic:

PricewaterhouseCoopers Zhong Tian LLP

Address: 11/F, PricewaterhouseCoopers Center,
Link Square 2, 202 Hu Bin Road, Huangpu District,
Shanghai, the PRC

Legal Advisor as to PRC Laws

Chongqing Jingsheng Law Firm

Legal Advisor as to Hong Kong Laws

Sullivan & Cromwell (Hong Kong) LLP

H Share Registrar

Computershare Hong Kong Investor Services Limited
Address: Shops 1712-1716, 17th Floor,
Hopewell Centre, 183 Queen's Road East,
Wanchai, Hong Kong

Domestic Share Registrar

China Securities Depository and Clearing Co., Ltd.
Beijing Branch
Address: 5/F Jinyang Building, No.26 Jin Rong Street,
Xicheng District, Beijing, the PRC

Financial Highlights

The financial information set out in this Interim Report has been prepared according to the International Financial Reporting Standards on the basis of consolidation. Unless otherwise stated, such information is the data of the Group denominated in RMB.

With respect to the financial statements of the Group prepared under the IFRSs, the net profit attributable to shareholders of the Bank for the Reporting Period ended 30 June 2020 and the equity attributable to shareholders of the Bank as at the end of the Reporting Period have no difference from the corresponding data in the financial statements of the Group prepared under the PRC GAAP (China Accounting Standards).

3.1 Financial Data

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020	For the six Months ended 30 June 2019	Change in percentage (%)
OPERATING RESULTS			
Interest income	12,040,377	10,533,980	14.3
Interest expense	(6,866,929)	(6,484,723)	5.9
Net interest income	5,173,448	4,049,257	27.8
Net fee and commission income	684,911	607,325	12.8
Net trading gains, net gains on investment securities and other operating income	652,953	816,950	(20.1)
Operating income	6,511,312	5,473,532	19.0
Operating expenses	(1,242,510)	(1,171,262)	6.1
Assets impairment losses	(1,990,161)	(1,153,489)	72.5
Operating profit	3,278,641	3,148,781	4.1
Share of profit of associates	29,839	44,902	(33.5)
Profit before income tax	3,308,480	3,193,683	3.6
Income tax	(688,312)	(704,761)	(2.3)
Net profit	2,620,168	2,488,922	5.3
Net profit attributable to shareholders of the Bank	2,545,620	2,421,889	5.1
Calculated on a per share basis (RMB)			
Basic earnings per share	0.81	0.77	0.04
Major indicators of assets/liabilities			
(All amounts expressed in thousands of RMB unless otherwise stated)			
	As at 30 June 2020	As at 31 December 2019	Change in percentage (%)
Total assets	532,221,715	501,231,864	6.2
Of which: loans and advances to customers, net	255,231,236	238,626,834	7.0
Total liabilities	491,752,714	462,618,195	6.3
Of which: customer deposits	302,850,600	281,048,911	7.8
Share capital	3,127,055	3,127,055	–
Equity attributable to shareholders of the Bank	38,758,143	36,949,429	4.9
Total equity	40,469,001	38,613,669	4.8

Financial Highlights

3.2 Financial Indicators

(All amounts expressed in percentage unless otherwise stated)	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change
Profitability indicators (%)			
Average annualized return on assets ⁽¹⁾	1.02	1.10	(0.08)
Average annualized return on equity attributable to shareholders of the Bank ⁽²⁾	15.54	16.66	(1.12)
Net interest spread ⁽³⁾	2.13	1.92	0.21
Net interest margin ⁽⁴⁾	2.24	1.99	0.25
Net fee and commission income to operating income	10.52	11.10	(0.58)
Cost-to-income ratio ⁽⁵⁾	17.93	20.08	(2.15)
Asset quality indicators (%)			
Indicators of capital adequacy ratio (%)			
Other indicators (%)			
Asset quality indicators (%)			
Non-performing loan ratio ⁽⁶⁾	1.24	1.27	(0.03)
Impairment allowances to non-performing loans ⁽⁷⁾	302.17	279.83	22.34
Impairment allowances to total loans ⁽⁷⁾	3.76	3.56	0.20
Core Tier I capital adequacy ratio ⁽⁸⁾	8.52	8.51	0.01
Tier I capital adequacy ratio ⁽⁸⁾	9.76	9.82	(0.06)
Capital adequacy ratio ⁽⁸⁾	12.84	13.00	(0.16)
Total equity to total assets	7.60	7.70	(0.10)
Liquidity ratio ⁽⁹⁾	81.92	78.35	3.57
Percentage of loans to the single largest customer ⁽¹⁰⁾	2.31	2.52	(0.21)
Percentage of loans to the top ten customers ⁽¹¹⁾	19.29	19.30	(0.01)

Notes:

- (1) Calculated by dividing net profit by the average of total assets at the beginning and at the end of the period.
- (2) Net profit attributable to shareholders of the Bank as a percentage of the average balance of equity, net of preference shares, attributable to shareholders of the Bank at the beginning and at the end of the period.
- (3) Net interest spread refers to the difference between the average yield on interest-earning assets and the average cost ratio of interest-bearing liabilities.
- (4) Net interest margin represents the ratio of net interest income to the average balance of interest-earning assets.
- (5) Calculated by dividing operating expense (less tax and surcharges) by operating income.
- (6) Calculated by dividing balance of non-performing loans by total principal of loans and advances to customers.
- (7) According to the Notice on the Regulatory Requirements on Adjusting Allowances for Loan Impairment Losses of Commercial Banks (CBRC Issue [2018] No.7), the Bank implemented the regulatory standard of differentiated dynamic adjustment of "allowance coverage ratio" and "loan allowance ratio".
- (8) Core Tier I capital adequacy ratio, Tier I capital adequacy ratio and capital adequacy ratio were calculated in accordance with the latest guidance promulgated by CBIRC (effective from 1 January 2013).
- (9) Liquidity ratio is calculated in accordance with the formula promulgated by the CBIRC. Pursuant to regulatory requirements, the regulatory standard of such indicator of the Bank is greater than or equal to 25%.
- (10) Calculated by dividing total loans to the single largest customer by net capital. Pursuant to regulatory requirements, the regulatory standard of such indicator of the Bank is less than or equal to 10%.
- (11) Calculated by dividing total loans to the top ten customers by net capital.

Management Discussions and Analysis

4.1 Overview

In the first half of 2020, in the face of the impact of the outbreak of novel coronavirus pneumonia and the complicated uncertainties, the Group persisted in high-quality development guided by new development philosophies, actively identified changes, scientifically responded to changes, and proactively sought for changes. It accelerated the pace of transformation and upgrade in serving the real economy and supporting the overall situation of “stability on six fronts” and “security in six areas”. It maintained a healthy, steady and sustainable development trend.

The business size grows steadily. As of 30 June 2020, the Group’s total assets amounted to RMB532,222 million, representing an increase of RMB30,990 million or 6.2% over the end of the previous year; the net loans and advances to customers amounted to RMB255,231 million, representing an increase of RMB16,604 million or 7.0% over the end of the previous year; the total liabilities amounted to RMB491,753 million, representing an increase of RMB29,135 million or 6.3% over the end of the previous year; the total customer deposits amounted to RMB302,851 million, representing an increase of RMB21,802 million or 7.8% over the end of the previous year.

The operating benefit is more resilient. Under the orientation of finance serving the real economy, while actively giving up a share of profits to the real economy, the Group actively promotes growth stabilization, structure adjustment, risk prevention and foundation consolidation in a planned manner, so as to develop differentiated competitive advantages, consolidate the high-quality development trend, thus keeping the operating benefit within a reasonable and steady growth range. The net profit of the Group amounted to RMB2,620 million, representing a year-on-year increase of 5.3%.

The asset quality improves significantly. During the Reporting Period, the Group comprehensively improved its risk management capacity and actively and effectively responded to the risk of asset quality decline under the influence of the outbreak, by reforming the credit review mechanism and comprehensively carrying out risk monitoring and other measures. As of 30 June 2020, the non-performing loan ratio of the Group was 1.24%, representing a decrease of 0.03 percentage point over the end of the previous year; the allowance coverage ratio was 302.17%, representing an increase of 22.34 percentage points over the end of the previous year.

The operating efficiency increases continuously. In the first half of 2020, the operating expenses of the Group amounted to RMB1,243 million, representing an increase of RMB71 million or 6.1% (which is 12.9 percentage points lower than the growth rate of the operating income) as compared to the same period in the previous year. During the Reporting Period, the cost-to-income ratio was 17.93%, representing a decrease of 2.15 percentage points as compared to the same period in the previous year.

Continuous upgrade of brand image. The Bank was assigned the investment grade rating of “BBB-/Stable/A-3” by Standard & Poor’s for the fourth year in a row, a leading level among urban commercial banks in China. It ranked among the top 300 banks among the “Top 1,000 World Banks” in The Banker, a UK magazine, for the fifth year in a row. It obtained the trustee qualification for debt financing instruments in the inter-bank market. The youth league committee of the head office, as the sole enterprise representative in Chongqing City, was rated as “National May Fourth Red Flag Youth League Committee”.

4.2 Financial Review

4.2.1 Analysis of the Income Statement

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Interest income	12,040,377	10,533,980	1,506,397	14.3
Interest expense	(6,866,929)	(6,484,723)	(382,206)	5.9
Net interest income	5,173,448	4,049,257	1,124,191	27.8
Net fee and commission income	684,911	607,325	77,586	12.8
Net trading gains	45,989	104,134	(58,145)	(55.8)
Net gains on investment securities	593,054	665,811	(72,757)	(10.9)
Other operating income	13,910	47,005	(33,095)	(70.4)
Operating income	6,511,312	5,473,532	1,037,780	19.0
Operating expenses	(1,242,510)	(1,171,262)	(71,248)	6.1
Assets impairment losses	(1,990,161)	(1,153,489)	(836,672)	72.5
Share of profit of associates	29,839	44,902	(15,063)	(33.5)
Profit before income tax	3,308,480	3,193,683	114,797	3.6
Income tax	(688,312)	(704,761)	16,449	(2.3)
Net profit	2,620,168	2,488,922	131,246	5.3

In the first half of 2020, the operating income of the Group amounted to RMB6,511 million, representing an increase of RMB1,038 million or 19.0% as compared to the same period in the previous year. The operating income was improved steadily. Among such operating income: the net interest income and net commission income increased by 27.8% and 12.8% respectively, as compared to the same period in the previous year; the net trading gains, net gains on investment securities and other operating income decreased by 55.8%, 10.9% and 70.4% respectively, as compared to the same period in the previous year.

The operating expenses of the Group amounted to RMB1,243 million, representing an increase of RMB71 million or 6.1% as compared to the same period in the previous year; the assets impairment losses amounted to RMB1,990 million, representing an increase of RMB837 million or 72.5% as compared to the same period in the previous year.

Due to the above factors, the Group's profit before income tax amounted to RMB3,308 million, representing an increase of RMB115 million or 3.6% as compared to the same period in the previous year. After deducting the income tax, the Group's net profit amounted to RMB2,620 million, representing an increase of RMB131 million or 5.3% as compared to the same period in the previous year.

Management Discussions and Analysis

(I) Net interest income

In the first half of 2020, the net interest income of the Group amounted to RMB5,173 million, representing an increase of RMB1,124 million or 27.8% as compared to the same period of the previous year. The increase in the net interest income is mainly due to the rise in the credit assets granted, the optimization of the securities investment structure and the decline in the interbank debt interest rate. During the Reporting Period, the Group actively answered the call of the state by increasing the credits granted for the real economy, while reducing costs for and giving up a share of profits to the real economy. Meanwhile, it flexibly established the structure and size of securities investment and inter-bank liabilities to make its profitability more resilient, according to its assets and liabilities and changes in the external market environment.

The following table sets forth the interest income, interest expense and net interest income of the Group during the periods indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Interest income	12,040,377	10,533,980	1,506,397	14.3
Interest expense	(6,866,929)	(6,484,723)	(382,206)	5.9
Net interest income	5,173,448	4,049,257	1,124,191	27.8

Management Discussions and Analysis

The following table sets forth the average balance of interest-earning assets and interest-bearing liabilities, the related interest income or interest expense and average yield on assets or average cost ratio of liabilities during the periods indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020			For the six months ended 30 June 2019		
	Average balance	Interest income/expense	Average annualized yield/cost ratio (%)	Average balance	Interest income/expense	Average annualized yield/cost ratio (%)
ASSETS						
Loans and advances to customers	255,369,399	7,532,456	5.93	220,114,323	6,572,646	6.02
Investment securities	135,002,960	3,837,577	5.72	116,002,337	3,127,490	5.44
Cash and balances with central bank	31,900,399	226,719	1.43	31,384,684	227,750	1.46
Due from and placements with banks and other financial institutions	42,080,041	443,625	2.12	43,425,892	606,094	2.81
Total interest-earning assets	464,352,799	12,040,377	5.21	410,927,236	10,533,980	5.17
LIABILITIES						
Customer deposits	289,315,064	4,326,322	3.01	262,917,712	3,779,032	2.90
Due to and placements from banks and other financial institutions and lease liabilities	57,137,083	912,918	3.21	42,133,283	879,280	4.21
Debt securities issued	102,498,626	1,627,689	3.19	96,926,961	1,826,411	3.80
Total interest-bearing liabilities	448,950,773	6,866,929	3.08	401,977,956	6,484,723	3.25
Net interest income		5,173,448			4,049,257	
Net interest spread⁽¹⁾			2.13			1.92
Net interest margin⁽²⁾			2.24			1.99

Notes: (1) the difference between the average yield on interest-earning assets and the average cost ratio of interest-bearing liabilities.

(2) the ratio of net interest income to the average balance of interest-earning assets.

In the first half of 2020, the net interest spread of the Group was 2.13%, representing an increase of 21 basis points as compared to the same period in the previous year, primarily due to the decrease of 17 basis points in the average annualized cost ratio of interest-bearing liabilities as compared to the same period in the previous year, and the increase of 4 basis points in the average annualized yield ratio of interest-earning assets as compared to the same period in the previous year.

In the first half of 2020, the average balance of interest-earning assets amounted to RMB464,353 million, representing an increase of RMB53,426 million or 13.0% as compared to the same period in the previous year. The net interest margin of the Group was 2.24%, representing an increase of 25 basis points, as compared to the same period in the previous year, as the net interest income grew more rapidly than the average balance of interest-earning assets.

Management Discussions and Analysis

The following table sets forth the Group's changes in interest income and interest expense due to changes in the Group's volume and interest rate during the Reporting Period:

(All amounts expressed in thousands of RMB unless otherwise stated)	Due to changes in volume	Due to changes in interest rate	Change in interest income and expense
ASSETS			
Loans and advances to customers	1,058,320	(98,510)	959,810
Investment securities	548,571	161,516	710,087
Cash and balances with central bank	3,651	(4,682)	(1,031)
Due from and placements from banks and other financial institutions	(13,468)	(149,001)	(162,469)
Change in interest income	1,597,074	(90,677)	1,506,397
LIABILITIES			
Customer deposits	403,475	143,815	547,290
Due to and placements from banks and other financial institutions and lease liabilities	243,153	(209,515)	33,638
Debt securities issued	95,290	(294,012)	(198,722)
Change in interest expense	741,918	(359,712)	382,206

(II) Interest income

In the first half of 2020, the interest income of the Group amounted to RMB12,040 million, representing an increase of RMB1,506 million or 14.3% as compared to the same period in the previous year. Among such interest income: the interest income from loans and advances to customers and the interest income from investment securities increased as compared to the same period in the previous year, while the interest income from cash and balances with central bank and the interest income from amounts due from and placements from banks and other financial institutions decreased as compared to the same period in the previous year.

(1) Interest income from loans and advances to customers

In the first half of 2020, the Group's interest income from loans and advances to customers amounted to RMB7,532 million, representing an increase of RMB960 million or 14.6% as compared to the same period in the previous year, primarily due to the increase in average balance on loans and advances to customers by 16.0% as compared to the same period in the previous year.

(2) Interest income from investment securities

In the first half of 2020, the Group's interest income from investment securities amounted to RMB3,838 million, representing an increase of RMB710 million or 22.7% as compared to the same period in the previous year, primarily due to the increase of 16.4% in average balance and an increase of 28 basis points in average annualized yield ratio on investment securities as compared to the same period in the previous year.

(3) Interest income from cash and balances with central bank

In the first half of 2020, the Group's interest income from cash and balances with central bank amounted to RMB227 million, representing a decrease of RMB1 million or 0.5% as compared to the same period in the previous year, primarily due to a decrease of 3 basis points in average annualized yield ratio on cash and balances with central banks as compared to the same period in the previous year.

Management Discussions and Analysis

(4) Interest income from amounts due from and placements to banks and other financial institutions

The following table sets forth the average balance, interest income and average annualized yield ratio for each component of the Group's amounts due from and placements with banks and other financial institutions during the periods indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020			For the six months ended 30 June 2019		
	Average balance	Interest income	Average annualized yield ratio (%)	Average balance	Interest income	Average annualized yield ratio (%)
Due from and placements with banks and other financial institutions	9,836,880	92,345	1.89	15,961,469	225,762	2.85
Financial assets held under resale agreements	32,243,161	351,280	2.19	27,464,423	380,332	2.79
Total	42,080,041	443,625	2.12	43,425,892	606,094	2.81

In the first half of 2020, the interest income from the Group's amounts due from and placements with banks and other financial institutions amounted to RMB92 million, representing a year-on-year decrease of RMB133 million or 59.1%, primarily due to the year-on-year decrease of 38.4% in average balance and a decrease of 96 basis points in average annualized yield ratio on amounts due from and placements with banks and other financial institutions as compared to those of the previous year.

In the first half of 2020, the interest income from the Group's financial assets held under resale agreements amounted to RMB351 million, representing a year-on-year decrease of RMB29 million or 7.6%, primarily attributable to the increase of 17.4% in average balance offset by the decrease of 60 basis points in average annualized yield ratio on financial assets held under resale agreements as compared to those of the previous year.

As a result of the foregoing factors, the Group's interest income from amounts due from and placements to banks and other financial institutions in the first half of 2020 were RMB444 million, representing a year-on-year decrease of RMB162 million or 26.8% as compared to those of the previous year.

Management Discussions and Analysis

(III) Interest expense

In the first half of 2020, the Group's interest expense amounted to RMB6,867 million, representing a year-on-year increase of RMB382 million or 5.9%. Among such interest expense: the interest expense on customer deposits, interest expense on amount due to and placements from banks and other financial institutions and lease liabilities increased as compared to the same period in the previous year, while the interest expense on issuance of debt securities decreased as compared to the same period in the previous year.

(1) Interest expense on customer deposits

The following table sets forth the average balance, interest expense and average annualized cost ratio for each component of the Group's customer deposits during the periods indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020			For the six months ended 30 June 2019		
	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
Corporate deposits						
Demand	64,517,914	303,920	0.95	59,039,143	276,463	0.94
Time	99,427,283	1,953,680	3.95	96,163,680	1,712,131	3.59
Subtotal	163,945,197	2,257,600	2.77	155,202,823	1,988,594	2.58
Individual deposits						
Demand	13,654,286	26,605	0.39	11,932,211	23,213	0.39
Time	95,407,815	1,947,708	4.11	78,857,541	1,571,862	4.02
Subtotal	109,062,101	1,974,313	3.64	90,789,752	1,595,075	3.54
Other deposits	16,307,766	94,409	1.16	16,925,137	195,363	2.33
Total	289,315,064	4,326,322	3.01	262,917,712	3,779,032	2.90

In the first half of 2020, the Group's interest expense on customer deposits was RMB4,326 million, representing a year-on-year increase of RMB547 million or 14.5%, primarily due to a year-on-year increase in the average balance of customer deposits by 10.0%, and an increase in average annualized cost ratio of customer deposits by 11 basis points as compared to that of the previous year.

Management Discussions and Analysis

(2) Interest expense on amount due to and placements from banks and other financial institutions and lease liabilities

The following table sets forth the average balance, interest expense and average annualized cost ratio for each component of the Group's amount due to and placements from banks and other financial institutions and lease liabilities during the periods indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020			For the six months ended 30 June 2019		
	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
Deposits and loans from other banks	39,788,155	696,432	3.52	34,370,795	767,546	4.50
Borrowings from central bank	13,204,010	180,490	2.75	4,468,970	67,249	3.03
Financial assets sold under repurchase agreements	4,034,732	34,094	1.70	3,174,015	42,371	2.69
Lease liabilities	110,186	1,902	3.47	119,503	2,114	3.57
Total	57,137,083	912,918	3.21	42,133,283	879,280	4.21

In the first half of 2020, the Group's interest expense on amount due to and placements from banks and other financial institutions and lease liabilities was RMB913 million, representing a year-on-year increase of RMB34 million or 3.8%, primarily due to a year-on-year increase of 35.6% in average balance of amount due to and placements from banks and other financial institutions, offset by a decrease in average annualized cost ratio by 100 basis points as compared to that of the previous year.

(3) Interest expense on issuance of debt securities

The following table sets forth the average balance, interest expense and average annualized cost ratio of each component of debt securities issued by the Group during the periods indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020			For the six months ended 30 June 2019		
	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
Subordinated debts	7,500,000	180,151	4.83	7,500,000	175,733	4.73
Inter-bank certificates of deposit	85,998,626	1,261,360	2.95	80,426,961	1,458,802	3.66
Financial debts	9,000,000	186,178	4.16	9,000,000	191,876	4.30
Total	102,498,626	1,627,689	3.19	96,926,961	1,826,411	3.80

In the first half of 2020, the Group's interest expense on issuance of debts securities amounted to RMB1,628 million, representing a year-on-year decrease of RMB199 million or 10.9%, primarily due to a year-on-year increase of 5.7% in average balance of issuance of debts securities, offset by a decrease in average annualized cost ratio by 61 basis points as compared to that of the previous year.

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(IV) Non-interest income

(1) Net fee and commission income

The following table sets forth the composition of the Group's net fee and commission income during the periods indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Fee and commission income	726,957	660,866	66,091	10.0
Financial advisory and consulting services	6,575	20,887	(14,312)	(68.5)
Wealth management agency services	406,940	296,506	110,434	37.2
Custodian services	53,553	80,816	(27,263)	(33.7)
Bank card services	175,484	168,247	7,237	4.3
Guarantees and Credit commitments	50,437	57,551	(7,114)	(12.4)
Settlement and agency services	33,968	36,859	(2,891)	(7.8)
Fee and commission expense	(42,046)	(53,541)	11,495	(21.5)
Net fee and commission income	684,911	607,325	77,586	12.8

In the first half of 2020, the Group's net fee and commission income amounted to RMB685 million, representing an increase of RMB78 million or 12.8% as compared to the same period in the previous year.

Commission income from financial advisory and consulting services amounted to RMB7 million, representing a year-on-year decrease of RMB14 million or 68.5%, primarily due to the decrease in the market demand for the business.

Commission income from wealth management agency services amounted to RMB407 million, representing a year-on-year increase of RMB110 million or 37.2%, primarily due to the decrease in the issue prices of wealth management products as compared with the corresponding period of last year due to the market environment.

Commission income from custodian services amounted to RMB54 million, representing a year-on-year decrease of RMB27 million or 33.7%, primarily due to the decrease in the demand for the business.

Commission income from bank card services amounted to RMB175 million, representing a year-on-year increase of RMB7 million or 4.3%, primarily due to the steady increase in the number of bank cards issued and the transaction amount.

Commission income from guarantees and credit commitments amounted to RMB50 million, representing a year-on-year decrease of RMB7 million or 12.4%, primarily due to the decline in demand for the business influenced by market.

Commission income from settlement and agency services amounted to RMB34 million, representing a year-on-year decrease of RMB3 million or 7.8%, primarily due to the reduction or exemption by the Bank of certain payment and settlement commissions in response to the national call to reduce the burden of enterprises, as well as the decrease in the agency business size as compared with the corresponding period of last year.

Management Discussions and Analysis

(2) Net trading gains

The net trading gains mainly consist of gains/(losses) on foreign exchange, and gains and losses on trading, interest income and fair value gains/(losses) arising from financial assets held for trading. Among them, gains/(losses) on foreign exchange include gains or losses from the trading of spot contracts and translation of foreign currency monetary assets and liabilities into RMB.

In the first half of 2020, the Group's foreign exchange gains amounted to RMB89 million. Net trading gains from bond and fund investment was RMB40 million, net trading loss from equity investment was RMB81 million, and net trading loss from derivative financial instruments was RMB2 million. As a result of the above factors, in the first half of 2020, the Group's net trading gains amounted to RMB46 million.

The following table sets forth the composition of the Group's net trading gains during the periods indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Foreign exchange gains	88,878	21,072	67,806	321.8
Bond and fund investment	40,442	98,907	(58,465)	(59.1)
Equity investments	(81,375)	(15,823)	(65,552)	414.3
Derivative financial instruments	(1,956)	(22)	(1,934)	8790.9
Total	45,989	104,134	(58,145)	(55.8)

(3) Net gains on investment securities

The net gains on investment securities mainly include investment gains of financial assets at fair value through profit or loss and net gains arising from de-recognition of financial assets at fair value through other comprehensive income. In the first half of 2020, the net gains on investment securities of the Group amounted to RMB593 million, all of which were the net gains arising from investment of financial assets at FVPL.

The following table sets forth the composition of the Group's net gains on investment securities during the periods indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Investment gains of financial assets at fair value through profit or loss	593,054	665,811	(72,757)	(10.9)
Total	593,054	665,811	(72,757)	(10.9)

Management Discussions and Analysis

(V) Operating expenses

In the first half of 2020, the Group's operating expenses were RMB1,243 million, representing a year-on-year increase of RMB71 million or 6.1%. Staff costs, tax and surcharges, depreciation and amortisation increased, while general and administrative expenses decreased.

The following table sets forth the composition of the Group's operating expenses during the periods indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Staff costs	755,289	707,515	47,774	6.8
Tax and surcharges	74,865	72,306	2,559	3.5
Depreciation and amortization	149,003	135,229	13,774	10.2
General and administrative expense	214,043	218,371	(4,328)	(2.0)
Others	49,310	37,841	11,469	30.3
Operating expenses	1,242,510	1,171,262	71,248	6.1

(1) Staff costs

Staff costs constitute the largest component of the Group's operating expenses, accounting for 60.79% and 60.41% of its operating expenses for the first half of 2020 and 2019 respectively.

The following table sets forth the composition of the Group's staff costs during the periods indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Salaries and bonuses	567,662	498,282	69,380	13.9
Pension expenses	63,941	81,912	(17,971)	(21.9)
Housing benefits and subsidies	48,015	41,725	6,290	15.1
Labour union and staff education expenses	11,800	11,133	667	6.0
Other social security and benefit expenses	63,871	74,463	(10,592)	(14.2)
Staff costs	755,289	707,515	47,774	6.8

In the first half of 2020, the Group's staff costs amounted to RMB755 million, representing a year-on-year increase of RMB48 million or 6.8%, primarily because the average remuneration and benefit per staff increased by 3.3% as compared to the same period in the previous year and the total number of staff increased by 2.8% as compared to the same period in the previous year.

(2) Tax and surcharges

Tax and surcharges mainly relate to revenue generated from our financial products and services with respect to interest income from loans and advances to customers, transfer of securities and other financial businesses. In the first half of 2020, the Group's tax and surcharges were RMB75 million, representing a year-on-year increase of RMB3 million or 3.5%.

Management Discussions and Analysis

(3) Depreciation and amortization

Depreciation and amortization in the first half of 2020 increased by RMB14 million or 10.2% to RMB149 million over the same period in the previous year as the growth of property and equipment of the Group was stable.

(4) General and administrative expense

The Group has always paid attention to the control of administrative expenses, resulting in a continuous decrease in relevant expenses. In the first half of 2020, the general and administrative expenses decreased by RMB4 million or 2.0% year on year to RMB214 million.

(VI) Assets impairment losses

In the first half of 2020, the assets impairment losses of the Group were RMB1,990 million, representing a year-on-year increase of RMB837 million or 72.5%, primarily due to the Group's proactive increase in the provision of asset impairment losses in order to effectively cope with risks from decline in asset quality under the impact of the COVID-19 outbreak.

The following table sets forth the composition of the Group's assets impairment losses during the periods indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Loans and advances to customers carried at amortised cost	2,145,807	768,664	1,377,143	179.2
Loans and advances to customers at fair value through other comprehensive income	(495)	68,088	(68,583)	(100.7)
Investment securities-Financial investments carried at amortised cost	(90,887)	180,906	(271,793)	(150.2)
Investment securities-Financial investments at fair value through other comprehensive income	1,350	(2,188)	3,538	(161.7)
Loan commitments and financial guarantee contracts	(161,524)	98,566	(260,090)	(263.9)
Due from and placements to banks and other financial institutions	93,024	25,024	68,000	271.7
Others	2,886	14,429	(11,543)	(80.0)
Assets impairment losses	1,990,161	1,153,489	836,672	72.5

Management Discussions and Analysis

(VII) Income tax

The income tax rate applicable to the Group was 25%. The effective tax rates of the Group in the first half of 2020 and 2019 were 20.80% and 22.07%, respectively.

The following table sets forth the Group's profit before income tax and income tax during the periods indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Profit before income tax	3,308,480	3,193,683	114,797	3.6
Tax calculated at a tax rate of 25%	827,120	798,421	28,699	3.6
Tax effect arising from non-taxable income	(93,578)	(98,979)	5,401	(5.5)
Tax effect of expenses that are not deductible for tax purposes	46,968	26,713	20,255	75.8
Income tax adjustment for prior years	(92,198)	(21,394)	(70,804)	331.0
Income tax expense	688,312	704,761	(16,449)	(2.3)

4.2.2 Analysis of the Statement of Financial Position

(I) Assets

The following table sets forth the composition of the Group's total assets for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	265,088,921	49.8	247,348,738	49.3
Of which: Total principal of loans and advances to customers	263,420,234	49.5	245,831,593	49.0
Interests receivable on loans and advances to customers	1,668,687	0.3	1,517,145	0.3
Total impairment allowances for the expected credit	(9,857,685)	(1.8)	(8,721,904)	(1.7)
Net loans and advances to customers	255,231,236	48.0	238,626,834	47.6
Investment securities ⁽¹⁾	145,081,830	27.2	132,501,429	26.4
Investments in associates	1,831,412	0.3	1,801,573	0.4
Cash and balances with central bank	33,433,777	6.3	32,033,098	6.4
Due from and placements to banks and other financial institutions	58,992,343	11.1	61,276,742	12.2
Financial assets at fair value through profit or loss	29,126,312	5.5	26,977,016	5.4
Fixed assets	3,094,001	0.6	3,070,011	0.6
Deferred income tax assets	2,905,104	0.5	2,479,531	0.5
Other assets	2,525,700	0.5	2,465,630	0.5
Total assets	532,221,715	100.0	501,231,864	100.0

Note:

(1) Investment securities consist of financial investments at fair value through other comprehensive income and financial investments measured at amortised cost.

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As of 30 June 2020, the Group's total assets amounted to RMB532,222 million, representing an increase of RMB30,990 million or 6.2% over the end of the previous year, among which:

Total loans and advances to customers increased by RMB17,740 million or 7.2% to RMB265,089 million over the end of the previous year. This was primarily because the Group complied with the policy and stuck to its aspiration to proactively serve privately owned enterprises and the real economy, increased the credit supply for major projects related to emerging industries of strategic importance, green credit, rural revitalization, poverty alleviation, the "Belt and Road" Initiative and Chengdu-Chongqing Economic Rim.

The balance of investment securities amounted to RMB145,082 million, representing an increase of RMB12,580 million or 9.5% over the end of the previous year, mainly due to the Group's initiative to adjust the asset structure based on its intensified judgment on the market and the dynamic changes in the bond market and the interest rate market.

Cash and balances with central bank increased by RMB1,401 million or 4.4% to RMB33,434 million over the end of the previous year, primarily due to the increase in surplus deposit reserves as compared to the end of the previous year.

Due from and placements to banks and other financial institutions decreased by RMB2,284 million or 3.7% to RMB58,992 million as compared to the end of the previous year, primarily due to the Group's initiative to adjust the asset structure based on changes in the market environment.

(1) Loans and advances to customers

The following table sets forth the composition of the Group's loans and advances to corporate entities, and Loans and advances to individuals for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Loans and advances to corporate entities				
– measured at amortised cost				
– Corporate loans	154,927,766	58.4	140,780,210	56.9
Loans and advances to corporate entities				
– at fair value through other comprehensive income				
– Discounted bills	16,201,939	6.1	14,271,520	5.8
Subtotal	171,129,705	64.5	155,051,730	62.7
Loans and advances to individuals – measured at amortised cost				
– Mortgage loans	30,636,060	11.6	26,757,377	10.8
– Individual consumption loans	35,708,048	13.5	41,172,219	16.7
– Credit card advances	7,686,480	2.9	6,657,610	2.7
– Personal business loans	18,259,941	6.9	16,192,657	6.5
Subtotal	92,290,529	34.9	90,779,863	36.7
Interests receivable on loans and advances to customers	1,668,687	0.6	1,517,145	0.6
Total loans and advances to Customers	265,088,921	100.0	247,348,738	100.0

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As of 30 June 2020, the Group's total loans and advances to customers amounted to RMB265,089 million, representing an increase of RMB17,740 million or 7.2% as compared to the end of the previous year.

Loans to corporate entities (excluding discounted bills) amounted to RMB154,928 million, representing an increase of RMB14,148 million or 10.0% as compared to the end of the previous year, and accounting for 58.4% of total loans and advances to customers, increased by 1.5 percentage points from the end of the previous year. During the Reporting Period, the Group actively adjusted the credit structure on the basis that the structure responds to the state's industrial policy and greater efforts were made to grant loans in key industries according to regional economic development orientation. Additional loans to the leasing and commercial services, manufacturing, construction, electricity, heat, gas and water production and supply increased by RMB6,412 million, RMB2,260 million, RMB2,007 million and RMB1,484 million, respectively.

Loans and advances to individuals amounted to RMB92,291 million, representing an increase of RMB1,511 million or 1.7% as compared to the end of the previous year, and accounting for 34.9% of total loans and advances to customers, decreased by 1.8 percentage points from the end of the previous year. Specifically, mortgage loans increased by RMB3,879 million or 14.5% as compared to the end of the previous year; individual consumption loans decreased by RMB5,464 million or 13.3% as compared to the end of the previous year; credit card advances increased by RMB1,029 million or 15.5% as compared to the end of the previous year; and personal business loans increased by RMB2,067 million or 12.8% as compared to the end of the previous year.

Distribution of loans and advances to customers by type of collateral

The following table sets forth the distribution of loans and advances to customers by type of collateral for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Collateralised loans	82,601,102	31.2	76,819,536	31.1
Pledged loans	24,748,845	9.3	22,796,136	9.2
Guaranteed loans	118,688,909	44.8	114,310,120	46.2
Unsecured loans	37,381,378	14.1	31,905,801	12.9
Interest receivable on loans and advances to customers	1,668,687	0.6	1,517,145	0.6
Total loans and advances to customers	265,088,921	100.0	247,348,738	100.0

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Impairment allowances for loans

The following table sets forth the Group's impairment allowances for loans for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
Loans and advances to corporate entities				
31 December 2019	1,662,368	3,707,187	1,681,872	7,051,427
New financial assets originated or purchased	639,572	–	–	639,572
Remeasurement	(460,905)	802,601	878,828	1,220,524
Repayment	(251,090)	(179,603)	(190,812)	(621,505)
Write-off	–	–	(680,692)	(680,692)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	<i>(85,523)</i>	<i>85,523</i>	–	–
<i>Transfer from Stage 1 to Stage 3</i>	<i>(7,254)</i>	–	<i>7,254</i>	–
<i>Transfer from Stage 2 to Stage 1</i>	<i>336,414</i>	<i>(336,414)</i>	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	<i>(1,170,574)</i>	<i>1,170,574</i>	–
<i>Transfer from Stage 3 to Stage 2</i>	–	<i>44,358</i>	<i>(44,358)</i>	–
<i>Transfer from Stage 3 to Stage 1</i>	–	–	–	–
Recoveries of loans and advances written-off in previous years	–	–	92,303	92,303
Unwind impact of discount	–	–	(123,716)	(123,716)
30 June 2020	1,833,582	2,953,078	2,791,253	7,577,913
Loans and advances to individuals				
31 December 2019	752,811	357,178	560,488	1,670,477
New financial assets originated or purchased	390,236	–	–	390,236
Remeasurement	380,107	357,793	324,215	1,062,115
Repayment	(301,393)	(148,966)	(94,776)	(545,135)
Write-off	–	–	(270,874)	(270,874)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	<i>(28,942)</i>	<i>28,942</i>	–	–
<i>Transfer from Stage 1 to Stage 3</i>	<i>(10,206)</i>	–	<i>10,206</i>	–
<i>Transfer from Stage 2 to Stage 1</i>	<i>11,368</i>	<i>(11,368)</i>	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	<i>(121,194)</i>	<i>121,194</i>	–
<i>Transfer from Stage 3 to Stage 2</i>	–	<i>3,133</i>	<i>(3,133)</i>	–
<i>Transfer from Stage 3 to Stage 1</i>	<i>2,406</i>	–	<i>(2,406)</i>	–
Recoveries of loans and advances written-off in previous years	–	–	34,735	34,735
Unwind impact of discount	–	–	(61,782)	(61,782)
30 June 2020	1,196,387	465,518	617,867	2,279,772

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	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
(All amounts expressed in thousands of RMB unless otherwise stated)				
Loans and advances to corporate entities				
31 December 2018	2,093,609	1,901,480	1,356,750	5,351,839
New financial assets originated or purchased	884,973	–	–	884,973
Remeasurement	(226,939)	2,298,039	930,151	3,001,251
Repayment	(781,996)	(367,474)	(280,151)	(1,429,621)
Write-off	–	–	(825,608)	(825,608)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	<i>(360,978)</i>	<i>360,978</i>	–	–
<i>Transfer from Stage 1 to Stage 3</i>	<i>(20,307)</i>	–	<i>20,307</i>	–
<i>Transfer from Stage 2 to Stage 1</i>	<i>74,006</i>	<i>(74,006)</i>	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	<i>(411,830)</i>	<i>411,830</i>	–
Recoveries of loans and advances written-off in previous years	–	–	146,317	146,317
Unwind impact of discount	–	–	(77,724)	(77,724)
31 December 2019	1,662,368	3,707,187	1,681,872	7,051,427
Loans and advances to individuals				
31 December 2018	310,372	303,429	541,917	1,155,718
New financial assets originated or purchased	543,862	–	–	543,862
Remeasurement	47,578	295,034	432,885	775,497
Repayment	(118,084)	(170,613)	(181,485)	(470,182)
Write-off	–	–	(422,846)	(422,846)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	<i>(15,358)</i>	<i>15,358</i>	–	–
<i>Transfer from Stage 1 to Stage 3</i>	<i>(34,637)</i>	–	<i>34,637</i>	–
<i>Transfer from Stage 2 to Stage 1</i>	<i>14,930</i>	<i>(14,930)</i>	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	<i>(74,269)</i>	<i>74,269</i>	–
<i>Transfer from Stage 3 to Stage 2</i>	–	<i>3,169</i>	<i>(3,169)</i>	–
<i>Transfer from Stage 3 to Stage 1</i>	<i>4,148</i>	–	<i>(4,148)</i>	–
Recoveries of loans and advances written-off in previous years	–	–	101,592	101,592
Unwind impact of discount	–	–	(13,164)	(13,164)
31 December 2019	752,811	357,178	560,488	1,670,477

In strict accordance with the relevant accounting and regulatory requirements, the Group took into account the external economic dynamics and macro monitoring policies and provided the impairment allowances for loans and advances to customers. As of 30 June 2020, the balance of impairment allowances for loans and advances to customers was RMB9,858 million, representing an increase of RMB1,136 million or 13.0% as compared to the end of the previous year; and the impairment allowances to non-performing loans ratio increased by 22.34 percentage points to 302.17% from that of the end of the previous year.

Management Discussions and Analysis

(2) Investment securities

The following table sets forth the composition of the Group's investment securities for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Investment securities – financial investments at FVOCI				
Debt securities – measured at fair value				
– Listed outside Hong Kong	5,757,587	4.0	6,189,898	4.7
– Listed on Hong Kong	5,171,346	3.5	3,948,840	3.0
– Unlisted	27,532,137	19.0	24,804,608	18.7
Of which: Corporations bonds	25,272,141	17.5	22,611,823	17.1
Policy banks bonds	1,146,571	0.8	1,082,057	0.8
Commercial banks bonds	915,271	0.6	915,810	0.7
Governments bonds	198,154	0.1	194,918	0.1
Interest receivable on financial investments at FVOCI	983,038	0.7	873,718	0.6
Equity securities – measured at fair value				
– Unlisted	277,000	0.2	277,000	0.2
Of which: equity investment	277,000	0.2	277,000	0.2
Others	14	0.0	14	0.0
Subtotal	39,721,122	27.4	36,094,078	27.2
Investment securities – financial investments measured at amortised cost				
Debt securities – measured at amortised cost				
– Listed outside Hong Kong	11,633,577	8.0	11,790,198	8.9
– Unlisted	92,641,795	63.8	84,069,275	63.4
Of which: Trust investments	13,075,458	9.0	15,909,408	12.0
Directional asset management plans	44,878,000	30.9	40,819,000	30.8
Bonds	24,964,337	17.2	18,716,867	14.1
Debt financing scheme	9,724,000	6.7	8,624,000	6.5
Interest receivable on debt securities measured at amortised cost	2,396,753	1.7	1,950,182	1.5
Less: expected credit loss allowances	(1,311,417)	(0.9)	(1,402,304)	(1.0)
Subtotal	105,360,708	72.6	96,407,351	72.8
Total	145,081,830	100.0	132,501,429	100.0

Management Discussions and Analysis

As of 30 June 2020, the Group's balance of investment securities amounted to RMB145,082 million, representing an increase of RMB12,580 million or 9.5% over the end of the previous year. The balance of financial investments measured at FVOCI was RMB39,721 million, accounting for 27.4% of the balance of investment securities, representing an increase of RMB3,627 million or 10.0% over the end of the previous year; the balance of financial investments measured at amortized cost amounted to RMB105,361 million, accounting for 72.6% of the balance of investment securities, representing an increase of RMB8,953 million or 9.3% over the end of the previous year.

(3) Investment in associates

The following table sets forth the Group's investment in associates for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020	As at 31 December 2019
Balance at the beginning of the period	1,801,573	1,638,323
Additional investment in associates	–	–
Share of profit of associates	29,839	163,250
Cash dividends declared	–	–
Balance at the end of the period	1,831,412	1,801,573

As at 5 May 2011, the Group invested RMB22 million to establish Xingyi Wanfeng Village Bank Co., Ltd. ("Xingyi Wanfeng") and held 20.00% of equity interest of RMB110 million registered capital.

As at 15 June 2015, the Group established Mashang Consumer Finance Co., Ltd. ("Mashang Consumer Finance"). As of 30 June 2020, the registered capital of Mashang Consumer Finance is RMB4,000 million and 15.53% of equity interest is held by the Group. The investment cost of the Group amounted to RMB655 million.

Pursuant to the resolution passed at the board meeting of Chongqing Three Gorges Bank Co., Ltd. ("Three Gorges Bank") on 21 April 2017, the Group appointed a director to board of Three Gorges Bank on the same day, and therefore, the Group had significant influence on Three Gorges Bank. Three Gorges Bank became the associated company of the Group. The registered capital of Three Gorges Bank is RMB5,574 million and 4.97% of equity interest is held by the Group. The investment cost of the Group amounted to RMB379 million.

Management Discussions and Analysis

(4) Financial assets at fair value through profit or loss

The following table sets forth the Group's financial assets at fair value through profit or loss for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Financial assets at fair value through profit or loss				
Debt securities – measured at fair value				
– Listed outside Hong Kong	27,329	0.1	74,439	0.3
– Unlisted	17,035,281	58.5	16,865,582	62.5
Of which: Trust investments	5,169,412	17.7	5,219,379	19.4
Directional asset management plans	10,375,969	35.6	10,360,368	38.4
Commercial banks bonds	882,670	3.1	683,689	2.5
Governments bonds	607,230	2.1	602,146	2.2
Equity securities -measured at fair value				
– Listed outside Hong Kong	336,804	1.2	418,179	1.5
– Unlisted	11,722,891	40.2	9,618,383	35.7
Of which: Wealth management products purchased from financial institutions	7,505,948	25.8	9,618,383	35.7
Fund investments	4,110,559	14.1	–	–
Equity investment	106,384	0.3	–	–
Derivative financial instruments	4,007	0.0	433	0.0
Total	29,126,312	100.0	26,977,016	100.0

As of 30 June 2020, the Group's financial assets at fair value through profit or loss amounted to RMB29,126 million, representing an increase of RMB2,149 million or 8.0% as compared to the end of the previous year.

Management Discussions and Analysis

(II) Liabilities

The following table sets forth the composition of the Group's total liabilities for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Due to and placements from banks and other financial institutions	75,167,618	15.3	70,149,225	15.2
Financial liabilities at fair value through profit or loss	7,761	0.0	3,602	0.0
Customer deposits	302,850,600	61.6	281,048,911	60.7
Debt securities issued	107,744,773	21.9	105,386,006	22.8
Current tax liabilities	604,165	0.1	503,815	0.1
Other liabilities	5,377,797	1.1	5,526,636	1.2
Total liabilities	491,752,714	100.0	462,618,195	100.0

As of 30 June 2020, the total liabilities of the Group amounted to RMB491,753 million, representing an increase of RMB29,135 million or 6.3% as compared to the end of the previous year. Customer deposits were the Group's largest source of capital, which increased by RMB21,802 million or 7.8% to RMB302,851 million as compared to the end of the previous year; amounts due to and placements from banks and other financial institutions increased by RMB5,018 million or 7.2% to RMB75,168 million as compared to the end of the previous year; debt securities issued increased by RMB2,359 million or 2.2% to RMB107,745 million as compared to the end of the previous year.

Management Discussions and Analysis

(1) Customer deposits

The following table sets forth the distribution of the Group's customer deposits for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate demand deposits	68,429,453	22.6	69,294,876	24.7
Corporate time deposits	104,986,430	34.7	88,913,327	31.6
Individual demand deposits	13,325,839	4.4	12,799,558	4.6
Individual time deposits	98,935,764	32.7	88,013,730	31.3
Other deposits	14,060,686	4.6	19,480,960	6.9
Interest payable on customer deposits	3,112,428	1.0	2,546,460	0.9
Total customer deposits	302,850,600	100.0	281,048,911	100.0

In the first half of 2020, the Group actively innovated products and services, continuously enriched the deposit product system and optimized the deposit structure, thus achieving stable growth in total customer deposits. As at 30 June 2020, corporate deposits balance of the Group was RMB173,416 million, representing an increase of RMB15,208 million or 9.6% as compared to the end of the previous year; individual deposits balance was RMB112,262 million, representing an increase of RMB11,448 million or 11.4% as compared to the end of the previous year; corporate and individual demand deposits balance amounted to RMB81,755 million, representing a decrease of RMB339 million or 0.4% as compared to the end of the previous year; corporate and individual time deposits balance amounted to RMB203,922 million, representing an increase of RMB26,995 million or 15.3% as compared to the end of the previous year.

(2) Debt securities issued

The following table sets forth the issuance of debt securities by the Group for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Subordinated debts				
Fixed rate Tier II capital debt – 2026	1,497,618	1.4	1,497,618	1.4
Fixed rate Tier II capital debt – 2027	5,997,043	5.6	5,996,830	5.7
Financial debts				
Fixed rate financial debt – 2021	2,998,703	2.8	2,997,174	2.8
Fix-rate green financial bond – 2021	5,998,247	5.6	5,997,434	5.7
Inter-bank certificates of deposit	90,986,772	84.4	88,508,834	84.0
Interest payable on debt securities issued	266,390	0.2	388,116	0.4
Total	107,744,773	100.0	105,386,006	100.0

Pursuant to a resolution of the general meeting passed on 16 May 2014 and the Approval for Bank of Chongqing Co., Ltd. to Issue Tier II Capital Bonds (《關於重慶銀行股份有限公司發行二級資本債券的批覆》) (Yu Yin Jian Fu [2015] No. 107) by the CBRC Chongqing Bureau on 21 September 2015, the Bank issued the RMB1,500 million Tier II Capital bonds within the domestic inter-bank bond market of China on 19 February 2016. Such Tier II Capital bonds have a maturity of 10 years, with a fixed coupon rate of 4.4% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on 22 February 2021.

Pursuant to a resolution of the general meeting passed on 17 June 2016 and the Approval for Bank of Chongqing to Issue Tier II Capital Bonds (《關於重慶銀行發行二級資本債券的批覆》) (Yu Yin Jian Fu [2016] No. 162) by the CBRC Chongqing Bureau on 30 November 2016, the Bank issued the RMB6,000 million Tier II Capital bonds within the domestic inter-bank bond market of China on 20 March 2017. Such Tier II Capital bonds have a maturity of 10 years, with a fixed coupon rate of 4.8% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on 21 March 2022.

The above-mentioned bonds have the write-down feature of a Tier II capital instrument, which allows the Bank to write down the entire principal of the above-mentioned bonds when regulatory triggering events as stipulated in the offering documents occur and any accumulated unpaid interest would cease to be payable. The above-mentioned Tier II capital bonds are qualified as Tier II Capital Instruments in accordance with the CBIRC requirements.

Management Discussions and Analysis

Pursuant to a resolution of the general meeting passed on 21 July 2017 and the Approval for Bank of Chongqing to Issue Financial Bonds 《關於重慶銀行發行金融債券的批覆》(Yu Yin Jian Fu [2017] No. 156) by the CBRC Chongqing Bureau on 3 November 2017, the Bank issued RMB3,000 million innovation-and-entrepreneurship themed bonds within the domestic inter-bank bond market of China on 8 June 2018. Such bonds have a maturity of 3 years, with a fixed coupon rate of 4.50% per annum before maturity, payable annually. All proceeds raised are used for loans to innovation-and-entrepreneurship themed enterprises.

Pursuant to a resolution at the general meeting passed on 21 July 2017 and the Approval for Bank of Chongqing Co., Ltd. to Issue Green Financial Bonds (Yu Yin Jian Fu [2017] No. 157) by the CBRC Chongqing Bureau on 2 November 2017, the Bank issued the first tranches of Green Financial Bond with a principal amount of RMB3,000 million within the domestic inter-bank bond market of China on 5 November 2018, with a coupon rate of 4.05% per annum before maturity, and issued the second tranches of Green Financial Bond with a principal amount of RMB3,000 million within the domestic inter-bank bond market of China on 21 November 2018, with a coupon rate of 3.88% per annum before maturity. All the bonds have a maturity of 3 years with a fixed coupon rate, payable annually. The proceeds raised thereof will be used for the green projects specified in the Green Bond Support Project Directory prepared by the Green Finance Committee of the China Society for Finance and Banking.

For the six months ended 30 June 2020, the Group issued a total of 95 inter-bank certificates of deposit at discounts with maturities from one month to one year. As of 30 June 2020, 123 issued inter-bank certificates of deposit were outstanding with a total par value of RMB91,930 million.

For the six months ended 30 June 2020, there were no defaults of principal and interest or other breaches with respect to these bonds since their issuances.

(3) Due to and placements from banks and other financial institutions

The following table sets forth the composition of the Group's due to and placements from banks and other financial institutions for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Borrowings from central bank	9,351,993	12.4	12,280,000	17.5
Deposits from banks	23,469,842	31.2	24,460,654	34.9
Deposits from other financial institutions	2,299,198	3.1	2,641,989	3.8
Placements from other banks and financial institutions	20,134,313	26.8	16,773,592	23.9
Notes sold under repurchase agreements	5,039,912	6.7	4,005,102	5.7
Securities sold under repurchase agreements	14,542,440	19.4	9,420,500	13.4
Interest payable on other banks and financial institutions	329,920	0.4	567,388	0.8
Total	75,167,618	100.0	70,149,225	100.0

Management Discussions and Analysis

As of 30 June 2020, the Group's balance due to and placements from banks and other financial institutions amounted to RMB75,168 million, representing an increase of RMB5,018 million or 7.2%. Among which: the Group's balance of placements from other banks and financial institutions increased by RMB3,361 million or 20.0% to RMB20,134 million as compared to the end of the previous year; the balance of notes sold under repurchase agreements was RMB5,040 million, representing an increase of RMB1,035 million or 25.8% as compared to the end of the previous year; the balance of securities sold under repurchase agreements increased by RMB5,122 million or 54.4% to RMB14,542 million as compared to the end of the previous year; the balance of borrowings from central bank decreased by RMB2,928 million or 23.8% to RMB9,352 million as compared to the end of the previous year; the balance of deposits from banks decreased by RMB991 million or 4.1% to RMB23,470 million as compared to the end of the previous year; and the balance of deposits from other financial institutions decreased by RMB343 million or 13.0% to RMB2,299 million as compared to the end of the previous year.

(III) Shareholders' equity

The following table sets forth the composition of the Group's shareholders' equity for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	3,127,055	7.7	3,127,055	8.1
Preference shares	4,909,307	12.1	4,909,307	12.7
Capital surplus	4,680,638	11.6	4,680,638	12.1
Other reserves	10,015,174	24.8	9,298,770	24.0
Retained earnings	16,025,969	39.6	14,933,659	38.7
Total equity attributable to shareholders of the Bank	38,758,143	95.8	36,949,429	95.7
Non-controlling interests	1,710,858	4.2	1,664,240	4.3
Total equity	40,469,001	100.0	38,613,669	100.0

As of 30 June 2020, equity attributable to shareholders of the Bank amounted to RMB38,758 million, representing an increase of RMB1,809 million or 4.9% as compared to the end of the previous year, among which: share capital was RMB3,127 million, preference shares was RMB4,909 million, capital surplus was RMB4,681 million, other reserves was RMB10,015 million, and retained earnings was RMB16,026 million. Among other reserves, general reserve increased by RMB715 million as compared to the end of the previous year, as an additional reserve was provided to ensure that the general reserve was not less than 1.5% of the balance of risk assets as at the end of the previous year.

Management Discussions and Analysis

4.2.3 Loan quality analysis

(I) Breakdown of loans by the five-category classification

The following table sets forth the distribution of the Group's principals of loans and advances by the five-category loan classification, under which non-performing loans are classified into substandard, doubtful and loss categories for the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Pass	252,015,835	95.67	235,044,428	95.61
Special mention	8,129,358	3.09	7,656,338	3.12
Substandard	944,820	0.36	980,046	0.40
Doubtful	1,575,650	0.60	1,547,069	0.63
Loss	754,571	0.28	603,712	0.24
Total principals of loans and advances to customers	263,420,234	100.00	245,831,593	100.00
Amount of non-performing loans	3,275,041	1.24	3,130,827	1.27

In the first half of 2020, faced with the challenges posed by macro-economic dynamics, the Group accelerated the construction of a comprehensive risk management system, continued to strengthen the prevention and control of credit risk, conducted a throughout risk review of credit assets, stepped up efforts in risk management, strengthened early risk warning, tracking and post-lending monitoring management. As a result of these efforts, the quality of the Group's credit assets was relatively good compared to other banks. As of 30 June 2020, the balance of non-performing loans was RMB3,275 million, representing an increase of RMB144 million as compared to the end of the previous year; non-performing loan ratio was 1.24%, representing a decrease of 0.03 percentage point as compared to the end of the previous year. The amount of loans under special mention category accounted for 3.09% of total loans, representing a decrease of 0.03 percentage point as compared to that of the end of the previous year.

Management Discussions and Analysis

(II) Concentration of loans

(1) Concentration by industry and non-performing loan

The following table sets forth the loans and non-performing loans by industry for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020				As at 31 December 2019			
	Loan amount	Percentage of total (%)	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Percentage of total (%)	Non-performing loan amount	Non-performing loan ratio (%)
Loans to corporate entities – measured at amortised cost								
Manufacturing	21,913,751	8.4	535,416	2.44	19,654,168	8.0	571,731	2.91
Wholesale and retail	13,288,277	5.1	1,133,504	8.53	13,425,889	5.5	904,838	6.74
Construction	17,925,930	6.9	124,122	0.69	15,919,277	6.5	151,586	0.95
Real estate	14,841,449	5.6	254,075	1.71	13,712,652	5.6	246,091	1.79
Leasing and commercial services	28,108,156	10.7	15,685	0.06	21,696,220	8.8	66,029	0.30
Water conservation, environment and public facility administration	35,319,881	13.4	–	–	35,925,100	14.6	248	0.00
Transportation, warehousing and postal service	4,046,536	1.5	26,204	0.65	3,762,158	1.5	16,898	0.45
Mining	1,876,934	0.7	72,071	3.84	1,931,622	0.8	73,086	3.78
Electricity, heat, gas and water production and supply	6,578,819	2.5	2,700	0.04	5,094,776	2.1	143,855	2.82
Agriculture, forestry, animal husbandry and fishery	2,483,796	0.9	40,971	1.65	2,397,875	1.0	44,515	1.86
Household services, maintenance and other services	283,745	0.1	2,531	0.89	324,810	0.1	2,250	0.69
Education	779,415	0.3	844	0.11	749,455	0.3	844	0.11
Financing	883,590	0.3	–	–	765,156	0.3	–	–
Scientific research and technology services	1,626,006	0.6	5,229	0.32	1,317,998	0.5	4,735	0.36
Information transmission, software and information technology services	897,188	0.3	1,800	0.20	700,468	0.3	–	–
Accommodation and catering	1,328,655	0.5	12,481	0.94	1,170,175	0.5	13,224	1.13
Culture, sports and entertainment	781,760	0.3	3,999	0.51	447,429	0.2	4,499	1.01
Public administration, social security and social organization	–	–	–	–	–	–	–	–
Health and social welfare	1,963,878	0.7	1,908	0.10	1,784,982	0.7	2,368	0.13
Loans to corporate entities – measured at fair value through other comprehensive income								
Discounted bills	16,201,939	6.2	–	–	14,271,520	5.8	–	–
Loans and advances to individuals – measured at amortised cost								
Loans and advances to individuals	92,290,529	35.0	1,041,501	1.13	90,779,863	36.9	884,030	0.97
Total	263,420,234	100.0	3,275,041	1.24	245,831,593	100.0	3,130,827	1.27

Note: Non-performing loan ratio of an industry is the ratio calculated by dividing the balance of non-performing loans of the industry by the balance of loans granted to the industry.

Management Discussions and Analysis

During the Reporting Period, the Group strengthened the disposal of non-performing assets, continued to optimize its industry-specific credit entry and exit criteria for customers and further refined the management of industry quotas. Non-performing loan ratio at the the Reporting Period decreased by 0.03 percentage point as compared to the end of the previous year. Major industries experienced the following changes:

The balance of non-performing loans in the electricity, heat, gas and water production and supply industry decreased by RMB141 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 2.78 percentage points;

The balance of non-performing loans in the leasing and commercial services industry decreased by RMB50 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.24 percentage point;

The balance of non-performing loans in the manufacturing industry decreased by RMB36 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.47 percentage point;

The balance of non-performing loans in the construction industry decreased by RMB27 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.26 percentage point;

The balance of non-performing loans in the agriculture, forestry, animal husbandry and fishery decreased by RMB4 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.21 percentage point.

(2) Concentration of borrowers

As of 30 June 2020, the Group's total loans to its largest single borrower accounted for 2.31% of its net capital while total loans to its top ten customers accounted for 19.29% of its net capital, which were in compliance with regulatory requirements. As of 30 June 2020, all of the Bank's loans to top ten single borrowers were loans in the pass category.

① Indicators of concentration

	Regulatory standard	As at 30 June 2020	As at 31 December 2019
Major regulatory indicators			
Loan concentration ratio for the largest single customer (%)	<=10	2.31	2.52
Loan concentration ratio for the top ten customers (%)	–	19.29	19.30

Note: The data above are calculated in accordance with the formula promulgated by the CBIRC.

② Loans to top ten single borrowers

(All amounts expressed in thousands of RMB unless otherwise stated)		As at 30 June 2020	
		Amount	Percentage (%)
Customer A	Water conservation, environment and public facility administration	1,197,505	0.45
Customer B	Manufacturing	1,156,000	0.44
Customer C	Manufacturing	1,113,540	0.42
Customer D	Electricity, heat, gas and water production and supply	1,000,000	0.38
Customer E	Water conservation, environment and public facility administration	985,000	0.37
Customer F	Construction	940,000	0.36
Customer G	Real estate	936,676	0.36
Customer H	Leasing and commercial services	915,000	0.35
Customer I	Leasing and commercial services	878,000	0.33
Customer J	Water conservation, environment and public facility administration	870,000	0.33

Management Discussions and Analysis

(3) Distribution of loans and non-performing loans by product type

The following table sets forth the Group's loans and non-performing loans by product type for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020			As at 31 December 2019		
	Loan amount	Non-performing loans amount	Non-performing loan ratio (%)	Loan amount	Non-performing loans amount	Non-performing loan ratio (%)
Loans and advances to corporate entities – measured at amortised cost						
Corporate loans	154,927,766	2,233,540	1.44	140,780,210	2,246,797	1.60
Short-term loans	29,478,868	1,426,942	4.84	25,802,480	1,409,832	5.46
Medium- and long-term loans	125,448,898	806,598	0.64	114,977,730	836,965	0.73
Loans to corporate entities – at fair value through other comprehensive income						
Discounted bills	16,201,939	–	–	14,271,520	–	–
Loans and advances to individuals – measured at amortised cost	92,290,529	1,041,501	1.13	90,779,863	884,030	0.97
Residential mortgage and personal commercial property loans ⁽¹⁾	30,635,209	98,334	0.32	26,756,056	90,493	0.34
Personal business and re-employment loans	18,259,940	490,096	2.68	16,192,657	418,518	2.58
Others ⁽²⁾	43,395,380	453,071	1.04	47,831,150	375,019	0.78
Total	263,420,234	3,275,041	1.24	245,831,593	3,130,827	1.27

Notes:

(1) Personal commercial property loans only include mortgage loans.

(2) Other loans include Fenqile Co-Branded Loans (分期樂聯合貸款), personal consumer automobile mortgage loans (indirect type), personal consumer automobile mortgage loans (direct type), other personal loans for general consumption needs, Jie e Dai (捷e貸), Kuai E Dai (快E貸), Kuai I Dai (快I貸), Shun Di Dai (順抵貸), Wei Li Dai (微粒貸), new Kuai E Dai (新快E貸), Xin e Dai (薪e貸), Xin e Dai Online Renewal (薪e貸線上續貸), Xin Jin Dai (薪金貸), Xing Fu Dai (幸福貸), Xing Fu Dai (new) (幸福貸(新)), Yangtze Card revolving credit loans (長江卡循環貸款) and Yangtze Quick and Easy Loan (長江快易貸)

As of 30 June 2020, the balance of non-performing loans to corporate entities was RMB2,234 million, representing a decrease of RMB13 million as compared to the end of the previous year. Non-performing loan ratio of loans to corporate entities decreased by 0.16 percentage point to 1.44% as compared to the end of the previous year, and the balance of non-performing retail loans was RMB1,042 million, representing an increase of RMB158 million as compared to the end of the previous year. Non-performing loan ratio of retail loans increased by 0.16 percentage point to 1.13% as compared to the end of the previous year.

Management Discussions and Analysis

(4) Overdue loans and advances to customers

The following table sets forth the aging analysis of the Group's overdue loans and advances to customers for the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Past due within 90 days	4,887,487	61.47	4,053,545	60.03
Past due 90 days to 1 year	1,424,686	17.92	1,204,187	17.83
Past due over 1 year and within 3 years	1,453,768	18.28	1,370,514	20.30
Past due over 3 years	185,509	2.33	124,030	1.84
Total overdue loans and advances to customers	7,951,450	100.00	6,752,276	100.00

Note: Overdue loans and advances to customers include credit card advances.

As of 30 June 2020, the total overdue loans amounted to RMB7,951 million, representing an increase of RMB1,199 million as compared to the end of the previous year. Total overdue loans accounted for 3.02% of total principal of loans and advances to customers, representing an increase of 0.27 percentage point as compared to the end of the previous year.

4.2.4 Segment information

(I) Summary of geographical segment

(Expressed in percentage)	As at 30 June 2020		As at 31 December 2019	
	Chongqing	Other areas ⁽¹⁾	Chongqing	Other areas ⁽¹⁾
Deposits	85.75	14.25	86.73	13.27
Loans	78.69	21.31	79.21	20.79
Assets	89.12	10.88	90.20	9.80
Loan-to-deposit ratio	70.86	115.48	72.08	123.72
Non-performing loan ratio	1.12	2.43	0.99	3.07
Impairment allowances to non-performing loans	325.54	194.67	336.43	190.37

(Expressed in percentage)	For the six months ended 30 June 2020		For the six months ended 30 June 2019	
	Chongqing	Other areas ⁽¹⁾	Chongqing	Other areas ⁽¹⁾
Annualized return on average total assets	0.79	2.59	0.83	3.15
Net fee and commission income to operating income	7.91	6.13	8.45	4.61
Cost-to-income ratio	16.97	26.59	20.36	19.22

Note:

(1) Other areas refer to the Bank's operations outside Chongqing, which include the Sichuan Province, Guizhou Province and Shaanxi Province.

Management Discussions and Analysis

(II) Summary of business segment

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020				
	Corporate banking	Retail banking	Treasury	Unallocated	Total
Net interest income from external customers	2,741,422	413,701	2,018,325	–	5,173,448
Inter-segment net interest income/(expense)	779,718	970,643	(1,750,361)	–	–
Net interest income	3,521,140	1,384,344	267,964	–	5,173,448
Net fee and commission income	55,615	168,803	460,493	–	684,911
Net trading gains/(losses)	88,878	–	(42,889)	–	45,989
Net gains on investment securities	–	–	593,054	–	593,054

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2019				
	Corporate banking	Retail banking	Treasury	Unallocated	Total
Net interest income from external customers	2,342,249	351,219	1,355,789	–	4,049,257
Inter-segment net interest income/(expense)	775,270	864,491	(1,639,761)	–	–
Net interest income/(expense)	3,117,519	1,215,710	(283,972)	–	4,049,257
Net fee and commission income	77,246	152,757	377,322	–	607,325
Net trading gains	21,072	–	83,062	–	104,134
Net gains on investment securities	–	–	665,811	–	665,811

4.2.5 Analysis of off-balance sheet items

Off-balance-sheet items of the Group mainly include bank acceptance bill, issuance of letters of credit, issuance of letters of guarantee, unused credit card limits, irrevocable loan commitments and capital expenditure commitments. As of 30 June 2020, the balance of bank acceptance bill was RMB36,096 million, representing an increase of RMB6,875 million or 23.5% as compared to the end of the previous year; the balance of issuance of letters of credit was RMB5,797 million, representing a decrease of RMB3,290 million or 36.2% as compared to the end of the previous year; the balance of issuance of letters of guarantee was RMB3,969 million, representing a decrease of RMB2,800 million or 41.4% as compared to the end of the previous year; the balance of unused credit card limits was RMB4,471 million, representing an increase of RMB206 million or 4.8% as compared to the end of the previous year; the balance of irrevocable loan commitments was RMB18 million, representing a decrease of RMB7 million or 27.2% as compared to the end of the previous year; the balance of capital expenditure commitments was RMB269 million, representing an increase of RMB62 million or 30.0% as compared to the end of the previous year.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020			
	Within 1 year	1 to 5 years	Over 5 years	Total
Bank acceptance bill	36,095,763	–	–	36,095,763
Issuance of letters of credit	5,796,607	–	–	5,796,607
Issuance of letters of guarantee	732,595	3,236,192	400	3,969,187
Unused credit card limits	4,471,238	–	–	4,471,238
Irrevocable loan commitments	18,197	–	–	18,197
Capital expenditure commitments	190,039	78,548	–	268,587
Total	47,304,439	3,314,740	400	50,619,579

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 31 December 2019			
	Within 1 year	1 to 5 years	Over 5 years	Total
Bank acceptance bill	29,221,132	–	–	29,221,132
Issuance of letters of credit	9,086,819	–	–	9,086,819
Issuance of letters of guarantee	4,117,566	2,651,013	730	6,769,309
Unused credit card limits	4,265,204	–	–	4,265,204
Irrevocable loan commitments	20,667	4,340	–	25,007
Capital expenditure commitments	118,139	88,442	–	206,581
Total	46,829,527	2,743,795	730	49,574,052

Management Discussions and Analysis

4.3 Business Overview

4.3.1 Corporate Banking Business

The following table sets forth the accounting information and changes of the corporate banking segment.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change (%)
Net interest income from external customers	2,741,422	2,342,249	17.0
Inter-segment net interest income	779,718	775,270	0.6
Net interest income	3,521,140	3,117,519	12.9
Net fee and commission income	55,615	77,246	(28.0)
Net trading gains	88,878	21,072	321.8
Asset impairment losses	(1,295,620)	(902,329)	43.6
Operating expenses	(619,370)	(594,235)	4.2
– Depreciation and amortization	(74,275)	(68,607)	8.3
– Others	(545,095)	(525,628)	3.7
Profit before income tax	1,750,643	1,719,273	1.8

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020	As at 31 December 2019	Change (%)
Capital expenditure	46,720	132,720	(64.8)
Segment assets	195,448,891	179,188,971	9.1
Segment liabilities	(204,474,160)	(197,208,744)	3.7

Note: The above corporate banking segment includes small and micro enterprise banking business.

(I) Corporate Deposit and Loan Business

Under the philosophy of high-quality development, the corporate banking business sees a good trend of healthy development. During the Reporting Period, the Bank implemented the strategy of “building a bank founded on the basis of deposit” and promoted the “entity transformation” through key measures including efficiency enhancement, platform construction, marketing and service improvement, thus forming a good development trend of simultaneous growth of assets and liabilities, coordinated development of deposit and loan businesses, continuous development of blockbusters, and initial results from system tools.

1. Corporate Deposits

During the Reporting Period, the Bank provided convenient, fast and efficient fund management services to customers by vigorously promoting the cash management system, strengthening the marketing of scenario application and other methods, and continuously improved its service quality and efficiency. The Bank continuously strengthened the use of products by vigorously expanding the marketing of deposit products. Capitalizing on the advantage of being close to local customers, the Bank actively participated in the tender for deposits and bond issuance of key local customers, so as to continuously increase the customer stickiness.

As at 30 June 2020, the Bank recorded the corporate deposit balance of RMB173.416 billion, representing an increase of RMB15.208 billion or 9.6% compared with the end of last year, and ranked first among the three local corporate banks in terms of deposit increase¹.

2. Corporate Loans

During the Reporting Period, the Bank actively conformed to the policy orientation, and conducted targeted marketing of projects oriented towards national policies including double-city economic circle, green credit, rural revitalization, poverty alleviation, and the “Belt and Road Initiative”. Meanwhile, according to the regional characteristics of Chongqing, Sichuan, Guizhou and Shaanxi, the regional advantageous industries are treated as the focus of credit.

In terms of selecting industries, the Bank insisted on staying to the origin and actively marketed with large customers in the real economy and non-cyclical industries; as for the selection of customers, the Bank actively responded to national calls, extended equal treatment to private enterprises and state-owned enterprises, with a view to selecting high-quality customers. The Bank actively enhanced the ranking of our customers and cooperation stickiness by carrying out inter-headquarters marketing; in respect of application of our products, the Bank integrated traditional credit granting practices, inter-bank cooperation as well as trade and financial instruments into a comprehensive solution which achieved satisfactory results in our marketing campaign to secure customers.

As of 30 June 2020, the balance of our corporate loans (including discount of bills) amounted to RMB171.13 billion, representing growth of RMB16.078 billion or 10.4% as compared to the end of the previous year.

(II) Trade Finance Business

Full upgrade empowered by technologies, continuous promotion of structure optimization, and continuous enhancement of profitability of finance business. During the Reporting Period, as the Bank officially got access to the China foreign exchange payment system of the People’s Bank of China and successfully launched SWIFT gpi, the foreign currency business of the Bank established a new channel for domestic real-time collection and payment, and realized real-time tracking of the cross-border payment process, and made overseas expenses transparent in the whole process. Up to the present, three major payment channels, namely, China foreign exchange payment system, SWIFT and CIPS, coexist, creating an efficient and smooth global network of collection and payment in domestic and foreign currencies for the Bank. During the Reporting Period, US\$1.847 billion was settled cross border. Meanwhile, the Bank continuously optimized the asset-liability structure of trade finance business by broadening investment channels, increasing debt investment, optimizing deposit structure and reducing high-interest deposits, etc., with an increase of 117 basis points in the spread between foreign currency investment and liabilities for the year.

¹ Including the increase in deposits with branches in different regions.

Management Discussions and Analysis

4.3.2 Small and Micro Enterprise Banking Business

Integration of social responsibility and business development, and remarkable development of small and micro enterprise banking business. In the face of the sudden outbreak of novel coronavirus pneumonia, the Bank carried out epidemic prevention and control as soon as possible, continuously increased the credit for small and micro enterprises, so as to fully support the difficulty alleviation, development, work and production resumption of small and micro enterprises and individual businesses. As at 30 June 2020, the balance of small and micro enterprise loans under standard (including personal business loans) was RMB83.787 billion, of which the balance of inclusive small and micro enterprise loans with a credit line for each borrower not more than RMB10 million was RMB35.335 billion, representing an increase of 10.3% compared with the beginning of the year, thus continuously achieving the phased assessment target of “two increases and two controls”².

(I) Response to the Impact of the Outbreak and Support for the Development of Enterprises

The Bank has formulated and implemented a series of policies including the Relevant Policies on Support for Micro, Small and Medium-sized Enterprises to Overcome Difficulties in Response to the Outbreak of Novel Coronavirus Pneumonia, the Implementation Plan on Proper Use of the PBC Policy on Special Line for Re-lending of Small Corporate Financial Institutions to Strengthen Financial Services to Small and Micro Enterprises and Promote Work and Production Resumption of Small and Micro Enterprises, and the Implementation Opinions on Further Strengthening Financial Services to Small and Micro Enterprises. In accordance with the principles of “special handling of special matters, urgent handling of urgent matters, simple business procedures and fast granting of loans”, it has established a green channel to improve the loan business efficiency. During the outbreak, the Bank used special re-lending funds of RMB0.439 billion to support 85 major small and micro enterprises, and the re-lending funds for small corporate financial institutions amounting to RMB2.65 billion to support the work and production resumption of 1,989 small and micro enterprises.

(II) Innovation of Featured Products and Improvement of Service Quality and Efficiency

In order to effectively respond to the impact of the outbreak and support small and micro enterprises in a targeted manner, the Bank developed and launched a special product for the fight against the outbreak, namely “Epidemic Prevention Loan (防疫貸)”, and a special product for work and production resumption, namely “Alleviation Loan for Small and Micro Enterprises (支小紓困貸)”, disbursing RMB0.322 billion and RMB0.959 billion respectively, during the outbreak. The Bank optimized and upgraded its medium and long-term loan product “Annual Review Loan (年審貸)” and the bank-government cooperation credit loan product “Knowledge Value Credit Loan (知識價值信用貸款)”, disbursing RMB0.511 billion and RMB0.882 billion respectively. It has created a new characteristic brand “Xiaoyu Financial Service (小渝金服)”, so as to reach more small and micro enterprises, under “financing with extensive coverage and inclusive for excellence”, a brand image of financial services to small and micro enterprises.

2 ① Two increases: The growth rate of the balance of inclusive small and micro enterprise loans with a credit line for each borrower not more than RMB10 million compared with the beginning of the year not less than the growth rate of loans at the beginning of the year, and the number of accounts with loan balances not less than the level at the beginning of the year; ② Two controls: Reasonably controlling the asset quality level of inclusive small and micro enterprise loans with a credit line for each borrower not more than RMB10 million, and the comprehensive loan costs, and striving to control the ratio of non-performing inclusive small and micro enterprise loans at a level not more than 3 percentage points above the non-performing ratio of loans.

(III) Fight Against Poverty and Support for Rural Revitalization

In 2020, the final year of the fight against poverty, the Bank continuously increased the investment of its financial resources to fully support the fight against poverty. During the Reporting Period, the Bank granted new Small Credit for Poverty Alleviation (扶貧小額信貸) of RMB0.044 billion for poverty alleviation, with the loan balance of over RMB0.2 billion. The Bank continuously increased its support for agriculture-related industries, with a focus on keeping hog production stable and ensuring the supply of hogs. It developed and launched “Hog Support Loan (豬保貸)”, the first credit loan product for the hog breeding industry in Chongqing, using the model of “bank + insurance + Internet of Things + farmer”, and “Hog Farmer Loan (豬農貸)”, a financial product with reliance on the hog breeding industry chain of core hog breeding enterprises. As at 30 June 2020, the balance of inclusive agricultural loans was RMB8.259 billion, representing an increase of 12.58% as compared with the beginning of the year.

4.3.3 Retail Banking Business

The following table sets forth the accounting information and changes of the retail banking segment.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change (%)
Net interest income from external customers	413,701	351,219	17.8
Inter-segment net interest income	970,643	864,491	12.3
Net interest income	1,384,344	1,215,710	13.9
Net fee and commission income	168,803	152,757	10.5
Other operating income	593	–	N/A
Asset impairment losses	(688,559)	13,428	N/A
Operating expenses	(437,413)	(414,005)	5.7
– Depreciation and amortization	(52,455)	(47,799)	9.7
– Others	(384,958)	(366,206)	5.1
Profit before income tax	427,768	967,890	(55.8)

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020	As at 31 December 2019	Change (%)
Capital expenditure	20,567	64,001	(67.9)
Segment assets	86,036,861	86,376,445	(0.4)
Segment liabilities	(113,543,151)	(102,080,647)	11.2

Good development trend of retail banking business with innovation empowered and promoted by technology, and customer base expansion by targeted marketing. During the Reporting Period, the Bank enhanced the online operation experience of users by enriching online processing channels, improved its risk prevention and control capability by improving its online loan risk control system, expanded its basic customer base by vigorously expanding batch business, and enriched its private banking value-added service system by deepening hierarchical management of customers, thus achieving continuous and high-quality development of the retail banking business.

Management Discussions and Analysis

(I) Personal Deposit and Loan Business

(1) Personal Deposits

Capitalizing on its advantage as a regional brand, the Bank constantly promoted and marketed its special time deposit products Xing Fu Cun (幸福存), Meng Xiang Cun (夢想存) and large certificate of personal deposit. It actively developed online services, and continuously improved the maintenance of relations with key customers such as VIP customers and subsidized customers, while strengthening the hierarchical customer maintenance management, thus steadily improving its service capabilities. As at the end of the Reporting Period, the Bank's balance of personal deposits increased by RMB11.448 billion or 11.4% to RMB112.262 billion as compared with the end of the previous year, thus continuing the rapid growth and hitting another new high in terms of the local market share.

(2) Personal Loans

The Bank actively responded to the adverse impact of the economic slowdown due to the outbreak of novel coronavirus pneumonia, and kept stable its growth and controlled its risks, and adjusted its asset structure in an orderly manner while maintaining its business scale. Firstly, based on customer experience improvement, it continuously optimized the process, improved the loan approval efficiency, and promoted the steady growth of housing mortgage loans subject to controllable risks; secondarily, it took multiple measures to promote the construction of an open and intelligent marketing system, build an open banking platform, enrich customer acquisition channels, and expand customer traffic; thirdly, it actively promoted the construction of intelligent big data risk control system for online consumption loans, and successfully put into operation a series of intelligent management projects, and continuously improved its risk management and control capabilities.

As at the end of the Reporting Period, affected by the outbreak and the need to actively control risks, the balance of personal consumer loans (including personal consumption loans and mortgage loans) decreased by RMB1.585 billion to RMB66.344 billion as compared with the end of the previous year. The balance of personal consumption loans decreased by RMB5.464 billion as compared with the end of the previous year. Since the work and production resumption, the Bank's mortgage loan business has developed continuously and vigorously, with the mortgage loan balance increasing by RMB3.879 billion as compared with the end of the previous year.

(II) Bank Card Business

The Bank has been committed to promoting the enrichment of bank card consumption, settlement and other application functions, and channel and security improvement, and continuously expanding its basic customer base and promoting the healthy development of the bank card business.

In terms of debit cards, the Bank improved its payment functions including access to characteristic services of mobile phone Quick Pass and Cloud Quick Pass APP, collection agency service, quick payment, and account verification, and increased the success rate of bankcard holders linking their mobile number to Cloud Quick Pass, and the volume of transactions with mobile payment. The number of bank cards issued by the Bank increased steadily, with continuously active consumption transactions. As at 30 June 2020, the total number of debit cards issued by the Bank increased by 154.9 thousand to 4,162.3 thousand as compared with the end of the previous year. During the Reporting Period, the consumption transaction amount reached RMB5.84 billion.

Management Discussions and Analysis

In terms of credit cards, the Bank ensured the steady development of its credit card business by means of technology, market expansion and asset quality management and control. Firstly, through the use of Panshi system (磐石系統) + remote signature of contracts, as well as process reconstruction, the Bank achieved “completion within one hour and disbursement within one day”, which significantly improved the customer experience; secondarily, the Bank continuously implemented the strategic plan of “one city and three provinces”, gradually developing its credit card business in Guiyang, Xi’an and Chengdu while steadily developing the market in Chongqing; thirdly, the Bank reduced its risks in an orderly manner through internal and external collection, and cancellation after verification. As at 30 June 2020, the total number of cards issued in the credit card business of the Bank increased by 12.7 thousand to 256.8 thousand as compared with the end of the previous year.

4.3.4 Financial Market Business

The financial market business of the Bank developed steadily, with the growth of the customer base driven jointly by the head office and branches, the expansion of business scale promoted by product innovation, and the profitability enhancement promoted by strengthened market analysis.

(I) Treasury

The following table sets forth the accounting information and changes of the treasury operations segment.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change (%)
Net interest income from external customers	2,018,325	1,355,789	48.9
Inter-segment net interest expense	(1,750,361)	(1,639,761)	6.7
Net interest income/(expense)	267,964	(283,972)	N/A
Net fee and commission income	460,493	377,322	22.0
Net trading (losses)/gains	(42,889)	83,062	N/A
Net gains on investment securities	593,054	665,811	(10.9)
Share of profit of associate	29,839	44,902	(33.5)
Other operating income	–	1,200	(100.0)
Asset impairment losses	(3,097)	(250,161)	(98.8)
Operating expense	(162,795)	(150,460)	8.2
– Depreciation and amortization	(19,523)	(17,371)	12.4
– Others	(143,272)	(133,089)	7.7
Profit before income tax	1,142,569	487,704	134.3

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020	As at 31 December 2019	Change (%)
Capital expenditure	59,236	172,783	(65.7)
Segment assets	247,803,542	233,188,183	6.3
Segment liabilities	(173,734,570)	(163,327,112)	6.4

Management Discussions and Analysis

1. Overall Conditions

Conform to the regulatory situation and market environment and adjust the inter-bank asset structure. During the Reporting Period, according to the latest regulatory situation and in consideration of the analysis and judgment of macro economy and financial market, the Bank gradually reduced its non-standard assets including trust plans and asset management plans, increased its standardized assets including treasury bonds and local government bonds, and continuously optimized the inter-bank asset structure.

Strengthen market analysis and reduce costs of interbank debts. During the Reporting Period, the Bank overcame the impact of shortening of the effective trading time during the outbreak, actively participated in the money market transactions on the basis of ensuring its liquidity, in order to increase the total volume of money market transactions. In the first half of the year, the amount of capital transactions in the inter-bank market was RMB1,350 billion, with the year-on-year increase of 36% in the transaction volume and a rise in the market activity. The Bank secured stable sources of funds through business channels including issuance of inter-bank certificates of deposits, and deposits from other banks, and reduced the costs of interbank debts subject to effectively ensuring reasonable and sufficient liquidity.

Continue to optimize the business processes and improve the risk management and control level. During the Reporting Period, the Bank optimized the bond investment business process, strengthened investment research, pre-investment due diligence and post-investment management, realized seal management and penetration management before and after investment, and used external big data to achieve real-time alerting on risks and enhance risk management and control level of investment business.

2. Segment Assets

① By holding purpose

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial investment measured at amortized cost	105,360,708	65.1	96,407,351	64.6
Financial investment at fair value through other comprehensive income	39,444,108	24.4	35,817,064	24.0
Held for trading	17,062,610	10.5	16,940,021	11.4
Total	161,867,426	100.0	149,164,436	100.0

As of 30 June 2020, the balance of financial investment measured at amortized cost amounted to RMB105.361 billion, accounting for 65.1%; the balance of financial investment at fair value through other comprehensive income amounted to RMB39.444 billion, accounting for 24.4%; the balance of held for trading amounted to RMB17.063 billion, accounting for 10.5%.

② By Credit Rating

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
AAA	6,081,690	3.8	4,155,238	2.8
AA- to AA+	15,895,590	9.8	15,036,445	10.1
A+	251,749	0.1	242,168	0.1
Unrated	139,638,397	86.3	129,730,585	87.0
Total	161,867,426	100.0	149,164,436	100.0

As at 30 June 2020, the balance of AA- or above-rated financial investments held by the Bank was RMB21.977 billion, representing an increase of RMB2.786 billion or 14.5% as compared with the end of the previous year, with an increase of 0.7 percentage point in the proportion; the balance of unrated financial investments was RMB139.638 billion, representing an increase of RMB9.908 billion as compared with the end of the previous year, with a decrease of 0.7 percentage point in the proportion.

③ By Remaining Maturity

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Up to 3 months	5,317,724	3.3	5,125,969	3.4
3 to 12 months	22,830,713	14.1	17,978,577	12.1
1 to 5 years	105,646,311	65.3	95,480,425	64.0
Over 5 years	28,072,678	17.3	30,579,465	20.5
Total	161,867,426	100.0	149,164,436	100.0

As at 30 June 2020, the balance of financial investments of the Bank with the remaining term of less than 12 months was RMB28.148 billion, representing an increase of RMB5.044 billion or 21.8% as compared with the end of the previous year, with an increase of 1.9 percentage points in the proportion; the balance of financial investments with the remaining term of 1-5 years was RMB105.646 billion, representing an increase of RMB10.166 billion or 10.6% as compared with the end of the previous year, with an increase of 1.3 percentage points in the proportion; the balance of financial investments with the remaining term of over 5 years was RMB28.073 billion, representing a decrease of RMB2.507 billion as compared with the end of the previous year, with a decrease of 3.2 percentage points in the proportion.

Management Discussions and Analysis

④ Holdings of the Top 10 Financial Bonds

Name of bond	Par Value in RMB	Annual interest rate	Maturity date
2016 Policy Bank Financial Bond	1,000,000	3.18%	5 April 2026
2018 Commercial Bank Bonds	800,000	4.50%	29 May 2021
2016 Policy Bank Financial Bond	500,000	3.18%	5 September 2026
2013 Policy Bank Financial Bond	460,000	5.04%	24 October 2023
2006 Policy Bank Financial Bond	380,000	3.79%	28 June 2021
2005 Policy Bank Financial Bond	200,000	4.10%	30 August 2025
2018 Commercial Bank Tier II Capital Bond	200,000	5.30%	8 June 2028
2018 Commercial Bank Tier II Capital Bond	200,000	4.86%	5 September 2028
2019 Commercial Bank Tier II Capital Bond	200,000	4.34%	24 September 2034
2020 Commercial Bank Tier II Capital Bond	200,000	3.75%	29 June 2030

(II) Asset Management Business

The Bank adheres to the simultaneous promotion of business reform and results growth, and has made excellent achievements. As at the end of the Reporting Period, the balance of wealth management products of the Bank was RMB54.837 billion.

Accelerate the innovation and transformation of products to meet the diversified needs of customers. During the Reporting Period, the Bank took practical and effective measures and actions to support epidemic prevention and control, with a significant increase in the proportion of sales through electronic channels and innovative issuance of “Angel Glory (天使榮耀)” series of special products for the fight against the outbreak. The Bank launched institutional open products and night market wealth management for the first time, to meet the diversified wealth management needs of investors. The Bank optimized system functions, strengthened scientific and technological support, and accelerated the issuance of Changjiang Juhui net worth new products. During the transition period, the Bank will launch various open net worth products successively, thus forming a complete product system.

Continuously improve the active management capability and further optimize the asset structure. During the Reporting Period, the Bank attached great importance to the development of investment research, continuously replenished the investment research force, enhanced the ability to apply investment research results in businesses, and strengthened the support of investment research for asset investment and portfolio management. The Bank continuously expanded transaction channels, and used the secondary market to enhance its ability to acquire high-quality assets, thus gradually increasing its investment proactivity. During the Reporting Period, with standardized bonds as its main investments, the Bank continuously increased the proportion of highly liquid assets and further optimized its asset structure.

Strengthen compliance work and continuously improve risk management. During the Reporting Period, in accordance with the requirements of regulatory policies, the Bank strengthened compliance work, formulated or amended supporting systems for the transformation of new products, and established a risk management system suitable for the whole process management of products. It maintained real-time monitoring of risk indicators including credit risk, concentration risk, interest rate risk, liquidity risk and operational risk, so as to ensure compliant operation of products.

(III) Investment Banking Business

Capitalizing on the linkage advantage of “commercial bank + investment bank”, the Bank accelerated the contracting, undertaking and underwriting of debt financing instruments and debt financing plans of non-financial enterprises, and provided customers with comprehensive financial service solutions, so as to practically promote the development of regional real economy.

During the Reporting Period, in terms of bond underwriting, the business of lead underwriting of bonds grew steadily, with the issuance of a total of 4 debt financing instruments of non-financial enterprises in the amount of RMB1.9 billion. In terms of debt financing plans, during the Reporting Period, through continuous optimization of the product structure and broadening of cooperation channels, 11 tranches of BFAE (Beijing Financial Assets Exchange) debt financing plans were issued with the issue size of RMB3.2 billion, of which 2 bond financing plans for epidemic prevention and control were issued, thus actively implementing financial measures against the outbreak. In terms of investment banking qualification, the Bank obtained the trustee qualification for debt financing instruments in the inter-bank market during the Reporting Period, which will greatly enhance its ability to serve bond markets at multiple levels and improve comprehensive financial services.

4.3.5 Distribution Channels

(I) Physical Outlets

As at 30 June 2020, the Bank conducted its businesses in all 38 districts and counties of Chongqing as well as three provinces in western China namely Sichuan Province, Shaanxi Province and Guizhou Province, through 143 sub-units, including the business department of its head office, its small enterprise loan center, 4 primary branches, 166 self-service banking centers (including offsite and onsite self-service banking centers), and through its extensive distribution channels, such as telephone banking, mobile banking, online banking and direct banking, so as to provide residents in the three provinces and the city with comprehensive financial services including deposit and loan businesses, payment and settlement business, credit card business.

(II) Self-Service Facilities

As at 30 June 2020, the Bank had 166 self-service centers (including offsite and onsite self-service banking centers) and 418 ATM self-service equipment (including 59 ATMs and 359 CRSs) that offer self-services such as deposit, withdrawal, fund transfer and account inquiry.

(III) Electronic Banking

During the Reporting Period, the Bank started the construction of a group of electronic channel projects consisting of mobile banking 5.0, personal online banking 4.0, corporate online banking 2.0, electronic channel risk monitoring 2.0, Internet operation management platform 1.0 and channel integration platform, which further enhanced the service advantages of “zero contact and extensive reach” of electronic channels and played an irreplaceable role in serving customers and marketing, especially during the outbreak. The replacement rate for online businesses, which mainly consists of high-frequency transactions including transfer, payment and wealth management sales, exceeded 90%. The year-to-date amount of online transactions exceeded RMB300 billion, with over 2,700 transactions.

Management Discussions and Analysis

1. Personal Customers

As at 30 June 2020, the Bank had 1,032.3 thousand mobile banking personal customers, representing an increase of 117.5 thousand or 12.8% as compared with the end of the previous year; the total number of transactions by mobile banking personal customers was 2,505.5 thousand, representing an increase of 140.7 thousand or 5.9% as compared with the same period of the previous year; the total transaction amount was RMB99.995 billion, representing an increase of RMB6.3 billion or 6.7% as compared with the same period of the previous year.

As at 30 June 2020, the Bank had 1,029 thousand personal online banking customers, representing an increase of 113.3 thousand or 12.4% as compared with the end of the previous year. However, affected by the outbreak and the further popularization of mobile payment, there were a total of 239.9 thousand transactions by personal online banking customers, with the total transaction amount of RMB17.849 billion, representing a slight decline as compared with the same period of the previous year.

2. Corporate Customers

As at 30 June 2020, the Bank had 29.2 thousand online banking corporate customers, representing an increase of 1.8 thousand or 6.6% as compared with the end of the previous year; the total number of transactions was 1,121.8 thousand, representing an increase of 20.6 thousand or 1.9% as compared with the same period of the previous year; the total transaction amount was RMB177.171 billion, representing an increase of RMB22.655 billion or 14.7% as compared with the same period of the previous year.

3. Third Party Payment

The online payment business of the Bank developed rapidly during the Reporting Period and has supported mainstream third-party payment platforms including Alipay, Tenpay and JD. During the Reporting Period, there were a total of 23,797.5 thousand transactions with third-party payment, representing an increase of 2,351 thousand or 11.0% as compared with the same period of the previous year; the total transaction amount was RMB24.135 billion, representing an increase of RMB8.535 billion or 54.7% as compared with the same period of the previous year.

4.3.6 Information Technology

During the Reporting Period, the Bank made full use of all kinds of modern information technologies, giving full play to the innovation value of financial technologies including Internet, big data, artificial intelligence and 5G, so as to provide solid technical support for the business development during the special period of epidemic prevention and control.

(1) Strengthen the construction of infrastructures including platforms and systems to ensure the steady development of various businesses

Firstly, the Bank rapidly deployed a VPN telecommuting technology platform to provide a safe and reliable telecommuting environment during the outbreak; secondarily, capitalizing on the integrated operation and maintenance platform, the Bank ensured the safe and stable operation of the production system of the Bank during the outbreak with very few on-site support personnel, through process management automation, job scheduling automation, monitoring and alarm automation, and intelligent analysis and identification of faults; thirdly, the Bank continuously promoted the transformation of intra-city dual-active application of important systems, completing the transformation and development, business testing and acceptance inspection by the Commercial Paper Exchange of a system directly connected to the system of the Commercial Paper Exchange, and the transformation, development and business testing of the second-generation credit information system, and the transformation of super online banking, indirectly connected POS and other systems, so as to provide system support for its business development.

(II) Accelerate the innovation and integration of technology and business, and promote the application of new business and new technology

Capitalizing on big data platforms, mobile APPs and other technical means, the Bank rapidly developed and deployed special business products against the outbreak. It completed the development of the Alleviation Loan for Small and Micro Enterprises (支小紓困貸), a product, in a short time, thus providing support for difficulty alleviation, development, work and production resumption of small and micro enterprises and individual businesses.

(III) Continuously strengthen the internal control of information technology and enhance the ability to prevent and control information technology risks

Firstly, the Bank actively carried out on-site identification, penetration tests and rectification of information technology risks; secondarily, the Bank completed the construction and deployment of the host security management platform, business network desktop security management system and mobile application security management platform, thus achieving the full control of its servers, desktop terminals and mobile terminals; thirdly, the Bank completed the construction and deployment of advanced hunting and tracing system, thus improving its ability to actively identify and trace cyberattacks; fourthly, based on the security operation management platform, the Bank completed a network security situational awareness system, thus realizing the real-time display and understanding of its overall network security situation.

4.3.7 Majority-owned Subsidiary and Major Investee Companies

(I) Majority-owned Subsidiaries

1. Chongqing Xinyu Financial Leasing Co., Ltd.

Chongqing Xinyu Financial Leasing Co., Ltd. (“Xinyu Financial Leasing”) was established in March 2017, with the registered capital of RMB3 billion and the Bank as the main promoter holding 51.0% of its shares. Xinyu Financial Leasing is mainly engaged in finance lease, transfer and acceptance of finance lease assets, fixed-income securities investment, acceptance of the lessee’s lease deposit, taking of fixed term deposits of non-bank shareholders with a term of more than 3 months (inclusive), interbank borrowing, borrowing from financial institutions, overseas borrowing, sales and disposal of leased properties, and economic consulting, and other businesses.

Xinyu Financial Leasing has the vision of “gaining a toehold in Chongqing, covering western China, serving the whole country, and becoming a leading enterprise in terms of finance lease and asset management in western China”, and the development path of “adopting differentiated competition strategies, characteristic operations and services, and realizing professional, standardized and characteristic development, oriented towards market demand and national industrial policies”.

As at the end of the Reporting Period, Xinyu Financial Leasing recorded the total assets of RMB21.998 billion, the total liabilities of RMB18.507 billion, and the total owner’s equity of RMB3.491 billion. Its net profit was RMB0.152 billion for the Reporting Period.

Management Discussions and Analysis

(II) Major Investee Companies

1. Mashang Consumer Finance Co., Ltd.

Mashang Consumer Finance was established in June 2015, with the registered capital of RMB4 billion, and 15.53% of its shares held by the Bank. The main businesses of Mashang Consumer Finance include issuing personal consumption loans; taking deposits from domestic subsidiaries of shareholders and domestic shareholders; borrowing from domestic financial institutions; issuing financial bonds upon approval; domestic interbank lending; consulting and agency business in relation to consumer finance; insurance products in relation to sales agency services and consumption loans; fixed income securities investment business.

Mashang Consumer Finance adheres to its mission of “making life easier”, and focuses on inclusive finance, and carries out innovation by technology. It is committed to developing itself into a most trustworthy financial service provider.

2. Chongqing Three Gorges Bank Co., Ltd.

Three Gorges Bank was established in 2008, with the registered capital of RMB5.574 billion, and 4.97% of its shares held by the Bank. The main businesses of Three Gorges Bank include taking public deposits; issuing short-term, medium-term and long-term loans; domestic settlement; note discounting; issuing financial bonds; agency service for issuing, redeeming and underwriting government bonds; interbank lending; foreign exchange deposit, foreign exchange loans, international settlement, interbank foreign exchange lending, acceptance and discounting of foreign exchange instruments, foreign exchange borrowing, foreign exchange guarantee, proprietary foreign exchange trading (limited to spot foreign exchange trading) or agency services for foreign exchange trading, credit investigation, consultation and witness service; providing guarantees; agency service for collection and payment, and for insurance businesses; providing safe deposit box services.

Under the service philosophy of “all for you (一切為你著想)” and the four strategies of “reservoir bank, small and medium-sized enterprise bank, retail bank and wealth management bank”, Three Gorges Bank makes efforts to serve the local economy, micro, small and medium-sized enterprises, urban and rural residents, and promote high-quality development, with continuous improvement in operating efficiency and comprehensive strength.

3. Xingyi Wanfeng Village Bank Co., Ltd.

Xingyi Wanfeng was established in May 2011, with the registered capital of RMB0.11 billion, and 20% of its shares held by the Bank. The main businesses of Xingyi Wanfeng include taking public deposits; issuing short-term, medium-term and long-term loans; domestic settlement; acceptance and discounting of notes; interbank lending; bank card business; agency service for redeeming and underwriting government bonds; agency service for collection and payment, and for insurance businesses.

4.4 Employees and Human Resources Management

4.4.1 Details of the employees

(I) Composition of employees

As of 30 June 2020, there were 4,303 employees on-duty, of which 812 or 18.87% were management personnel while 128 or 2.98% were marketing personnel, both worked at the Head Office, and 2,419 or 56.21% worked at branch outlets in Chongqing while 944 or 21.94% worked at branches in other cities.

(II) Range of their ages

The average age of the employees of the Bank was 36 years old, of which 140 or 3.25% of them were aged 25 or under, while 933 or 21.68% of them were aged between 26 to 30 years old. 1,481 or 34.42% of them were aged between 31 to 35 years old while 718 or 16.69% of them were aged between 36 to 40 years old. 370 or 8.60% of them were aged between 41 to 45 years old while 475 or 11.04% of them were aged between 46 to 50 years old and 186 or 4.32% of them were aged above 50 years old.

(III) Educational background

592 or 13.76% of the employees of the Bank possessed a post-graduate qualification or above, and 7 of which held Doctoral degrees. 3,313 or 76.99% of them held Bachelor degrees while 398 or 9.25% of them received junior college degrees or below.

(IV) Composition of gender

The Bank had 1,871 male employees and 2,432 female employees, with the proportion of 43.48% and 56.52% respectively.

4.4.2 Overall management of human resources

The Bank proactively improved its relationship with employees to reduce the exposure to labour employment risks. With a view to establish a more harmonious employment relationship, the Bank constantly enhanced its benefit and insurance coverage measures and incentives and restraints mechanism to protect their interests and motivate its employees in a proactive way. Meanwhile, the Bank sticks to the principle of fixed position, fixed schedule, fixed staff, proactively strengthened the employment and deployment of employees and optimized the functions of departments and offices and position responsibility to enhance its human resources structure. The Bank developed innovative talent cultivation programs to improve the standard of the employees, the working atmosphere and their service quality and management standard. By focusing on constructing a modern human resources management mechanism, the Bank successfully fulfilled its objectives of promoting its management through reforms and enhancement through management.

4.4.3 Training and development of the employees

With close focus on the strategic development planning of the Bank and emphasis on key positions and core talents, the Bank vigorously promoted its construction of talent supply chain, and established a talent team that recognizes the Bank's corporate culture and aligns with the requirements of the Bank's strategic development, and improved the quality and efficiency of talent and employee training. The Bank has preliminarily set up a multiple dimension and level-and-category based employee training and development system, and established a career development channel system and a qualification and training credit system which is linked with the career development of the employees through building the E-learning and M-learning training platforms. A variety of mixed training techniques were introduced and innovative training mechanisms, measures and methods were continuously provided to keep promoting the overall standard of all the employees, thus building the Bank's advantages in talent competition.

Management Discussions and Analysis

4.5 Risk Management

4.5.1 Credit risk management

Credit risk refers to the risk of losses resulting from the defaults, rating downgrade, or decline in repayment ability of a borrower or counterparty. Our credit risks mainly come from our loan portfolios, investment portfolios and guarantees and commitments, as well as other payment commitments. During the Reporting Period, the Group closely followed the macroeconomic and financial trend to make overall planning, achieve key breakthroughs and adopt multiple measures simultaneously, with an aim to comprehensively improve its credit risk management capabilities.

Firstly, we refined our guidelines on credit policy. In order to guide credit and loans in a scientific manner through differentiated credit policies, our large and medium enterprise credit business was based on the general principles of “risk control, stable growth, optimizing structure, and consolidating foundation”, while the small and micro enterprise credit business focused on the credit strategy of “small and decentralized business, customer expansion, small individual lending, and risk diversification”.

Secondly, we carried out reforms on credit review mechanism. Based on guidelines of “separating loan lending and review”, we implemented unified and centralized management of credit review for all business lines of the Head Office, and integrated the organizational structure of branch review, processes of credit business and rules of review and discussion, so as to realize insurance via system and mechanism, coordination under organizational structure, collective review and optimization of review staffing.

Thirdly, we conducted a comprehensive risk monitoring. We carried out constant and comprehensive monitoring from multiple dimensions covering business lines, regions, industries, products and institutions, thus promptly formulating risk control strategies. Focusing on classified management of key businesses, we adjusted marketing plans and formulated risk control plans based on actual conditions to strengthen classified guidance.

Fourthly, we strengthened the management of non-performing assets. With specialized, dedicated and professional overall management of non-performing assets by designated personnel, we strengthened guidance on the loan collection and disposal for all branches, and established a coordination mechanism with external functions. We disposed of non-performing assets in accordance with laws and regulations to improve the quality and efficiency of collection of non-performing assets.

Fifthly, we continued to enhance our risk control technologies. We developed the “Wind Chime” intelligent review system, which is used to conduct in-depth monitoring on corporate relationship and cluster risks. We established a risk early warning system to monitor various risks from credit customers and their key related parties. Through application of mobile integrated terminal in the credit business, we can record the real operation process with technological means such as online verification, face recognition and electronic signatures.

4.5.2 Management on operational risk

Operational risk refers to the risks of losses that may be incurred due to inadequate or problematic internal procedures, staffing and information technology systems, as well as external events.

During the Reporting Period, the Group continued to enhance its management of operation risks following the trend of key areas and operation risks.

Firstly, we continued to optimize our regulations on and operation procedures of all businesses, and monitor key risk indicators in a dynamic manner, further improving the data collection mechanism on operational risk loss; established a normalized risk inspection mechanism relying on the problem base, which will collect identified problems during inspections in standardized ways and follow up systematically the rectification of various problems.

Secondly, we strengthened employee management, including implementing the rotation mechanism and conducting live-streaming trainings, and strengthened investigation of abnormal employee behaviors to ensure strict accountability for violations.

Thirdly, we continued to optimize the monitoring models and warning rules of the security, management and operation platform and the situational awareness system, so as to conduct comprehensive inspection on information security.

Fourthly, we promoted the construction of business continuity system through clarifying our demand for constructing disaster backup system, improving emergency plans, and organizing special emergency drills in order to ensure the stable operation of the Bank.

4.5.3 Market risk management

Market risk refers to the risk of losses that may be incurred in its on/off-balance sheet business as a result of adverse changes in market prices (interest rates, exchange rates, stock prices and commodity prices).

(1) Interest rate risk

Interest rate risk refers to the risk of loss suffered by commercial banks arising from the uncertain fluctuation of market interest rates, namely, the possibility of losses suffered by commercial banks resulting from the divergence between effective yield and the expected yield or the real cost and the expected cost of commercial banks due to the changes in interest rate, which results in the effective yield being lower than the expected yield or the real cost being higher than the expected cost. The main interest rate risk the Group faced was gap risk, which arose from the mismatch between assets or liabilities at the re-pricing date or that at the maturity date.

The Group measures its interest rate sensitivity gap on a regular basis, evaluates interest rate risk suffered through gap analysis, and further assesses the impact of interest rate changes on net interest income and corporate net value in varied interest rate scenarios.

Management Discussions and Analysis

In the first half of 2020, especially since the outbreak of COVID-19, the Central Bank has adopted a series of policies to support epidemic prevention and anti-epidemic measures and the resumption of work and production. Therefore, the market liquidity remained reasonable and sufficient, and the interest rates of money market showed a fall-rise trend. The Group paid close attention to changes in the interest rate environment in the external market, strengthened market research and judgment, and continuously improved the management of interest rate pricing and the interest rate risk in the banking book. It effectively guided the adjustment of repricing term structure through the rational use of tools such as interest rate pricing and internal fund transfer pricing (FTP), and improved its initiative and foresight in terms of bank account book interest rate risk management, to ensure the overall stability and controllability of interest rate risk.

The structure of the Group's interest rate risk gap on the contract re-pricing date or maturity date (whichever was earlier) was as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
As at 30 June 2020							
Total financial assets	116,862,156	39,643,304	141,144,984	181,515,338	28,817,525	15,845,344	523,828,651
Total financial liabilities	(128,923,519)	(49,520,092)	(168,960,409)	(124,570,193)	(10,187,767)	(7,390,241)	(489,552,221)
Total interest rate sensitivity gap	(12,061,363)	(9,876,788)	(27,815,425)	56,945,145	18,629,758	8,455,103	34,276,430

(All amounts expressed in thousands of RMB unless otherwise stated)	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
As at 31 December 2019							
Total financial assets	161,209,903	30,366,227	103,727,422	162,661,005	21,507,708	13,770,535	493,242,800
Total financial liabilities	(121,091,796)	(43,974,543)	(161,456,621)	(114,286,848)	(12,384,380)	(7,170,322)	(460,364,510)
Total interest rate sensitivity gap	40,118,107	(13,608,316)	(57,729,199)	48,374,157	9,123,328	6,600,213	32,878,290

As of 30 June 2020, the Group's accumulated gap for all maturities amounted to RMB34,276 million, representing an increase of RMB1,398 million or 4.3% as compared to the end of the previous year.

(II) Exchange rate risk

Exchange rate risk refers to the risk arising out of mismatches in the currency denominations of assets and liabilities. Through exposure limit management and the management of currency composition of assets and liabilities, the Group seeks to ensure that the adverse impact of exchange rate fluctuations falls within an acceptable range.

4.5.4 Liquidity risk management

The liquidity risk management of the Group aims to fully identify, effectively measure, constantly monitor and properly control the overall liquidity risk of the Group and the liquidity risks within its products, business lines, business links, and branches, keep the liquidity risk affordable, make sure the Group has sufficient fund for assets growth and repayment of debts due under both normal and stressful operational circumstances, and coordinate and standardize security, liquidity and profitability of our operation and development by establishing and constantly optimizing liquidity risk management strategies, policies and procedures, clearly defining the responsibilities of related departments and establishing a liquidity risk management system.

The Board of the Bank reviews and approves policies, strategies and procedures related to overall management of liquidity risk in line with its risk preference. The senior management or its Assets and Liabilities Management Committee takes charge of implementing the liquidity risk preference, strategies, policies and procedures for liquidity risk management. The Assets and Liabilities Management Department takes charge of the day-to-day management of liquidity risk. Other departments and offices, each having distinct responsibilities, work closely with each other to develop a well-organized and fully functional organization structure of the liquidity risk management system.

The Group continues to improve liquidity risk management framework by streamlining the policy system for liquidity risk management, and upgrade the Group's liquidity risk management capability by continuously implementing the coordination meeting mechanism for assets and liabilities, position management, quota management for liquidity indexes, duration mismatch management, management of liquidity reserves, financing management, dynamic estimation of liquidity risk and improving our capability in liquidity risk measurement and forecast. Meanwhile, the Group also promotes the accuracy and automation in liquidity risk monitoring and measurement by continuously improving the ability to apply information system of liquidity risk management through information system construction and active application of scientific and technological means.

The Group has liquidity risk measurement and monitoring mechanisms in place to conduct periodic audits over the Bank's overall money-market balance, liquidity reserves, liquidity exposure and related supervisory indicators. At the same time, the entire Bank's assets and liabilities are managed in accordance with factors such as liquidity exposure, liquidity reserves, money market balances, market conditions, and relevant monitoring targets. By means of quota management, internal funds transfer pricing and other management methods, proactive adjustments to the assets and liabilities maturity structure can be achieved, which provide security against liquidity risk.

In addition, the Group continuously carried out liquidity risk stress tests (at least once a quarter) so that it can discover the weak links in liquidity risk management in advance through such stress tests and adopt relevant measures to constantly improve its liquidity risk management and control capability. The results of the quarterly stress tests in the first half of 2020 indicated that the liquidity risks remained within a controllable range even under stressful conditions. Meanwhile, the Group established contingency plan for liquidity risk and standardized the contingency measures in emergency circumstances so as to improve the efficiency of reaction in emergency circumstances.

As at the end of the Reporting Period, all of the major indicators reflecting the Group's liquidity position met the regulatory requirements.

Management Discussions and Analysis

The Group uses liquidity gap analysis to assess liquidity risk. As at the end of the Reporting Period, the liquidity gap of the Group calculated from our net assets and liabilities and classified according to relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date was as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	Within 1		1 to 3	3 to 12	1 to 5	Over 5	In perpetuity	Overdue	Total
	On demand	month	months	months	years	years			
As at 30 June 2020									
Net liquidity gap	(79,756,263)	20,539,609	(24,887,980)	(69,920,665)	88,935,435	66,875,325	25,877,532	6,613,437	34,276,430
As at 31 December 2019									
Net liquidity gap	(78,335,240)	28,628,540	(22,257,512)	(68,436,091)	85,264,904	58,415,888	24,428,000	5,169,801	32,878,290

As at the end of the Reporting Period, the Group's cumulative gap for all maturities was RMB34,276 million. Although there was a shortfall in on-demand repayment of RMB79,756 million, which will mature on the date immediately after payment and includes demand deposits, the Group had an extensive and solid deposit customer basis. Current deposit settlement rates were relatively high and funding sources were stable, so the impact of the shortfall on the Group's real liquidity was not significant.

(1) Liquidity coverage ratio

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020	As at 31 December 2019
Qualified high-quality liquid assets	38,592,569	39,136,754
Net cash outflow in the next 30 days	19,469,109	18,257,191
Liquidity coverage ratio (%)	198.22	214.36

The latest Administrative Measures for Liquidity Risk Management of Commercial Banks of the CBIRC requires that commercial banks' liquidity coverage ratios must reach 100% by the end of 2018.

The Group measures its liquidity coverage ratio according to the latest Administrative Measures for Liquidity Risk Management of Commercial Banks of the CBIRC which was issued on 23 May 2018. As of 30 June 2020, the Group's liquidity coverage ratio was 198.22%, which was in compliance with the regulatory requirements of the CBIRC.

(2) Net stable funding ratio

The net stable funding ratio supervision index is introduced to ensure that commercial banks have sufficient and stable funding to meet the requirements of various assets and off-balance sheet risk exposures for stable funding. According to the Measures for the Information Disclosure of Liquidity Coverage Ratio of Commercial Banks, which was implemented on 1 July 2018, the net stable funding ratio shall be no less than 100%.

As of 30 June 2020, available and stable funds and required stable funds of the Group amounted to RMB308,164 million and RMB298,655 million, which meet the regulatory requirement with the net stable funding ratio standing at 103.18%.

4.6 Capital Management

With an aim to satisfy the regulatory requirements on capital management and continuously enhance its capital risk resistance and capital return, the Group had reasonably set its capital adequacy objective and promoted business development with measures such as performance appraisal and capital configuration so as to realize synergic development among overall strategies, business development and capital management strategies.

In order to facilitate the Group's sustainable development, transformation of growth modes, coordination of its capital operations and capital preservation, and to further enhance capital preservation awareness among operating institutions, in recent years, the Group has paid attention to the capital consumption and earnings of various institutions in performance appraisal, and further improved its risk adjustment methods and performance appraisal plan, and provided guidance to branches and management to focus on capital preservation operations and high capital yield operations. At the same time, capital budget management has been implemented, through introducing capital distribution and establishing a balancing mechanism between sound capital occupancy and risk assets, to ensure continuous compliance with capital adequacy.

The Group calculates its capital adequacy ratio in accordance with the Administrative Measures for the Capital of Commercial Banks (for Trial)《商業銀行資本管理辦法(試行)》 issued by the CBIRC and other relevant regulatory rules, pursuant to which, credit risk-weighted assets are measured with the method of weighting, the market risk-weighted assets are measured with standard measuring, and the operational risk-weighted assets are measured with basic indication measuring. During the Reporting Period, the Group was in strict compliance with CBIRC's requirements for minimum capital, capital reserve and counter-cyclicality capital during the transition period.

Management Discussions and Analysis

The following table sets forth information about net capital and capital adequacy ratio of the Group and the Bank calculated according to the Administrative Measures for the Capital of Commercial Banks (for Trial)《商業銀行資本管理辦法(試行)》 for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	The Group	The Bank	The Group	The Bank
Net capital:				
Core Tier I Capital, net	34,370,909	31,798,766	32,521,479	30,040,201
Tier I Capital, net	39,379,998	36,706,658	37,526,419	34,947,956
Net capital	51,789,429	48,641,746	49,674,469	46,672,770
Capital adequacy ratio:				
Core Tier I Capital adequacy ratio (Expressed in percentage)	8.52	8.36	8.51	8.28
Tier I Capital adequacy ratio (Expressed in percentage)	9.76	9.65	9.82	9.64
Capital adequacy ratio (Expressed in percentage)	12.84	12.78	13.00	12.87

Management Discussions and Analysis

The following table sets forth the Group's capital structure for the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020	As at 31 December 2019
Core capital:		
Share capital	3,127,055	3,127,055
Counted part of capital surplus	5,408,317	5,406,868
Surplus reserve and general risk reserves	9,258,532	8,543,207
Counted part of retained earnings	16,025,969	14,933,659
Eligible portion of minority interests	748,367	717,249
Core Tier I Capital deductibles items:		
Full deductibles items	(197,331)	(206,559)
Threshold deduction items	–	–
Core Tier I Capital, net	34,370,909	32,521,479
Other Tier I Capital, net	5,009,089	5,004,940
Tier II Capital, net	12,409,431	12,148,050
Net capital	51,789,429	49,674,469
On-balance sheet risk-weighted assets	372,883,548	350,151,257
Off-balance sheet risk-weighted assets	8,615,618	10,847,749
Risk-weighted assets for exposure to counterparty credit risk	–	439
Total credit risk-weighted assets	381,499,166	360,999,445
Total market risk-weighted assets	1,343,339	588,309
Total operational risk-weighted assets	20,551,480	20,551,480
Total risk-weighted assets before applying capital base	403,393,985	382,139,234
Total risk-weighted assets after applying capital base	403,393,985	382,139,234
Core Tier I Capital adequacy ratio (Expressed in percentage)	8.52	8.51
Tier I Capital adequacy ratio (Expressed in percentage)	9.76	9.82
Capital adequacy ratio (Expressed in percentage)	12.84	13.00

As of 30 June 2020, the Group's capital adequacy ratio was 12.84%, representing a decrease of 0.16 percentage point as compared to the end of the previous year. Tier I Capital adequacy ratio was 9.76%, representing a decrease of 0.06 percentage point as compared to the end of the previous year. Core Tier I Capital adequacy ratio was 8.52%, representing an increase of 0.01 percentage point as compared to the end of the previous year. The change in capital adequacy ratio was mainly due to: (1) the accumulation of endogenous capital has increased. In the first half of 2020, the total capital increased by RMB2,115 million, of which the core tier I capital increased by RMB1,849 million or 5.7%; (2) a decline in capital adequacy ratio to certain extent as a result of sound development of various operations and growth of various risk-weighted assets.

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In accordance with the Supervisory Requirements on Information Disclosure of Commercial Banks' Capital Composition (《關於商業銀行資本構成信息披露的監管要求》) issued by the CBIRC, the Group has disclosed its capital composition, relevant items and capital tools, details of which are available at "Investors Relation – Capital Regulation" ("投資者關係 – 監管資本") on the official website of the Bank (www.cqcbank.com).

4.7 Environment and Outlook

In the first half of 2020, due to the unprecedented impact on the global economy by the sudden COVID-19 outbreak as well as increasing economic and trade frictions between some countries, external uncertainties continued to rise. Under the increasingly severe and complicated external situation, China further showed its advantages and resilience in economy. Under the strong leadership of the Central Committee of the CPC, and in light of concerted efforts across the whole China, China has achieved remarkable success in the unified epidemic prevention and control and its economic and social development. In the first half of 2020, China's gross domestic product (GDP) declined slightly by 1.6% year-on-year, of which the GDP of the second quarter increased by 3.2% year-on-year, representing a rebound of 10 percentage points over the first quarter, which was significantly better than expected. In the medium and long term, the fundamentals for sound and stable economic growth, long-term economic stability and high-quality development remain unchanged.

In terms of macroeconomic policy, the Meeting of the Political Bureau of the CPC Central Committee stressed that the fiscal policy should be more proactive and effective, and the monetary policy should be more flexible, appropriate and targeted, and will maintain reasonable growth in money supply and social financing to promote a significant reduction in comprehensive financing costs. The proactive fiscal policy and prudent monetary policy will provide a sound external environment for the development of the banking industry. Meantime, various measures to promote the reduction of comprehensive financing costs will also impose new requirements for the development of the banking industry.

In terms of regional economy, as China's largest municipality, the most developed metropolitan area in Western China and the largest central port city in the upper reaches of the Yangtze River, Chongqing enjoyed great location advantages. At the beginning of the year, the Central Committee for Financial and Economic Affairs made a major decision to promote the construction of an economic circle covering the western cities of Chengdu and Chongqing, opening a new chapter for the cooperative development of Chengdu and Chongqing. At the same time, the long-term development of Chongqing will benefit from the successive approval of a number of major projects, including the new landsea corridor in Western China, the pilot zone for innovation and development of the digital economy and the Chongqing-Kunming high-speed railway. Benefiting from the implementation of various regional policies, financial institutions in the region will also obtain new development opportunities.

The Group will take such opportunities to fully align its regional development strategies, especially to support the construction of an economic circle covering the western cities of Chengdu and Chongqing, and deeply participate in cooperation between Chengdu and Chongqing. We will continue to improve our financial services and business coverage, and make every effort to implement the national strategy to capture opportunities from our own high-quality development.

Change in Share Capital and Shareholders

5.1 Changes in the Ordinary Shares

5.1.1 General situation of the Ordinary Shares

At of 30 June 2020, the Bank had a total of 3,127,054,805 Ordinary Shares, comprising 1,548,033,993 Domestic Shares and 1,579,020,812 H Shares.

	As at 31 December 2019		Changes during the Reporting Period			As at 30 June 2020	
	Number	Percentage (%)	Issue of new shares	Others	Sub-total	Number	Percentage (%)
1. Shareholding of Domestic Shares legal persons	1,488,207,305	47.59	-	-780,411	-780,411	1,487,426,894	47.56
Of which: Shareholding of state-owned legal persons	1,024,466,664	32.76	-	-	-	1,024,466,664	32.76
Shareholding of private legal persons	463,740,641	14.83	-	-780,411	-780,411	462,960,230	14.80
2. Shareholding of Domestic Shares natural persons	56,548,385	1.81	-	987,854	987,854	57,536,239	1.84
Of which: Shareholding of employee natural persons	35,210,499	1.13	-	-	-	35,210,499	1.13
Shareholding of natural persons other than employees	21,337,886	0.68	-	987,854	987,854	22,325,740	0.71
3. Shareholding of shareholders for Domestic Shares without affirmed ownership (1)	3,278,303	0.10	-	-207,443	-207,443	3,070,860	0.10
4. H Shares	1,579,020,812	50.50	-	-	-	1,579,020,812	50.50
Total	3,127,054,805	100.00	-	-	-	3,127,054,805	100.00

Notes:

(1) Shareholding of shareholders for Domestic Shares without affirmed ownership refers to Domestic Shares held by shareholders whose identity could not be confirmed due to reasons such as inability to be contacted or inability to provide information for ownership affirmation.

Change in Share Capital and Shareholders

5.1.2 Particulars of Shareholdings of the Top Ten Shareholders of Domestic Shares of the Bank

At of 30 June 2020, Particulars of Shareholdings of the Top Ten Shareholders of Domestic Shares of the Bank are set out below:

Name of shareholder	Nature of shareholder	Total number of shares held	Shareholding percentage (%)
Chongqing Yufu Assets Management Group Co., Ltd. ⁽¹⁾	State-owned	407,929,748	13.05
Chongqing Road & Bridge Co., Ltd. ⁽²⁾	Private	171,339,698	5.48
Chongqing Land Group	State-owned	139,838,675	4.47
Chongqing Water Conservancy Investment Group Co., Ltd. ⁽³⁾	State-owned	139,838,675	4.47
Lifan Industry (Group) Co., Ltd.	Private	129,564,932	4.14
Peking University Founder Group Co., Ltd.	State-owned	94,506,878	3.02
Chongqing South Group Limited	Private	68,602,362	2.19
Chongqing Development and Real Estate Management Company Limited ⁽⁴⁾	State-owned	37,456,522	1.20
Chongqing Expressway Co., Ltd.	State-owned	29,942,325	0.96
Minsheng Industrial (Group) Co., Ltd.	State-owned	24,191,310	0.77
Total		1,243,211,125	39.75

Note:

- (1) Yufu directly held 407,929,748 Domestic Shares and held 54,250,000 H Shares through its subsidiary Chongqing Yufu (HongKong) Limited. Southwest Securities Company, Ltd. and Chongqing Hotel Co., Ltd. in aggregate held 5,486,112 Domestic Shares and acted in concert with Yufu. Yufu, together with persons acting in concert with it, held an aggregate of 467,665,860 Shares, representing 14.96% of the Bank's total share capital.
- (2) Chongqing Road & Bridge Co., Ltd. directly held 171,339,698 Domestic Shares, and Chongqing International Trust Co., Ltd., acting in concert with Chongqing Road & Bridge Co., Ltd., held 195,102 Domestic Shares. Chongqing Road & Bridge Co., Ltd., together with persons acting in concert with it, held an aggregate of 171,534,800 Domestic Shares, representing 5.49% of the Bank's total share capital.
- (3) Chongqing Water Conservancy Investment Group Co., Ltd. directly held 139,838,675 Domestic Shares, and Chongqing Water Asset Management Co., Ltd., acting in concert with Chongqing Water Conservancy Investment Group Co., Ltd., held 10,068,631 Domestic Shares. Chongqing Water Conservancy Investment Group Co., Ltd., together with persons acting in concert with it, held an aggregate of 149,907,306 overseas listed shares of the Bank, representing 4.79% of the Bank's total share capital.
- (4) Chongqing Transport and Travel Investment Group Limited was renamed as Chongqing Development and Real Estate Management Co., Ltd. on 30 April 2020.

Change in Share Capital and Shareholders

5.1.3 Particulars of Pledged Domestic Shares of the Bank

At of 30 June 2020, Particulars of Pledged Domestic Shares of the Bank are set out below:

Name of shareholder	Total number of shares held	Shareholding percentage	Number of shares pledged ⁽¹⁾	Percentage of number of shares pledged to total shares held (%)
Lifan Industry (Group) Co., Ltd.	129,564,932	4.14	129,564,932	100.00
Chongqing South Group Limited	68,602,362	2.19	68,600,000	99.99
Chongqing Hubang Industry (Group) Co., Ltd.	4,052,290	0.13	4,052,290	100.00
Chongqing Jingtong Industry (Group) Co., Ltd.	2,926,552	0.09	2,926,552	100.00
Haikou Xinyuan Industrial Development Co., Ltd.	2,281,734	0.07	2,281,734	100.00
Chongqing Rongjie Property Management Co., Ltd.	1,655,158	0.05	1,655,158	100.00
Hainan Venture Capital Management Co., Ltd.	1,488,054	0.05	1,488,054	100.00
Zhang Jialun	595,064	0.02	595,064	100.00
Total	211,166,146	6.74	211,163,784	–

Note:

(1) As of 30 June 2020, the total number of pledged Domestic Shares amounted to 211,163,784, of which 129,564,932 were under judicial freeze, representing 4.14% of the Bank's total share capital.

5.1.4 Interests and Short Positions of Substantial Shareholders and Other Persons

As of 30 June 2020, the interests of substantial shareholders (as defined under the SFO), other than Directors and Supervisors of the Bank, in H Shares and the underlying Shares of the Bank as recorded in the register required to be kept under Section 336 of the SFO and to the best knowledge of the Bank were as follows:

Unit: share

Name of shareholder	Capacity	Number of H Shares held	Percentage of the total number of H Shares of the Bank (%)	Percentage of the total share capital of the Bank (%)
Dah Sing Bank, Limited ⁽¹⁾	Beneficial owner	458,574,853 (long position)	29.04	14.66
Dah Sing Banking Group Limited ⁽¹⁾	Interest of a controlled corporation	458,574,853 (long position)	29.04	14.66
Dah Sing Financial Holdings Limited ⁽¹⁾	Interest of a controlled corporation	458,574,853 (long position)	29.04	14.66

Change in Share Capital and Shareholders

Name of shareholder	Capacity	Number of H Shares held	Percentage of the total Shares of the Bank (%)	Percentage of the total of the Bank share capital (%)
HSBC International Trustee Limited ⁽⁵⁾	Interest of a trustee	458,574,853 (long position)	29.04	14.66
David Shou-Yeh WONG ⁽¹⁾	Settlor of a discretionary trust/ interest of the beneficiary of a trust	458,574,853 (long position)	29.04	14.66
Christine Yen WONG ⁽¹⁾	Interest of spouse	458,574,853 (long position)	29.04	14.66
Harold Tsu-Hing WONG ⁽¹⁾	Deemed interest	458,574,853 (long position)	29.04	14.66
SAIC Motor HK Investment Limited ⁽²⁾	Beneficial owner	240,463,650 (long position)	15.23	7.69
SAIC Motor Corporation Limited ⁽²⁾	Interest of a controlled corporation	240,463,650 (long position)	15.23	7.69
Lifan International (Holdings) Limited ⁽³⁾	Beneficial owner	165,254,000 (long position)	10.47	5.28
		122,500,000 (short position)	7.75	3.91
Chongqing Lifan Industry (Group) Import and Export Co., Ltd. ⁽³⁾	Interest of a controlled corporation	165,254,000 (long position)	10.47	5.28
		122,500,000 (short position)	7.75	3.91
Lifan Industry (Group) Co., Ltd. ⁽³⁾	Interest of a controlled corporation	165,254,000 (long position)	10.47	5.28
		122,500,000 (short position)	7.75	3.91
Chongqing Lifan Holdings Co., Ltd. ⁽³⁾	Interest of a controlled corporation	165,254,000 (long position)	10.47	5.28
		122,500,000 (short position)	7.75	3.91
Chongqing Huiyang Holdings Co., Ltd. ⁽³⁾	Interest of a controlled corporation	165,254,000 (long position)	10.47	5.28
		122,500,000 (short position)	7.75	3.91
YIN Mingshan ⁽³⁾	Interest of a controlled corporation	165,254,000 (long position)	10.47	5.28
		122,500,000 (short position)	7.75	3.91

Change in Share Capital and Shareholders

Name of shareholder	Capacity	Number of H Shares held	Percentage of the total number of H Shares of the Bank (%)	Percentage of the total share capital of the Bank (%)
CHEN Qiaofeng ⁽³⁾	Interest of spouse	165,254,000 (long position)	10.47	5.28
		122,500,000 (short position)	7.75	3.91
Funde Sino Life Insurance Co., Ltd. ⁽⁴⁾	Beneficial owner	150,000,000 (long position)	9.50	4.80
	Interest of a controlled corporation	67,570,150 (long position)	4.28	2.16
Chongqing Beiheng Investment & Development Limited	Beneficial owner	84,823,500 (long position)	5.37	2.71
Fund Resources Investment Holding Group Company Limited ⁽⁴⁾	Beneficial owner	67,570,150 (long position)	4.28	2.16

Change in Share Capital and Shareholders

Notes:

- (1) *Dah Sing Bank, Limited held 458,574,853 H Shares of the Bank. Dah Sing Bank, Limited is wholly owned by Dah Sing Banking Group Limited, which is in turn owned as to approximately 74.37% by Dah Sing Financial Holdings Limited. Mr. David Shou-Yeh WONG is the beneficial owner of approximately 42.96% of the issued share capital of Dah Sing Financial Holdings Limited and Ms. Christine Yen WONG is the spouse of Mr. David Shou-Yeh WONG. For the purpose of the SFO, Dah Sing Banking Group Limited, Dah Sing Financial Holdings Limited, Mr. David Shou-Yeh WONG, Ms. Christine Yen WONG and Mr. Harold Tsu-Hing WONG are deemed to be interested in the Shares of the Bank held by Dah Sing Bank, Limited.*
- (2) *SAIC Motor HK Investment Limited held 240,463,650 H Shares of the Bank. SAIC Motor HK Investment Limited is wholly owned by SAIC Motor Corporation Limited. For the purpose of the SFO, SAIC Motor Corporation Limited is deemed to be interested in the Shares of the Bank held by SAIC Motor HK Investment Limited.*
- (3) *As confirmed by Chongqing Lifan Industry (Group) Import and Export Co., Ltd., Lifan Industry (Group) Co., Ltd., Chongqing Lifan Holdings Co., Ltd., Chongqing Huiyang Holdings Co., Ltd., Mr. YIN Mingshan and Ms. CHEN Qiaofeng, as at 30 June 2020, Lifan International (Holdings) Limited held 165,254,000 H Shares of the Bank. Lifan International (Holdings) Limited is wholly owned by Chongqing Lifan Industry (Group) Import and Export Co., Ltd. which is wholly owned by Lifan Industry (Group) Co., Ltd. Lifan Industry (Group) Co., Ltd. is owned as to 49.40% by Chongqing Lifan Holdings Co., Ltd., which is in turn owned as to 76% by Chongqing Huiyang Holdings Co., Ltd. Mr. YIN Mingshan is the beneficial owner of approximately 51% of the interests of Chongqing Huiyang Holdings Co., Ltd. and Ms. CHEN Qiaofeng is the spouse of Mr. YIN Mingshan. For the purpose of the SFO, Chongqing Lifan Industry (Group) Import and Export Co., Ltd., Lifan Industry (Group) Co., Ltd., Chongqing Lifan Holdings Co., Ltd., Chongqing Huiyang Holdings Co., Ltd., Mr. YIN Mingshan and Ms. CHEN Qiaofeng are deemed to be interested in the Shares of the Bank held by Lifan International (Holdings) Limited.*
- (4) *Funde Sino Life Insurance Co., Ltd. held 150,000,000 H Shares of the Bank and Fund Resources Investment Holding Group Company Limited held 67,570,150 H Shares of the Bank. Fund Resources Investment Holding Group Company Limited is wholly owned by Funde Sino Life Insurance Co., Ltd. For the purpose of the SFO, Funde Sino Life Insurance Co., Ltd. is deemed to be interested in the Shares of the Bank held by Fund Resources Investment Holding Group Company Limited.*
- (5) *HSBC International Trustee Limited, the trustee of a discretionary trust established for the benefit of the family members of Mr. David Shou-Yeh Wong (the grantor), held 39.49% interests in Dah Sing Financial Holdings Limited indirectly. For the purpose of the SFO, HSBC International Trustee Limited is deemed to be interested in the Shares of the Bank held by Dah Sing Bank, Limited (see note (1) above).*

5.1.5 Holders of Ordinary Shares Holding over 5% of the Total Share Capital

At the end of the Reporting Period, Chongqing Yufu Assets Management Group Co., Ltd., Dah Sing Bank, Limited, Lifan Industry (Group) Co., Ltd., SAIC Motor Corporation Limited, Funde Sino Life Insurance Co., Ltd. and Chongqing Road & Bridge Co., Ltd. held 462,179,748 Shares, 458,574,853 Shares, 294,818,932 Shares, 240,463,650 Shares, 217,570,150 Shares and 171,339,698 Shares of the Bank respectively, representing 14.78%, 14.66%, 9.43%, 7.69%, 6.96% and 5.48% of the Bank's total share capital respectively, and are substantial shareholders (as defined under the SFO). Except for the aforesaid shareholders, there were no other legal person shareholders holding 5% or more of total share capital of the Bank, nor were there any other employees or natural persons (other than employees) holding 5% or more of Shares of the Bank.

At the end of the Reporting Period, save for the information disclosed, there were no other substantial shareholders (as defined under the Listing Rules) holding 10% or more of the Shares.

Change in Share Capital and Shareholders

5.2 Preference Shares

5.2.1 Issuance and Listing of Preference Shares in the Last Three Years

With the approval by the Chongqing Bureau of CBRC (Yu Yin Jian Fu [2017] No.78) and the approval by CSRC (Zheng Jian Xu Ke [2017] No. 2242), the Bank issued non-cumulative perpetual offshore preference shares on 20 December 2017 (see table below for details). The Offshore Preference Shares issued were listed on the Hong Kong Stock Exchange on 21 December 2017.

The Offshore Preference Shares will have a par value of RMB100 each and will be issued as fully paid-up capital in U.S. dollars so that the total issuance price of the Offshore Preference Shares will be U.S.\$20 each. The Offshore Preference Shares will be issued in registered form and issued and transferable only in

minimum amounts of U.S.\$200,000 (or 10,000 Offshore Preference Shares) and integral multiples of U.S.\$1,000 (or 50 Offshore Preference Shares) in excess thereof. The preference shares shall have no less than 6 qualified places and are offered to professional investors and not retail investors.

According to the Renminbi central parity rate as published by the China Foreign Exchange Trade System on 20 December 2017, the total proceeds from the issuance of the Offshore Preference Shares was approximately RMB4.95 billion. After deduction of the expense relating to the issuance, subject to applicable laws and regulations and the approvals by the relevant regulatory authorities such as the CBRC and the CSRC, the proceeds from the issuance of the Offshore Preference Shares was used to replenish the Company's additional tier I capital.

Type of Offshore Preference Shares	Stock code	Dividend rate	Total amount of issuance	Proceeds per share	Number of shares issued
U.S. dollar preference shares	4616	5.4%	U.S.\$750,000,000	U.S.\$20	37,500,000 shares

5.2.2 Number of Holders and Shareholding of the Preference Shares

As at the end of the Reporting Period, the total number of preference shareholders (or proxies) of the Bank was one.

Unit: share

Name of Shareholder of Preference Shares	Nature of shareholder	Increase or decrease during the Reporting Period	Number of shares held at the end of Period	Number of shares Shareholding pledged or frozen
The Bank of New York Depository (Nominees) Limited	Offshore legal person	–	37,500,000	100.00% Unknown

Notes:

- (1) All shares held by the above shareholder are unconditional shares of the Bank.
- (2) The shareholding of preferred shareholders is based on the information contained in the register of preferred shareholders of the Bank.

Change in Share Capital and Shareholders

- (3) *As the issuance is a non-public offer, the information contained in the register of preferred shareholders refers to the proxies of allocated persons.*
- (4) *The Bank is not aware that there are any relationships or concerted actions among the above preferred shareholders and ordinary shareholders.*
- (5) *Shareholding means the proportion of offshore preference shares held by preferred shareholders to the total number of offshore preference shares.*

5.2.3 Dividend Distribution of Preference Shares

As at the end of the Reporting Period, the Offshore Preference Shares issued by the Bank had not reached the dividend payment date during the year and there was no distribution of dividend for the Offshore Preference Shares during the year.

5.2.4 Redemption or Conversion of Preference Shares

During the Reporting Period, there was no redemption or conversion of preference shares issued by the Bank.

5.2.5 Restoration of Voting Rights of Preference Shares

During the Reporting Period, there was no restoration of voting rights of preference shares issued by the Bank.

5.2.6 Accounting Policy Adopted for Preference Shares and its Reasons

Pursuant to the requirements of International Financial Reporting Standard 9 – Financial Instruments and International Accounting Standard 32 – Financial Instruments: Presentation formulated by the International Accounting Standards Board, the terms of the preference shares issued by the Bank and outstanding conform to the accounting requirements for equity instruments, and are accounted for as equity instruments.

5.3 Purchase, Sale and Redemption of Listed Securities of the Bank

During the Reporting Period, neither the Bank nor its subsidiary had purchased, sold or redeemed any listed securities of the Bank.

Directors, Supervisors and Senior Management

6.1 Directors, Supervisors and Senior Management of the Bank

As at the end of the Reporting Period, the compositions of the Board, Board of Supervisors and senior management of the Bank are as follows:

The Board of the Bank comprised a total of fifteen directors, including four executive directors, namely Ms. LIN Jun (Chairman), Mr. RAN Hailing, Mr. LIU Jianhua and Mr. WONG Wah Sing; six non-executive directors, namely Mr. WONG Hon Hing (Vice Chairman), Mr. DENG Yong, Mr. YANG Yusong, Mr. TANG Xiaodong, Mr. WU Heng and Ms. LIU Ying; and five independent non-executive directors, namely Dr. LIU Xing, Mr. WANG Rong, Dr. ZOU Hong, Dr. FUNG Don Hau and Mr. YUAN Xiaobin.

The Board of Supervisors of the Bank comprised a total of nine supervisors, including four employee supervisors, namely Mr. YANG Xiaotao (chairman of the Board of Supervisors), Mr. HUANG Changsheng, Mr. YIN Jun and Mr. WU Ping; two shareholder supervisors, namely Mr. ZENG Xiangming and Mr. QI Jun; and three external supervisors, namely Mr. CHEN Zhong, Mr. PENG Daihui and Mr. HOU Guoyue.

The senior management of the Bank comprised a total of eight members, namely Mr. RAN Hailing (President), Mr. SUI Jun, Mr. LIU Jianhua, Ms. YANG Shiyin, Mr. ZHOU Guohua, Ms. PENG Yanxi, Mr. HUANG Ning and Mr. WONG Wah Sing.

As at 30 June 2020, the interests of the Directors, the Supervisors and the chief executives of the Bank and their associates in the Shares, underlying Shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules are as follows:

Name	Capacity	Number of shares held	Percentage of the total share capital of the Bank (%)
RAN Hailing	Beneficial owner	45,374	0.00145
LIU Jianhua	Beneficial owner	167,975	0.00537
YANG Yusong	Beneficial owner	1,033	0.00003
HUANG Changsheng	Beneficial owner	123,451	0.00395
	Interest of spouse	60,647	0.00194
WU Ping	Beneficial owner	65,625	0.00210

Save as disclosed above, none of the Directors, the Supervisors or the chief executives of the Bank or their associates held any interests or short positions in any Shares, underlying Shares and debentures of the Bank or its associated corporations as at 30 June 2020.

Directors, Supervisors and Senior Management

6.2 Changes in Directors, Supervisors and Senior Management

On 6 March 2020, the Bank received the Approval of the Qualification of LIU Ying, LIU Xing and WANG Rong (Yu Yin Bao Jian Fu [2020] No. 23) from the Chongqing CBIRC, approving the qualification of Ms. LIU Ying for serving as a non-executive Director of the Bank, and Dr. LIU Xing and Mr. WANG Rong for serving as independent non-executive Directors of the Bank. The term of office of Ms. LIU Ying as a non-executive Director of the Bank, and each of Dr. LIU Xing and Mr. WANG Rong as an independent non-executive Director of the Bank became effective from the date of such approval (being 3 March 2020), and shall end upon the expiry of the Sixth Session of the Board. With the effectiveness of the directorship of Dr. LIU Xing and Mr. WANG Rong, each of Mr. LI He and Mr. WANG Pengguo ceased to perform his duties as an independent non-executive Director of the Bank from 3 March 2020.

On 2 April 2020, the Bank received the Approval of the Qualification of ZOU Hong (Yu Yin Bao Jian Fu [2020] No. 32) and the Approval of the Qualification of FUNG Don Hau (Yu Yin Bao Jian Fu [2020] No. 31) from the Chongqing CBIRC, approving the qualification of Dr. ZOU Hong and Dr. FUNG Don Hau for serving as independent non-executive Directors of the Bank. The term of office of each of Dr. ZOU Hong and Dr. FUNG Don Hau as an independent non-executive Director of the Bank commenced from the date of such approval (being 30 March 2020), and shall end upon the expiry of the Sixth Session of the Board. With the effectiveness of the directorship of Dr. ZOU Hong and Dr. FUNG Don Hau from 30 March 2020, Mr. KONG Xiangbin ceased to perform his duties as an independent non-executive Director of the Bank.

On 11 May 2020, the Bank received the Approval of the Qualification of YUAN Xiaobin (Yu Yin Bao Jian Fu [2020] No.63) from the Chongqing CBIRC, approving the qualification of Mr. YUAN Xiaobin for serving as an independent non-executive Director of the Bank. The term of office of Mr. YUAN Xiaobin as an independent non-executive Director of the Bank commenced from the date of such approval (being 9 May 2020), and will end upon the expiry of the Sixth Session of the Board. With the effectiveness of the directorship of Mr. YUAN Xiaobin from 9 May 2020, Dr. JIN Jingyu ceased to perform his duties as an independent non-executive Director of the Bank.

During the Reporting Period, the Bank was not fully in compliance with Rule 3.10A of the Listing Rules, which stipulates that the number of the independent non-executive directors shall represent at least one-third of the board of directors. With the directorship of Dr. ZOU Hong and Dr. FUNG Don Hau becoming effective on 30 March 2020, the number of independent non-executive Directors of the Bank accounts for one-third of the Board. Therefore, the Bank complies with Rule 3.10A of the Listing Rules since 30 March 2020. Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

6.3 Securities Transactions by Directors and Supervisors

In respect of securities transactions by directors, supervisors and senior management, the Bank has adopted the Administrative Measures on the Holding and Change of Holding of Shares by Directors, Supervisors and Senior Management of Bank of Chongqing Co., Ltd. (the "Administrative Measures") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to all directors and supervisors of the Bank, all directors and supervisors of the Bank have confirmed that they have complied with such code of conduct and the Administrative Measures during the six months ended 30 June 2020.

Significant Events

7.1 Corporate Governance Code

During the Reporting Period, the Bank is dedicated to improving the transparency of its corporate governance to protect the interest of shareholders and enhance corporate value and commitment.

In order to maintain a high standard of corporate governance, the Bank has established a relatively comprehensive corporate governance structure in accordance with the requirements of the Listing Rules, and has established a dedicated, professional and accountable Board, Board of Supervisors, and experienced senior management. The members of the Board and Board of Supervisors of the Bank, except for employee supervisors, are all elected by shareholders at the shareholders' general meeting.

Unless otherwise disclosed in the section headed "6.2 Changes in Directors, Supervisors and Senior Management", during the Reporting Period, the Bank had fully complied with the code provisions set out in the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules, and, where appropriate, adopted the recommended best practices therein. The Bank also strictly abided by the applicable laws, regulations and Listing Rules in respect of the management of inside information.

The Bank is committed to maintaining high standard in corporate governance, and will continue to enhance its corporate governance to ensure compliance with the Corporate Governance Code and meet expectations of the shareholders and potential investors.

7.2 Profits and Dividends

The Bank's revenue for the six months ended 30 June 2020 and the Bank's financial position as at the same date are set out in the section headed "Interim Condensed Consolidated Financial Statements" of this report.

A final dividend of RMB0.236 per share (tax inclusive) for the year ended 31 December 2019 ("2019 Final Dividend"), amounting to a total of RMB737,984,933.98 (tax inclusive), was distributed by the Bank to all shareholders of the Bank upon consideration and approval at the 2019 annual general meeting held on 13 May 2020. The 2019 Final Dividend was distributed to holders of H Shares and domestic shares on 29 May 2020.

The Group will not distribute any interim dividend for 2020 or convert any capital reserve into share capital.

7.3 Related Party Transactions

No material related party transaction that has a material adverse impact on the Bank's operating results and financial position occurred during the Reporting Period.

7.4 Material Litigation and Arbitration

As at 30 June 2020, the Group had 69 outstanding legal claims of RMB313 million in total (31 December 2019: 39 outstanding legal claims of RMB276 million in total). After consulting legal professionals, management of the Group believes that at the current stage these legal proceedings and arbitrations will not have a material impact on the financial position or operation results of the Group.

Significant Events

7.5 Punishment on the Bank and its Directors, Supervisors and Senior Management

During the Reporting Period, none of the Bank, the Directors, the Supervisors or the senior management of the Bank was subject to any investigation, administrative penalty or public criticism by China Securities Regulatory Commission or any public censure by any securities exchange, or any punishment by any other regulatory authorities which would have a material impact on the Bank's operations.

7.6 Performance of Undertakings by the Bank or its Shareholders Holding over 5% of the Shares

During the Reporting Period, the Bank or its shareholders holding over 5% of the total issued shares of the Bank were not involved in any undertaking.

7.7 Material Contracts and their Performance

During the Reporting Period, the Bank was not involved in any material contract or performance thereof.

7.8 Major Asset Purchases, Sales and Mergers

During the Reporting Period, the Bank did not conduct any major asset purchases, sales or mergers.

7.9 Review of the Interim Financial Statements

The interim financial statements for 2020 prepared by the Bank in accordance with the IFRSs have been reviewed by PricewaterhouseCoopers in accordance with the International Standard on Review Engagements.

The Board and the audit committee of the Board of the Bank have reviewed and approved this interim report.

7.10 Publication of Interim Report

This interim report is prepared in both English and Chinese versions. In the event of any discrepancies in interpretation between the English version and the Chinese version, the Chinese version shall prevail.

7.11 Others

According to paragraph 40 of Appendix 16 Disclosure of Financial Information of the Listing Rules, save as disclosed herein, the Bank confirms that the current company information in relation to those matters set out in paragraph 32 of Appendix 16 has not changed materially from the information disclosed in the Bank's 2019 annual report.

Report on Review of Interim Financial Information

English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

TO THE BOARD OF DIRECTORS OF BANK OF CHONGQING CO., LTD.

(incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 78 to 169, which comprises the interim condensed consolidated statement of financial position of Bank of Chongqing Co., Ltd. (the “Bank”) and its subsidiary (together, the “Group”) as at 30 June 2020 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Bank are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28 August 2020

Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statement of Comprehensive Income

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

	Note	For the six months ended 30 June	
		2020 (Unaudited)	2019 (Unaudited)
Interest income		12,040,377	10,533,980
Interest expense		(6,866,929)	(6,484,723)
Net interest income	4	5,173,448	4,049,257
Fee and commission income		726,957	660,866
Fee and commission expense		(42,046)	(53,541)
Net fee and commission income	5	684,911	607,325
Net trading gains	6	45,989	104,134
Net gains on investment securities	7	593,054	665,811
Other operating income	8	13,910	47,005
Operating income		6,511,312	5,473,532
Operating expenses	9	(1,242,510)	(1,171,262)
Asset impairment losses	11	(1,990,161)	(1,153,489)
Operating profit		3,278,641	3,148,781
Share of profit of associates	20	29,839	44,902
Profit before income tax		3,308,480	3,193,683
Income tax	12	(688,312)	(704,761)
Net profit for the period		2,620,168	2,488,922
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net gains on debt investments at fair value through other comprehensive income		3,818	524,367
Less: Relevant income tax effect		(954)	(131,092)
Subtotal		2,864	393,275
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of retirement (losses)/benefits		(2,380)	474
Less: Relevant income tax effect		595	(119)
Subtotal		(1,785)	355
Total other comprehensive income, net of tax	37	1,079	393,630
Total comprehensive income for the period		2,621,247	2,882,552

Interim Condensed Consolidated Statement of Comprehensive Income (Continued)

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

	Note	For the six months ended 30 June	
		2020 (Unaudited)	2019 (Unaudited)
Net profit attributable to:			
Shareholders of the Bank		2,545,620	2,421,889
Non-controlling interests		74,548	67,033
		2,620,168	2,488,922
Net comprehensive income attributable to:			
Shareholders of the Bank		2,546,699	2,815,519
Non-controlling interests		74,548	67,033
		2,621,247	2,882,552
Earnings per share attributable to the shareholders of the Bank (expressed in RMB per share)			
Basic and diluted	13	0.81	0.77

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Financial Position

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

	Note	30 June 2020 (Unaudited)	31 December 2019 (Audited)
ASSETS			
Cash and balances with central bank	14	33,433,777	32,033,098
Due from and placements with banks and other financial institutions	15	58,992,343	61,276,742
Financial assets at fair value through profit or loss ("FVPL")	16	29,126,312	26,977,016
Loans and advances to customers	18	255,231,236	238,626,834
Investment securities	19		
– Fair value through other comprehensive income ("FVOCI")		39,721,122	36,094,078
– Amortised cost		105,360,708	96,407,351
Investment in associates	20	1,831,412	1,801,573
Property, plant and equipment	21	3,094,001	3,070,011
Deferred tax assets	27	2,905,104	2,479,531
Other assets	22	2,525,700	2,465,630
Total assets		532,221,715	501,231,864
LIABILITIES			
Due to and placements from banks and other financial institutions	23	75,167,618	70,149,225
Financial liabilities at fair value through profit or loss	17	7,761	3,602
Customer deposits	24	302,850,600	281,048,911
Current tax liabilities		604,165	503,815
Debt securities issued	25	107,744,773	105,386,006
Other liabilities	26	5,377,797	5,526,636
Total liabilities		491,752,714	462,618,195
EQUITY			
Share capital	29	3,127,055	3,127,055
Preference shares	30	4,909,307	4,909,307
Capital surplus	31	4,680,638	4,680,638
Other reserves	32	10,015,174	9,298,770
Retained earnings		16,025,969	14,933,659
Equity attributable to shareholders of the Bank		38,758,143	36,949,429
Non-controlling interests		1,710,858	1,664,240
Total equity		40,469,001	38,613,669
Total liabilities and equity		532,221,715	501,231,864

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Chairman
Lin Jun

President
Ran Hailing

Vice President
Yang Shiyin

Head of Finance Department
Yang Kun

Interim Condensed Consolidated Statement of Changes In Equity

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

	Equity attributable to shareholders of the Bank									
	Share capital Note 29	Preference shares Note 30	Capital surplus Note 31	Surplus reserve Note 32	General reserve Note 32	Revaluation reserve for FVOCI Note 32	Remeasurement of retirement benefits Note 32	Retained earnings	Non-controlling interests	Total
Balance at 31 December 2019	3,127,055	4,909,307	4,680,638	3,026,522	5,516,685	760,808	(5,245)	14,933,659	1,664,240	38,613,669
Net profit for the period	-	-	-	-	-	-	-	2,545,620	74,548	2,620,168
Other comprehensive income (Note 37)	-	-	-	-	-	2,864	(1,785)	-	-	1,079
Total comprehensive income	-	-	-	-	-	2,864	(1,785)	2,545,620	74,548	2,621,247
Dividends (Note 33)	-	-	-	-	-	-	-	(737,985)	(27,930)	(765,915)
Transfer to other reserves	-	-	-	-	715,325	-	-	(715,325)	-	-
Balance at 30 June 2020 (Unaudited)	3,127,055	4,909,307	4,680,638	3,026,522	6,232,010	763,672	(7,030)	16,025,969	1,710,858	40,469,001
Balance at 31 December 2018	3,127,055	4,909,307	4,680,638	2,616,566	5,400,150	276,973	(4,497)	12,044,820	1,560,561	34,611,573
Net profit for the period	-	-	-	-	-	-	-	2,421,889	67,033	2,488,922
Other comprehensive income (Note 37)	-	-	-	-	-	393,275	355	-	-	393,630
Total comprehensive income	-	-	-	-	-	393,275	355	2,421,889	67,033	2,882,552
Dividends (Note 33)	-	-	-	-	-	-	-	(481,566)	(10,290)	(491,856)
Transfer to other reserves	-	-	-	-	76,790	-	-	(76,790)	-	-
Balance at 30 June 2019 (Unaudited)	3,127,055	4,909,307	4,680,638	2,616,566	5,476,940	670,248	(4,142)	13,908,353	1,617,304	37,002,269

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statements of Cash Flows

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

	For the six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Cash flows from operating activities:		
Profit before income tax	3,308,480	3,193,683
Adjustments:		
Depreciation and amortisation	149,003	135,229
Impairment losses on loans	2,145,312	836,752
(Reversal of)/provision for impairment losses on other assets	(155,151)	316,737
Net gains on disposal of property, plant and equipment and foreclosed assets	(3,759)	(15,779)
Losses/(gains) on changes in fair value	219,666	(83,062)
Net gains arising from financial investments	(763,028)	(627,747)
Share of profit of associates	(29,839)	(44,902)
Interest income arising from investment securities	(3,837,577)	(3,127,490)
Interest expense arising from financing activities	1,629,591	1,828,525
Net increase in operating assets:		
Net (increase)/decrease in restricted deposit balances with central bank	(857,476)	848,609
Net decrease in due from and placements with banks and other financial institutions	3,480,810	1,670,028
Net (increase)/decrease in financial assets held under resale agreements	(581,729)	10,126,156
Net increase in loans and advances to customers	(19,207,931)	(16,573,283)
Net increase in other operating assets	(804,954)	(546,274)
Net increase in operating liabilities:		
Net (decrease)/increase in borrowings from central bank	(3,091,138)	6,576,714
Net increase/(decrease) in due to and placements from banks and other financial institutions	1,950,866	(13,246,984)
Net increase/(decrease) in financial assets sold under repurchase agreements	6,158,665	(1,891,280)
Net increase in customer deposits	21,801,689	15,733,232
Net increase in other operating liabilities	229,246	274,098
Income tax paid	(1,014,489)	(1,046,022)
Net cash inflows from operating activities	10,726,257	4,336,940

Interim Condensed Consolidated Statements of Cash Flows (Continued)

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

	For the six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Cash flows from investing activities:		
Dividends received	–	1,200
Proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets	11,595	36,045
Purchase of property, plant and equipment, intangible assets and other long-term assets	(127,224)	(148,419)
Proceeds from sale and redemption of investments	31,507,309	32,750,615
Purchase of investment securities	(40,872,118)	(35,704,910)
Net cash outflows from investing activities	(9,480,438)	(3,065,469)
Cash flows from financing activities:		
Proceeds from issuance of debt securities and inter-bank certificates of deposit	60,776,578	45,760,394
Cash paid to redeem debt securities and inter-bank certificates of deposit issued	(59,560,000)	(45,910,000)
Cash paid for lease liabilities	(16,035)	(24,200)
Interest paid in relation to financing activities	(485,500)	(490,890)
Dividends paid to shareholders	(750,667)	(32,866)
Net cash outflows from financing activities	(35,624)	(697,562)
Impact from exchange rate changes on cash and cash equivalents	40,713	(8,422)
Net increase in cash and cash equivalents	1,250,908	565,487
Cash and cash equivalents at the beginning of the period	9,958,679	14,267,072
Cash and cash equivalents at the end of the period (Note 38)	11,209,587	14,832,559

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

1 GENERAL INFORMATION

Bank of Chongqing Co., Ltd. (“the Bank”) was formerly known as Chongqing Urban Cooperative Bank (重慶城市合作銀行), which was established by consolidating 37 urban credit cooperatives and 1 urban credit union in Chongqing with the approval of Yin Fu [1996] No. 140 by the People’s Bank of China (“PBOC”). On 30 March 1998, the Bank was renamed as “Commercial Bank of Chongqing Co., Ltd.”(重慶市商業銀行股份有限公司) with the approval of Yu Yin Fu [1998] No. 48 by the PBOC Chongqing Branch. On 1 August 2007, the Bank was further renamed as “Bank of Chongqing Co., Ltd.”(重慶銀行股份有限公司) with the approval of Yin Jian Fu [2007] No. 325 by the China Banking Regulatory Commission (“CBRC”). On 6 November 2013, the Bank was listed on the Stock Exchange of Hong Kong Limited.

Headquartered in Chongqing, the Bank operates in Chongqing, Sichuan Province, Guizhou Province and Shaanxi Province in the People’s Republic of China (“PRC”).

As at 30 June 2020, the Bank operated its business through 143 sub-branches including a business department at its headquarter, a small enterprise credit centre, and 4 primary branches covering all 38 districts and counties of Chongqing as well as three provinces in western China, namely Sichuan province, Shaanxi province and Guizhou province.

The principal activities of the Bank and its subsidiary (together, the “Group”) include deposit taking, loan lending, settlement services, financial leasing and other services approved by the respective regulators.

This condensed consolidated interim financial information was authorised for issuance by the Bank’s Board of Directors on 28 August 2020.

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The principal accounting policies adopted in the preparation of the condensed consolidated financial interim information are set out below. These policies have been consistently applied to relevant periods presented unless otherwise stated.

(a) Basis of presentation

The condensed consolidated interim financial information of the Group has been prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with the audited financial statements for the year ended 31 December 2019.

The Group adopted the going concern basis in preparing its condensed consolidated interim financial statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies

Except as described below, the Group's accounting policies applied in preparing this condensed consolidated interim financial information are consistent with those policies applied in preparing the financial statements for the year ended 31 December 2019.

Standards and amendments effective since 1 January 2020 adopted by the Group

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Revised Conceptual Framework for Financial Reporting	Conceptual Framework for Financial Reporting
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IFRS 16	COVID-19-related Rent Concessions

The adoption of the new IFRSs and amendments to IFRSs above did not have a material impact on the Group's operating results, financial position or other comprehensive income.

Standards and amendments that are issued but not yet effective and have not been adopted by the Group

		Effective for annual period beginning on or after
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.
Amendments to IFRS 3	Reference to the <i>Conceptual Framework</i>	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	1 January 2022

The adoption of the above new standards and amendments issued but not yet effective is not expected to have a material effect on the Group's operating results, financial position or other comprehensive income.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(c) Major accounting estimates and judgements adopted in the implementation of accounting policies

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2019. Please refer to the financial statements for the year ended 31 December 2019 for details.

3 SUBSIDIARY

As at 30 June 2020, details of the Bank's subsidiary are set out below:

Name of entity	Date of incorporation	Place of incorporation	Paid-in capital	Proportion of equity interest	Proportion of voting rights	Principal activities
Chongqing Xinyu Financial Leasing Co., Ltd.	23 March 2017	Chongqing, the PRC	3,000,000	51%	51%	Financial leasing

	Assets	Liabilities	Revenue	Net profit
Chongqing Xinyu Financial Leasing Co., Ltd.	21,998,317	18,506,771	418,554	152,139

The subsidiary is a company limited by share.

4 NET INTEREST INCOME

	For the six months ended 30 June	
	2020	2019
Interest income		
Balances with central bank	226,719	227,750
Due from and placements with banks and other financial institutions	443,625	606,094
Loans and advances to customers	7,532,456	6,572,646
Investment securities	3,837,577	3,127,490
	12,040,377	10,533,980
Interest expense		
Due to and placements from banks and other financial institutions	(911,016)	(877,166)
Customer deposits	(4,326,322)	(3,779,032)
Debt securities issued	(1,627,689)	(1,826,411)
Other liabilities	(1,902)	(2,114)
	(6,866,929)	(6,484,723)
Net interest income	5,173,448	4,049,257

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

5 NET FEE AND COMMISSION INCOME

	For the six months ended 30 June	
	2020	2019
Fee and commission income		
Wealth management agency services	406,940	296,506
Bank card services	175,484	168,247
Custodian services	53,553	80,816
Guarantees and credit commitments	50,437	57,551
Settlement and agency services	33,968	36,859
Financial advisory and consulting services	6,575	20,887
	726,957	660,866
Fee and commission expense		
Settlement and agency services	(33,334)	(31,892)
Bank card services	(6,136)	(15,055)
Others	(2,576)	(6,594)
	(42,046)	(53,541)
Net fee and commission income	684,911	607,325

6 NET TRADING GAINS

	For the six months ended 30 June	
	2020	2019
Foreign exchange gains	88,878	21,072
Bond and fund investments	40,442	98,907
Equity investments	(81,375)	(15,823)
Derivatives	(1,956)	(22)
	45,989	104,134

Net trading gains mainly include net gains/(losses) on foreign exchange, and gains and losses arising from buying and selling of, interest income on and changes in the fair value of financial assets held for trading.

Net gains/(losses) on foreign exchange mainly include gains or losses from the trading of spot contracts and translation of foreign currency monetary assets and liabilities into RMB.

The gains on foreign exchange arising from foreign currency monetary assets and liabilities were RMB85,223 thousand for the six months ended 30 June 2020 (for the six months ended 30 June 2019: RMB12,600 thousand of gains on foreign exchange).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

7 NET GAINS ON INVESTMENT SECURITIES

	For the six months ended 30 June	
	2020	2019
Net gains arising from financial assets at FVPL	593,054	665,811

8 OTHER OPERATING INCOME

	For the six months ended 30 June	
	2020	2019
Government grants ^(a)	784	25,481
Gains on sale of property, plant and equipment	3,885	9,952
Gains on sale of held-for-sale assets	–	5,866
Rental income ^(b)	6,307	1,310
Dividend income from unlisted FVOCI investments	–	1,200
Compensation on breach of contract	593	961
Income from dormant accounts	7	1
Other miscellaneous income ^(c)	2,334	2,234
	13,910	47,005

(a) The government grants mainly include tax return incentive, enterprise development support bonus, bonus of incremental agricultural loans, and other government grants.

(b) The rental income of the Group is generated from leasing its self-owned buildings, motor vehicles and machinery equipment.

(c) Other miscellaneous income mainly comprised cashier surplus, penalty and confiscatory income and incomes from writing off other payables that cannot be settled.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

9 OPERATING EXPENSES

	Note	For the six months ended 30 June	
		2020	2019
Staff costs	10	755,289	707,515
General and administrative expenses		214,043	218,371
Depreciation of property, plant and equipment	21	84,055	87,939
Tax and surcharges		74,865	72,306
Operating lease expenses		4,695	2,886
Professional fees		30,190	27,548
Amortisation of intangible assets	22(b)	34,859	20,522
Amortisation of long-term prepaid expenses		4,647	4,987
Depreciation of right-of-use assets/Amortisation of land use rights	22(e)	25,406	21,723
Donations		12,800	7,280
Depreciation of investment properties	22(d)	36	58
Others		1,625	127
		1,242,510	1,171,262

10 STAFF COSTS

	Note	For the six months ended 30 June	
		2020	2019
Salaries and bonuses		567,662	498,282
Pension expenses	28	63,941	81,912
Housing benefits and subsidies		48,015	41,725
Labour union and staff education funds		11,800	11,133
Other social security and benefit costs		63,871	74,463
		755,289	707,515

11 ASSET IMPAIRMENT LOSSES

	Note	For the six months ended 30 June	
		2020	2019
Loans and advances to customers carried at amortised cost	18(b)	2,145,807	768,664
Loans and advances to customers at FVOCI	18(b)	(495)	68,088
Investment securities – amortised cost	19	(90,887)	180,906
Investment securities – FVOCI	19	1,350	(2,188)
Loan commitments and financial guarantee contracts		(161,524)	98,566
Due from and placements with banks and other financial institutions		93,024	25,024
Others		2,886	14,429
		1,990,161	1,153,489

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

12 INCOME TAX EXPENSE

	Note	For the six months ended 30 June	
		2020	2019
Current income tax		1,114,839	979,492
Deferred income tax	27	(426,527)	(274,731)
		688,312	704,761

Current income tax is calculated at the statutory rate of 25% based on taxable income of estimated assessable profit of the Group for the respective year/period as stipulated in PRC tax laws.

The difference between the actual income tax charge in the profit and loss and the amounts which would result from applying the enacted tax rate 25% (for the six months ended 30 June 2019: 25%) to profit before income tax can be reconciled as follows:

	For the six months ended 30 June	
	2020	2019
Profit before income tax	3,308,480	3,193,683
Tax calculated at a tax rate of 25%	827,120	798,421
Tax effect arising from non-taxable income ^(a)	(93,578)	(98,979)
Tax effect of expenses that are not deductible for tax purposes ^(b)	46,968	26,713
Income tax adjustment for prior years	(92,198)	(21,394)
Income tax expense	688,312	704,761

(a) The Group's non-taxable income mainly represents interest income arising from treasury bonds and local government bonds, which is non-taxable in accordance with the PRC tax laws.

(b) The Group's expenses that are not tax deductible for tax purposes mainly represent asset impairment losses that do not meet the pre-tax deduction conditions, as well as the part of certain expenditures, such as entertainment expenses, etc., which exceed the tax deduction limits pursuant to PRC Laws.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

13 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders of the Bank by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2020	2019
Net profit attributable to shareholders of the Bank	2,545,620	2,421,889
Less: Net profit attributable to other equity holders of the Bank	–	–
Net profit attributable to ordinary shareholders of the Bank	2,545,620	2,421,889
Weighted average number of ordinary shares issued (in thousands)	3,127,055	3,127,055
Basic and diluted earnings per share (expressed in RMB yuan)	0.81	0.77

The Bank issued non-cumulative preference shares on 20 December 2017 under the terms and conditions as detailed in Note 30. When calculating the basic earnings per share of the ordinary shares, the preference share dividends declared for the current period shall be deducted from the net profit attributable to the ordinary shareholders. For the six months ended 30 June 2020, no preference share dividends were declared by the Bank. The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur before 30 June 2020 and therefore the conversion feature of preference shares had no effect on the calculation of basic and diluted earnings per share as at 30 June 2020 (for the six months ended 30 June 2019: same).

14 CASH AND BALANCES WITH CENTRAL BANK

	30 June 2020	31 December 2019
Cash	623,196	653,292
Mandatory reserve deposits	26,865,292	25,850,540
Surplus reserve deposits with central bank	5,912,184	5,338,885
Fiscal deposits	20,672	176,544
Total	33,421,344	32,019,261
Interest receivable on balances with central bank	12,433	13,837
	33,433,777	32,033,098

The Group is required to place mandatory reserve deposits with central bank. The deposits are calculated based on the amount of customer deposits placed with the Group by its customers.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

14 CASH AND BALANCES WITH CENTRAL BANK (Continued)

As at the end of the reporting period, the mandatory reserve deposits rates of the Group were set out below:

	30 June 2020	31 December 2019
Mandatory reserve rate for deposits denominated in RMB	9.0%	9.5%
Mandatory reserve rate for deposits denominated in foreign currencies	5.0%	5.0%

Mandatory reserve deposits with central bank are not available for use by the Group in its day to day operations. Deposits with central bank other than mandatory reserve maintained are mainly for liquidity purpose.

15 DUE FROM AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2020	31 December 2019
Due from banks and other financial institutions	4,134,856	5,392,398
Bills purchased under resale agreements	21,252,575	32,980,526
Securities purchased under resale agreements	29,748,078	17,446,400
Placements with banks and other financial institutions	3,904,071	5,399,724
Total	59,039,580	61,219,048
Interest receivable on amounts due from banks and other financial institutions	77,241	89,148
Less: Losses on expected credit impairment ("ECL allowance")	(124,478)	(31,454)
	58,992,343	61,276,742

As at 30 June 2020, the gross principal balance of the Group's Stage 3 due from and placements with banks and other financial institutions was RMB225,008 thousand, and was accrued ECL allowance by RMB115,549 thousand. The rest were all in Stage 1. As at 31 December 2019, the gross principal balance of the Group's Stage 3 due from and placements with banks and other financial institutions was RMB25,972 thousand, which was fully accrued ECL allowance. The rest were all in Stage 1.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020	31 December 2019
Financial Assets at FVPL		
– Listed outside Hong Kong	364,133	492,618
– Unlisted	28,758,172	26,483,965
	29,122,305	26,976,583
Derivative financial instruments (Note 17)	4,007	433
	29,126,312	26,977,016

Unlisted financial assets measured at FVPL are set out below:

	30 June 2020	31 December 2019
Unlisted financial assets at FVPL		
– Trust investments ^(a)	5,169,412	5,219,379
– Directional asset management plans ^(b)	10,375,969	10,360,368
– Wealth management products purchased from financial institutions	7,505,948	9,618,383
– Fund investments	4,110,559	–
– Commercial banks bonds	882,670	683,689
– Government bonds	607,230	602,146
– Equity investment at fair value	106,384	–
	28,758,172	26,483,965

The Group's unlisted commercial bank bonds and government bonds at FVPL are traded in the inter-bank bond market in Mainland China.

As at 30 June 2020, there were no financial assets at FVPL of the Group pledged to third parties under repurchase agreements (31 December 2019: nil).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Non-derivative financial assets at fair value through profit or loss by the issuer are set out below:

	30 June 2020	31 December 2019
Financial assets at FVPL		
– Commercial banks	8,388,618	6,748,327
– Securities companies	10,375,969	10,360,368
– Fund companies	4,110,559	–
– Trust companies	5,169,412	5,219,379
– Corporations	27,329	74,439
– Governments	607,230	602,146
– Policy banks	–	3,553,745
– Equity investment	443,188	418,179
	29,122,305	26,976,583

(a) Trust investment

	30 June 2020	31 December 2019
Trust investments purchased from trust companies		
– Guaranteed by third-party company	5,164,417	5,214,393
– Unsecured	4,995	4,986
	5,169,412	5,219,379

(b) Directional asset management plans

	30 June 2020	31 December 2019
Directional asset management plans purchased from securities companies		
– Guaranteed by third-party company	10,375,969	10,375,969

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

17 DERIVATIVE FINANCIAL INSTRUMENTS

30 June 2020	Nominal amount	Fair value	
		Assets	Liabilities
Swap contracts	23,499,934	4,007	(7,761)

31 December 2019	Nominal amount	Fair value	
		Assets	Liabilities
Swap contracts	3,189,653	433	(3,602)

As at 30 June 2020 and 31 December 2019, all financial liabilities at FVPL were generated from derivative financial instruments.

18 LOANS AND ADVANCES TO CUSTOMERS

	30 June 2020	31 December 2019
Loans and advances to customers		
– Amortised cost:	247,218,295	231,560,073
– FVOCI	16,201,939	14,271,520
Total	263,420,234	245,831,593
Interest receivable on loans and advances to customers	1,668,687	1,517,145
Less: ECL allowance	(9,857,685)	(8,721,904)
	255,231,236	238,626,834

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(a) Loans and advances to customers analysis

	30 June 2020	31 December 2019
Loans and advances to corporate entities – amortised cost		
– Corporate loans	154,927,766	140,780,210
Loans and advances to corporate entities – FVOCI		
– Discounted bills	16,201,939	14,271,520
Subtotal	171,129,705	155,051,730
Loans and advances to individuals – amortised cost		
– Individual consumption loans	35,708,048	41,172,219
– Mortgage loans	30,636,060	26,757,377
– Individual business loans	18,259,941	16,192,657
– Credit card advances	7,686,480	6,657,610
Subtotal	92,290,529	90,779,863
Total	263,420,234	245,831,593
Interest receivable on loans and advances to customers	1,668,687	1,517,145
Gross amount of loans and advances to customers	265,088,921	247,348,738
Less: ECL allowance	(9,857,685)	(8,721,904)
Carrying amount of loans and advances to customers	255,231,236	238,626,834

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Movements on ECL allowance

(1) Movements on impairment allowance for loans and advances to customers at amortised cost

Loans and advances to corporate entities	Stage 1	Stage 2	Stage 3	Total
	12M ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2019	1,662,368	3,707,187	1,681,872	7,051,427
New financial assets originated or purchased	639,572	–	–	639,572
Remeasurement	(460,905)	802,601	878,828	1,220,524
Repayments	(251,090)	(179,603)	(190,812)	(621,505)
Write-off	–	–	(680,692)	(680,692)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(85,523)	85,523	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(7,254)	–	7,254	–
<i>Transfer from Stage 2 to Stage 1</i>	336,414	(336,414)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(1,170,574)	1,170,574	–
<i>Transfer from Stage 3 to Stage 2</i>	–	44,358	(44,358)	–
Recoveries of loans and advances written-off in previous years	–	–	92,303	92,303
Unwind impact of discount	–	–	(123,716)	(123,716)
As at 30 June 2020	1,833,582	2,953,078	2,791,253	7,577,913

Retail loans	Stage 1	Stage 2	Stage 3	Total
	12M ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2019	752,811	357,178	560,488	1,670,477
New financial assets originated or purchased	390,236	–	–	390,236
Remeasurement	380,107	357,793	324,215	1,062,115
Repayments	(301,393)	(148,966)	(94,776)	(545,135)
Write-off	–	–	(270,874)	(270,874)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(28,942)	28,942	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(10,206)	–	10,206	–
<i>Transfer from Stage 2 to Stage 1</i>	11,368	(11,368)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(121,194)	121,194	–
<i>Transfer from Stage 3 to Stage 2</i>	–	3,133	(3,133)	–
<i>Transfer from Stage 3 to Stage 1</i>	2,406	–	(2,406)	–
Recoveries of loans and advances written-off in previous years	–	–	34,735	34,735
Unwind impact of discount	–	–	(61,782)	(61,782)
As at 30 June 2020	1,196,387	465,518	617,867	2,279,772

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Movements on ECL allowance (Continued)

(1) Movements on impairment allowance for loans and advances to customers at amortised cost (Continued)

Loans and advances to corporate entities	Stage 1	Stage 2	Stage 3	Total
	12M ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2018	2,093,609	1,901,480	1,356,750	5,351,839
New financial assets originated or purchased	884,973	–	–	884,973
Remeasurement	(226,939)	2,298,039	930,151	3,001,251
Repayments	(781,996)	(367,474)	(280,151)	(1,429,621)
Write-off	–	–	(825,608)	(825,608)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(360,978)	360,978	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(20,307)	–	20,307	–
<i>Transfer from Stage 2 to Stage 1</i>	74,006	(74,006)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(411,830)	411,830	–
Recoveries of loans and advances written-off in previous years	–	–	146,317	146,317
Unwind impact of discount	–	–	(77,724)	(77,724)
As at 31 December 2019	1,662,368	3,707,187	1,681,872	7,051,427
Retail loans				
	Stage 1	Stage 2	Stage 3	Total
	12M ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2018	310,372	303,429	541,917	1,155,718
New financial assets originated or purchased	543,862	–	–	543,862
Remeasurement	47,578	295,034	432,885	775,497
Repayments	(118,084)	(170,613)	(181,485)	(470,182)
Write-off	–	–	(422,846)	(422,846)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(15,358)	15,358	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(34,637)	–	34,637	–
<i>Transfer from Stage 2 to Stage 1</i>	14,930	(14,930)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(74,269)	74,269	–
<i>Transfer from Stage 3 to Stage 2</i>	–	3,169	(3,169)	–
<i>Transfer from Stage 3 to Stage 1</i>	4,148	–	(4,148)	–
Recoveries of loans and advances written-off in previous years	–	–	101,592	101,592
Unwind impact of discount	–	–	(13,164)	(13,164)
As at 31 December 2019	752,811	357,178	560,488	1,670,477

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Movements on ECL allowance (Continued)

(2) *Movements on impairment allowance for loans and advances to customers at FVOCI*

Discounted bills	Stage 1		Stage 2	Stage 3	Total
	12M ECL	Lifetime ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2019	39,111		1	–	39,112
New financial assets originated or purchased	33,034		–	–	33,034
Remeasurement	(9,658)		(3)	–	(9,661)
Repayment	(23,867)		(1)	–	(23,868)
Transfers:					
<i>Transfer from Stage 1 to Stage 2</i>	(18)		18	–	–
As at 30 June 2020	38,602		15	–	38,617

Discounted bills	Stage 1		Stage 2	Stage 3	Total
	12M ECL	Lifetime ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2018	71,549		–	–	71,549
Provision for impairment	39,112		–	–	39,112
Reversal of impairment allowances	(71,549)		–	–	(71,549)
Transfers:					
<i>Transfer from Stage 1 to Stage 2</i>	(1)		1	–	–
As at 31 December 2019	39,111		1	–	39,112

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(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements on gross amount (excluding interest receivable) of loans and advances to customers

(1) *Movements on gross amount (excluding interest receivable) of loans and advances to customers at amortised cost*

Loans and advances to corporate entities	Stage 1	Stage 2	Stage 3	Total
	12M ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2019	118,943,528	19,589,885	2,246,797	140,780,210
New financial assets originated or purchased	39,944,051	–	–	39,944,051
Proceeds received	(22,863,020)	(1,723,708)	(475,625)	(25,062,353)
Financial assets derecognised other than write-offs	–	–	(53,450)	(53,450)
Write-off	–	–	(680,692)	(680,692)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	<i>(6,155,516)</i>	<i>6,155,516</i>	<i>–</i>	<i>–</i>
<i>Transfer from Stage 1 to Stage 3</i>	<i>(434,287)</i>	<i>–</i>	<i>434,287</i>	<i>–</i>
<i>Transfer from Stage 2 to Stage 1</i>	<i>2,698,782</i>	<i>(2,698,782)</i>	<i>–</i>	<i>–</i>
<i>Transfer from Stage 2 to Stage 3</i>	<i>–</i>	<i>(3,708,516)</i>	<i>3,708,516</i>	<i>–</i>
<i>Transfer from Stage 3 to Stage 2</i>	<i>–</i>	<i>49,490</i>	<i>(49,490)</i>	<i>–</i>
As at 30 June 2020	132,133,538	17,663,885	5,130,343	154,927,766
Retail loans	Stage 1	Stage 2	Stage 3	Total
	12M ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2019	88,560,210	1,325,409	894,244	90,779,863
New financial assets originated or purchased	31,470,073	–	–	31,470,073
Proceeds received	(28,967,490)	(577,415)	(143,628)	(29,688,533)
Write-off	–	–	(270,874)	(270,874)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	<i>(1,380,535)</i>	<i>1,380,535</i>	<i>–</i>	<i>–</i>
<i>Transfer from Stage 1 to Stage 3</i>	<i>(286,559)</i>	<i>–</i>	<i>286,559</i>	<i>–</i>
<i>Transfer from Stage 2 to Stage 1</i>	<i>106,187</i>	<i>(106,187)</i>	<i>–</i>	<i>–</i>
<i>Transfer from Stage 2 to Stage 3</i>	<i>–</i>	<i>(312,708)</i>	<i>312,708</i>	<i>–</i>
<i>Transfer from Stage 3 to Stage 2</i>	<i>–</i>	<i>10,015</i>	<i>(10,015)</i>	<i>–</i>
<i>Transfer from Stage 3 to Stage 1</i>	<i>8,059</i>	<i>–</i>	<i>(8,059)</i>	<i>–</i>
As at 30 June 2020	89,509,945	1,719,649	1,060,935	92,290,529

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements on gross amount (excluding interest receivable) of loans and advances to customers (Continued)

(1) *Movements on gross amount (excluding interest receivable) of loans and advances to customers at amortised cost (Continued)*

Loans and advances to corporate entities	Stage 1	Stage 2	Stage 3	Total
	12M ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2018	115,912,202	10,994,279	2,026,277	128,932,758
New financial assets originated or purchased	59,321,620	–	–	59,321,620
Proceeds received	(42,364,406)	(3,627,312)	(369,209)	(46,360,927)
Financial assets derecognised other than write-offs	–	–	(287,633)	(287,633)
Write-off	–	–	(825,608)	(825,608)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(14,457,031)	14,457,031	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(495,522)	–	495,522	–
<i>Transfer from Stage 2 to Stage 1</i>	1,026,665	(1,026,665)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(1,207,448)	1,207,448	–
As at 31 December 2019	118,943,528	19,589,885	2,246,797	140,780,210
Retail loans				
	Stage 1	Stage 2	Stage 3	Total
	12M ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2018	66,694,768	1,225,257	854,887	68,774,912
New financial assets originated or purchased	59,311,974	–	–	59,311,974
Proceeds received	(35,694,192)	(914,928)	(275,057)	(36,884,177)
Write-off	–	–	(422,846)	(422,846)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(1,324,158)	1,324,158	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(521,817)	–	521,817	–
<i>Transfer from Stage 2 to Stage 1</i>	81,310	(81,310)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(236,972)	236,972	–
<i>Transfer from Stage 3 to Stage 2</i>	–	9,204	(9,204)	–
<i>Transfer from Stage 3 to Stage 1</i>	12,325	–	(12,325)	–
As at 31 December 2019	88,560,210	1,325,409	894,244	90,779,863

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements on gross amount (excluding interest receivable) of loans and advances to customers (Continued)

(2) *Movements on impairment allowance for loans and advances to customers at FVOCI*

Discounted bills	Stage 1	Stage 2	Stage 3	Total
	12M ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2019	14,270,608	912	–	14,271,520
New financial assets originated or purchased	12,909,057	–	–	12,909,057
Proceeds received	(11,185,425)	(912)	–	(11,186,337)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	<i>(6,635)</i>	<i>6,635</i>	<i>–</i>	<i>–</i>
Changes in fair value	207,641	58	–	207,699
As at 30 June 2020	16,195,246	6,693	–	16,201,939

Discounted bills	Stage 1	Stage 2	Stage 3	Total
	12M ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2018	13,501,381	–	–	13,501,381
New financial assets originated or purchased	14,063,758	–	–	14,063,758
Proceeds received	(13,501,381)	–	–	(13,501,381)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	<i>(910)</i>	<i>910</i>	<i>–</i>	<i>–</i>
Changes in fair value	207,760	2	–	207,762
As at 31 December 2019	14,270,608	912	–	14,271,520

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) The composition of loans and advances to customers by industry or nature is analysed set out below

	30 June 2020		31 December 2019	
	Amount	%	Amount	%
Corporate loans – amortised cost				
Water conservation, environment and public facility administration	35,319,881	20.64	35,925,100	23.17
Leasing and commercial services	28,108,156	16.42	21,696,220	13.99
Manufacturing	21,913,751	12.81	19,654,168	12.68
Construction	17,925,930	10.47	15,919,277	10.27
Real estate	14,841,449	8.67	13,712,652	8.84
Wholesale and retail	13,288,277	7.77	13,425,889	8.66
Electricity, heat, gas and water production and supply	6,578,819	3.83	5,094,776	3.29
Transportation, storage and postal service	4,046,536	2.36	3,762,158	2.43
Agriculture, forestry, animal husbandry and fishery	2,483,796	1.45	2,397,875	1.55
Health and social welfare	1,963,878	1.15	1,784,982	1.15
Mining	1,876,934	1.10	1,931,622	1.25
Scientific research and technology services	1,626,006	0.95	1,317,998	0.85
Accommodation and catering	1,328,655	0.78	1,170,175	0.75
Information transmission, software and information technology services	897,188	0.52	700,468	0.45
Financing	883,590	0.52	765,156	0.49
Culture, sports and entertainment	781,760	0.46	447,429	0.29
Education	779,415	0.46	749,455	0.48
Household services, repairing and other services	283,745	0.17	324,810	0.21
Corporate loans – FVOCI				
Discounted bills	16,201,939	9.47	14,271,520	9.20
Total corporate loans	171,129,705	100.00	155,051,730	100.00
Retail loans – amortised cost				
Personal consumption loans	35,708,048	38.68	41,172,219	45.35
Mortgage loans	30,636,060	33.20	26,757,377	29.48
Personal business loans	18,259,941	19.79	16,192,657	17.84
Credit card advances	7,686,480	8.33	6,657,610	7.33
Total retail loans	92,290,529	100.00	90,779,863	100.00
Interest receivable on loans and advances to customers	1,668,687		1,517,145	
Gross amount of loans and advances to customers	265,088,921		247,348,738	

The economic sector risk concentration analysis for loans and advances to customers is based on the type of industry of the borrowers.

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For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(e) Analysis of loans and advances to customers (gross) by type of collateral

	30 June 2020	31 December 2019
Collateralised loans	82,601,102	76,819,536
Guaranteed loans	118,688,909	114,310,120
Pledged loans	24,748,845	22,796,136
Unsecured loans	37,381,378	31,905,801
Interest receivable on loans and advances to customers	1,668,687	1,517,145
Total	265,088,921	247,348,738

(f) Credit quality of loans and advances to customers

	30 June 2020				
	Overdue within 90 days (inclusive)	Overdue for 90 days - 1 year (inclusive)	Overdue for 1-3 years (inclusive)	Overdue for more than 3 years	Total
Unsecured loans	370,146	336,497	56,183	17,666	780,492
Guaranteed loans	2,375,548	333,990	529,973	8,769	3,248,280
Collateralised loans	1,839,856	605,745	862,809	158,743	3,467,153
Pledged loans	301,937	148,454	4,803	331	455,525
Total	4,887,487	1,424,686	1,453,768	185,509	7,951,450
	31 December 2019				
	Overdue within 90 days (inclusive)	Overdue for 90 days - 1 year (inclusive)	Overdue for 1-3 years (inclusive)	Overdue for more than 3 years	Total
Unsecured loans	295,492	238,181	54,101	15,683	603,457
Guaranteed loans	1,856,803	377,940	325,922	6,564	2,567,229
Collateralised loans	1,774,694	588,066	841,124	101,783	3,305,667
Pledged loans	126,556	–	149,367	–	275,923
Total	4,053,545	1,204,187	1,370,514	124,030	6,752,276

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

19 INVESTMENT SECURITIES

	30 June 2020	31 December 2019
Investment securities – FVOCI		
Debt securities – measured at fair value		
– Listed outside Hong Kong	5,757,587	6,189,898
– Listed in Hong Kong	5,171,346	3,948,840
– Unlisted	27,532,137	24,804,608
Total	38,461,070	34,943,346
Interest receivable on investment securities at FVOCI	983,038	873,718
	39,444,108	35,817,064
Equity securities – measured at fair value		
– Unlisted	277,000	277,000
Others	14	14
	39,721,122	36,094,078

Unlisted investment securities measured at FVOCI are set out below:

	30 June 2020	31 December 2019
Debt securities – measured at fair value(unlisted)		
– Corporations	25,272,141	22,611,823
– Policy banks	1,146,571	1,082,057
– Commercial banks	915,271	915,810
– Governments	198,154	194,918
	27,532,137	24,804,608
Equity securities- measured at fair value(unlisted)		
– Equity investments	277,000	277,000
	27,809,137	25,081,608

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

19 INVESTMENT SECURITIES (Continued)

	30 June 2020	31 December 2019
Investment securities – amortised cost		
Debt securities – measured at amortised cost		
– Listed outside Hong Kong	11,633,577	11,790,198
– Unlisted	92,641,795	84,069,275
Total	104,275,372	95,859,473
Interest receivable on debt securities at amortised cost	2,396,753	1,950,182
Less: ECL allowance	(1,311,417)	(1,402,304)
	105,360,708	96,407,351

Unlisted financial assets measured at amortised cost are set out below:

	30 June 2020	31 December 2019
Debt securities – measured at amortised cost (unlisted)		
– Trust investments ^(a)	13,075,458	15,909,408
– Directional asset management plans ^(b)	44,878,000	40,819,000
– Bonds	24,964,337	18,716,867
– Debt financing plans	9,724,000	8,624,000
	92,641,795	84,069,275

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

19 INVESTMENT SECURITIES (Continued)

Movement of impairment allowance for investment securities are summarised set out below:

	Investment securities –				Total
	FVOCI	Investment securities – amortised cost			
	Stage 1 12M ECL	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 31 December 2019	104,299	853,589	262,547	286,168	1,506,603
New financial assets originated or purchased	12,626	178,030	–	–	190,656
Remeasurement	(6,996)	(134,776)	3,528	(8,957)	(147,201)
Repayments	(4,280)	(107,040)	(3,917)	(17,755)	(132,992)
Transfers:					
<i>Transfer from Stage 1 to Stage 2</i>	–	(23,902)	23,902	–	–
<i>Transfer from Stage 2 to Stage 1</i>	–	16,582	(16,582)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	–	(232,350)	232,350	–
As at 30 June 2020	105,649	782,483	37,128	491,806	1,417,066

	Investment securities –				Total
	FVOCI	Investment securities – amortised cost			
	Stage 1 12M ECL	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 31 December 2018	88,492	1,049,184	198,538	226,307	1,562,521
New financial assets originated or purchased	28,499	369,078	–	–	397,577
Remeasurement	6,840	(341,184)	231,739	116,642	14,037
Repayments	(19,532)	(190,270)	(178,938)	(78,792)	(467,532)
Transfers:					
<i>Transfer from Stage 1 to Stage 2</i>	–	(30,808)	30,808	–	–
<i>Transfer from Stage 1 to Stage 3</i>	–	(2,411)	–	2,411	–
<i>Transfer from Stage 2 to Stage 3</i>	–	–	(19,600)	19,600	–
As at 31 December 2019	104,299	853,589	262,547	286,168	1,506,603

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

19 INVESTMENT SECURITIES (Continued)

Movement on gross amount (excluding interest receivable) of investment securities are summarised set out below:

	Investment securities – amortised cost			Total
	Stage 1	Stage 2	Stage 3	
	12M ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2019	93,010,807	2,191,644	657,022	95,859,473
New financial assets originated or purchased	21,290,676	–	–	21,290,676
Proceeds received	(12,523,689)	(350,153)	(935)	(12,874,777)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(1,408,480)	1,408,480	–	–
<i>Transfer from Stage 2 to Stage 1</i>	600,000	(600,000)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(510,221)	510,221	–
As at 30 June 2020	100,969,314	2,139,750	1,166,308	104,275,372

	Investment securities – amortised cost			Total
	Stage 1	Stage 2	Stage 3	
	12M ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2018	81,191,180	602,237	608,209	82,401,626
New financial assets originated or purchased	33,640,316	–	–	33,640,316
Proceeds received	(19,442,447)	(542,237)	(197,785)	(20,182,469)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(2,191,644)	2,191,644	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(186,598)	–	186,598	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(60,000)	60,000	–
As at 31 December 2019	93,010,807	2,191,644	657,022	95,859,473

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

19 INVESTMENT SECURITIES (Continued)

Investment securities are analysed by issuer as follows:

	30 June 2020	31 December 2019
Investment securities – FVOCI		
– Corporations	36,179,812	32,729,590
– Policy banks	1,146,571	1,082,057
– Commercial banks	936,533	936,781
– Governments	198,154	194,918
– Others	14	14
– Equity investments at fair value	277,000	277,000
Total	38,738,084	35,220,360
Interest receivable on investment securities at FVOCI	983,038	873,718
	39,721,122	36,094,078
Investment securities – amortised cost		
– Trust companies	13,075,458	15,909,408
– Governments	34,864,724	28,776,237
– Securities companies	3,083,000	6,281,000
– Assets management companies	41,795,000	34,538,000
– Corporations	9,754,000	8,654,000
– Policy banks	1,583,190	1,580,828
– Commercial banks	120,000	120,000
Total	104,275,372	95,859,473
Interest receivable on investment securities at amortised cost	2,396,753	1,950,182
Less: ECL allowance	(1,311,417)	(1,402,304)
	105,360,708	96,407,351

(a) Trust investments

	30 June 2020	31 December 2019
Trust investments purchased from trust companies		
– Guaranteed by the third-party companies	5,962,400	8,557,942
– Collateralised by properties	4,173,308	4,406,666
– Unsecured	2,939,750	2,944,800
	13,075,458	15,909,408

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

19 INVESTMENT SECURITIES (Continued)

(b) Directional asset management plans

	30 June 2020	31 December 2019
Directional asset management plans purchase from securities companies		
– Unsecured	800,000	4,250,000
– Guaranteed by the third-party companies	1,486,000	3,273,000
– Collateralised by properties	797,000	1,258,000
	3,083,000	8,781,000
Directional asset management plans purchase form assets management companies		
– Unsecured	34,535,000	25,093,000
– Guaranteed by the third-party companies	7,260,000	6,945,000
	41,795,000	32,038,000
Total	44,878,000	40,819,000

20 INVESTMENT IN ASSOCIATES

	30 June 2020	31 December 2019
Balance at the beginning of the period/year	1,801,573	1,638,323
Share of profit of associates	29,839	163,250
Balance at the end of the period/year	1,831,412	1,801,573

On 5 May 2011, the Group invested RMB22,000 thousand in Xingyi Wanfeng Village Bank Co., Ltd. (“Xingyi Wanfeng”) on its corporation, and held 20% of equity interest of RMB110,000 thousand registered capital.

On 15 June 2015, the Group invested RMB54,000 thousand in Mashang Consumer Finance Co., Ltd. (“Mashang Finance”) on its incorporation, and appointed a director. As at 14 August 2016, Mashang Finance increased its registered capital to RMB1,300,000 thousand, and the Group increased the investment to RMB205,270 thousand which accounted for 15.79% of equity interest. On 13 July 2017, Mashang Finance further increased its registered capital to RMB2,210,294 thousand, and the Group increased the investment to RMB338,346 thousand, which accounted for 15.31% of total registered capital. On 9 August 2018, Mashang Finance further increased its registered capital to RMB4 billion, and the Group increased the investment to RMB655,142 thousand, which accounted for 15.53% of equity interest.

Pursuant to the resolution of board meeting of Chongqing Three Gorges Bank Co., Ltd. (“Three Gorges Bank”) on 21 April 2017, the Group appointed a director to board of Three Gorges Bank that day, and therefore, the Group had significant influence on Three Gorges Bank. Three Gorges Bank became an associate of the Group. The investment of the Group amounted to RMB379,024 thousand accounting for 4.97% of equity interest of RMB5,573,975 thousand registered capital.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

21 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Machinery equipment	Construction in progress	Total
Cost							
As at 31 December 2019	2,983,027	57,539	537,585	137,584	–	448,156	4,163,891
Additions	11,648	506	12,833	4,420	60,000	19,865	109,272
Transfer from/(to) construction in progress	8,283	–	–	–	–	(8,283)	–
Transfer from investment properties	–	–	–	–	–	–	–
Disposals	(634)	(9)	(16,782)	(3,362)	–	–	(20,787)
Transfer to investment properties	–	–	–	–	–	–	–
As at 30 June 2020	3,002,324	58,036	533,636	138,642	60,000	459,738	4,252,376
Accumulated depreciation							
As at 31 December 2019	(629,271)	(10,158)	(346,346)	(108,105)	–	–	(1,093,880)
Charge for the period (Note 9)	(48,496)	(2,268)	(27,999)	(5,292)	–	–	(84,055)
Transfer from investment properties	–	–	–	–	–	–	–
Disposals	375	8	16,448	2,729	–	–	19,560
Transfer to investment properties	–	–	–	–	–	–	–
As at 30 June 2020	(677,392)	(12,418)	(357,897)	(110,668)	–	–	(1,158,375)
Net book value							
As at 30 June 2020	2,324,932	45,618	175,739	27,974	60,000	459,738	3,094,001

As at 30 June 2020, the cost of motor vehicles and machinery equipment leased out by the Group under operating lease arrangements was RMB108,663 thousand (31 December 2019: RMB48,663 thousand). The depreciation charged for the reporting period amounted to RMB2,129 thousand (for the six months ended 30 June 2019: RMB221 thousand). There were no clauses regarding to residual value guarantee under the lease contracts signed by the Group as a lessor.

As at 30 June 2020, the net value of the buildings whose registration procedures have not been completed was RMB171,704 thousand (31 December 2019: RMB161,854 thousand). The registration process has little impact on the Group's right to own the property, plant and equipment.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

21 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Machinery equipment	Construction in progress	Total
Cost							
As at 31 December 2018	2,786,272	17,433	470,184	136,591	–	574,275	3,984,755
Additions	34,512	48,663	79,674	6,956	–	62,266	232,071
Transfer from/(to) construction in progress	186,363	–	414	1,608	–	(188,385)	–
Transfer from investment properties	4,298	–	–	–	–	–	4,298
Disposals	(21,931)	(8,557)	(12,687)	(7,571)	–	–	(50,746)
Transfer to investment properties	(6,487)	–	–	–	–	–	(6,487)
As at 31 December 2019	2,983,027	57,539	537,585	137,584	–	448,156	4,163,891
Accumulated depreciation							
As at 31 December 2018	(535,634)	(16,096)	(306,846)	(102,887)	–	–	(961,463)
Charge for the year	(103,570)	(1,872)	(51,540)	(11,941)	–	–	(168,923)
Transfer from investment properties	(2,529)	–	–	–	–	–	(2,529)
Disposals	8,740	7,810	12,040	6,723	–	–	35,313
Transfer to investment properties	3,722	–	–	–	–	–	3,722
As at 31 December 2019	(629,271)	(10,158)	(346,346)	(108,105)	–	–	(1,093,880)
Net book value							
As at 31 December 2019	2,353,756	47,381	191,239	29,479	–	448,156	3,070,011

22 OTHER ASSETS

	30 June 2020	31 December 2019
Interest receivable	71,059	101,045
Other receivables ^(a)	818,461	824,433
Less: Impairment allowance ^(a)	(161,802)	(156,834)
Prepayments for lease assets	210,105	213,025
Less: Impairment allowance	(9,236)	(11,856)
Fee and commission receivable	812,646	628,439
Intangible assets ^(b)	197,331	206,559
Leasehold improvement	23,658	26,509
Prepaid rental expenses ^(c)	13,166	13,839
Foreclosed assets	64,411	71,124
Investment properties ^(d)	3,529	3,565
Right-of-use assets/land use rights ^(e)	252,771	267,697
Held-for-sale assets	–	9,964
Continuing involvement in transferred assets	229,471	229,459
Others	130	38,662
	2,525,700	2,465,630

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

22 OTHER ASSETS (Continued)

(a) *Other receivables*

Movements on impairment allowance for other receivables:

	Other receivables			Total
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 31 December 2019	1,370	142,621	12,843	156,834
New financial assets originated or purchased	9,712	–	–	9,712
Remeasurement	(450)	4,084	2,963	6,597
Repayments	(21)	(10,562)	(758)	(11,341)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(7,106)	7,106	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(1,783)	–	1,783	–
<i>Transfer from Stage 2 to Stage 1</i>	190	(190)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(35)	35	–
<i>Transfer from Stage 3 to Stage 2</i>	–	1	(1)	–
<i>Transfer from Stage 3 to Stage 1</i>	223	–	(223)	–
As at 30 June 2020	2,135	143,025	16,642	161,802

	Other receivables			Total
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 31 December 2018	–	65	7,618	7,683
New financial assets originated or purchased	20,923	–	–	20,923
Remeasurement	4,906	124,796	2,820	132,522
Repayments	(3,617)	(17)	(660)	(4,294)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(17,771)	17,771	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(3,153)	–	3,153	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(22)	22	–
<i>Transfer from Stage 3 to Stage 2</i>	–	28	(28)	–
<i>Transfer from Stage 3 to Stage 1</i>	82	–	(82)	–
As at 31 December 2019	1,370	142,621	12,843	156,834

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

22 OTHER ASSETS (Continued)

(a) *Other receivables (Continued)*

Movements on gross amount of other receivables:

	Other receivables			Total
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 31 December 2019	145,336	656,763	22,334	824,433
New financial assets originated or purchased	72,064	–	–	72,064
Proceeds received	(12,751)	(63,456)	(1,829)	(78,036)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(17,912)	17,912	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(4,663)	–	4,663	–
<i>Transfer from Stage 2 to Stage 1</i>	1,085	(1,085)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(1,733)	1,733	–
<i>Transfer from Stage 3 to Stage 2</i>	–	6	(6)	–
<i>Transfer from Stage 3 to Stage 1</i>	333	–	(333)	–
As at 30 June 2020	183,492	608,407	26,562	818,461

	Other receivables			Total
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 31 December 2018	970,238	1,980	10,398	982,616
New financial assets originated or purchased	157,463	–	–	157,463
Proceeds received	(313,010)	(873)	(1,763)	(315,646)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(656,691)	656,691	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(12,818)	–	12,818	–
<i>Transfer from Stage 2 to Stage 1</i>	5	(5)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(1,076)	1,076	–
<i>Transfer from Stage 3 to Stage 2</i>	–	46	(46)	–
As at 31 December 2019	145,336	656,763	22,334	824,433

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

22 OTHER ASSETS (Continued)

(b) *Intangible assets*

	For the six months ended 30 June 2020	For the year ended 31 December 2019
Cost		
Balance at the beginning of the period/year	424,910	297,874
Additions for the period/year	25,631	128,555
Disposals for the period/year	(58)	(1,519)
Balance at the end of the period/year	450,483	424,910
Accumulated amortisation		
Balance at the beginning of the period/year	(218,351)	(171,169)
Amortisation charged for the period/year (Note 9)	(34,859)	(48,701)
Disposals for the period/year	58	1,519
Balance at the end of the period/year	(253,152)	(218,351)
Net book value		
Balance at the end of the period/year	197,331	206,559

(c) *Prepaid rental expenses*

Prepaid rental expenses are generated from the rental expenses prepaid for lease exempted from recognition of right-of-use assets and lease liabilities, which resulted from a lease term of 12 months or less or an underlying asset of low value based on the value of the asset when it is new.

(d) *Investment properties*

	For the six months ended 30 June 2020	For the year ended 31 December 2019
Cost		
Balance at the beginning of the period/year	8,125	5,973
Transfer from property, plant and equipment	–	6,487
Transfer-out	–	(4,298)
Disposals	–	(37)
Balance at the end of the period/year	8,125	8,125
Accumulated depreciation		
Balance at the beginning of the period/year	(4,560)	(3,270)
Transfer from property, plant and equipment	–	(3,722)
Depreciation charged for the period/year (Note 9)	(36)	(119)
Transfer-out	–	2,529
Disposals	–	22
Balance at the end of the period/year	(4,596)	(4,560)
Net book value		
Balance at the end of the period/year	3,529	3,565

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

22 OTHER ASSETS (Continued)

(e) *Right-of-use assets/Land use rights*

	Buildings	Electronic equipment	Office equipment	Land use rights	Total
Cost					
As at 31 December 2019	157,667	12,693	474	186,905	357,739
Add: Additions	10,888	–	–	–	10,888
Less: Deductions	–	–	(408)	–	(408)
As at 30 June 2020	168,555	12,693	66	186,905	368,219
Accumulated depreciation					
As at 31 December 2019	(36,117)	(5,195)	(238)	(48,492)	(90,042)
Add: Depreciation charged for the period (Note 9)	(20,326)	(2,980)	–	(2,336)	(25,642)
Less: Deductions for the period	–	–	236	–	236
As at 30 June 2020	(56,443)	(8,175)	(2)	(50,828)	(115,448)
Net book value					
As at 30 June 2020	112,112	4,518	64	136,077	252,771
Cost					
As at 31 December 2018	–	–	–	186,905	186,905
Changes in accounting policies	124,229	12,693	353	–	137,275
As at 1 January 2019	124,229	12,693	353	186,905	324,180
Add: Additions for the year	33,438	–	127	–	33,565
Less: Deductions for the year	–	–	(6)	–	(6)
As at 31 December 2019	157,667	12,693	474	186,905	357,739
Accumulated depreciation					
As at 31 December 2018	–	–	–	(43,820)	(43,820)
Changes in accounting policies	–	–	–	–	–
As at 1 January 2019	–	–	–	(43,820)	(43,820)
Add: Depreciation charged for the year	(36,117)	(5,195)	(238)	(4,672)	(46,222)
As at 31 December 2019	(36,117)	(5,195)	(238)	(48,492)	(90,042)
Net book value					
As at 31 December 2019	121,550	7,498	236	138,413	267,697

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

23 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	30 June 2020	31 December 2019
Loans from central bank	9,351,993	12,280,000
Deposits from banks	23,469,842	24,460,654
Deposits from other financial institutions	2,299,198	2,641,989
Securities sold under repurchase agreements	14,542,440	9,420,500
Bills sold under repurchase agreements	5,039,912	4,005,102
Placements from banks and other financial institutions	20,134,313	16,773,592
Total	74,837,698	69,581,837
Interest payable on due to and placements from banks and other financial institutions	329,920	567,388
	75,167,618	70,149,225

24 CUSTOMER DEPOSITS

	30 June 2020	31 December 2019
Corporate time deposits	104,986,430	88,913,327
Corporate demand deposits	68,429,453	69,294,876
Individual time deposits	98,935,764	88,013,730
Individual demand deposits	13,325,839	12,799,558
Other deposits	14,060,686	19,480,960
Total	299,738,172	278,502,451
Interest payable on customer deposits	3,112,428	2,546,460
	302,850,600	281,048,911

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

25 DEBT SECURITIES ISSUED

	30 June 2020	31 December 2019
Subordinated bonds		
Fixed rate Tier II capital bond – 2026 ^(a)	1,497,618	1,497,618
Fixed rate Tier II capital bond – 2027 ^(b)	5,997,043	5,996,830
Financial bonds		
Fixed rate financial bond – 2021 ^(c)	2,998,703	2,997,174
Fixed rate green financial bond – 2021 ^(d)	5,998,247	5,997,434
Inter-bank certificates of deposit ^(e)	90,986,772	88,508,834
Total	107,478,383	104,997,890
Interest payable on debt securities issued	266,390	388,116
	107,744,773	105,386,006

(a) Pursuant to a resolution at the general meeting passed on 16 May 2014 and the Approval for Bank of Chongqing Co., Ltd. to Issue Tier II Capital Bonds (Yu Yin Jian Fu [2015] No. 107) by the CBRC Chongqing Bureau on 21 September 2015, the Group issued RMB1.5 billion Tier II capital bonds within the domestic inter-bank bond market of China on 19 February 2016. Such Tier II bonds have a maturity of 10 years, with a fixed coupon rate of 4.4% per annum before maturity, payable annually. The Group has the option to exercise the redemption right to redeem all of the bonds at the par value on 22 February 2021.

(b) Pursuant to a resolution at the general meeting passed on 17 June 2016 and the Approval for Bank of Chongqing Co., Ltd. to Issue Tier II Capital Bonds (Yu Yin Jian Fu [2016] No. 162) by the CBRC Chongqing Bureau on 30 November 2016, the Group issued RMB6 billion Tier II capital bonds within the domestic inter-bank bond market of China on 20 March 2017. Such Tier II bonds have a maturity of 10 years, with a fixed coupon rate of 4.8% per annum before maturity, payable annually. The Group has the option to exercise the redemption right to redeem all of the bonds at the par value on 21 March 2022.

The debt has the write-down characteristics of the tier II capital instrument. When the supervised trigger events which are appointed in the issuing document occur, the Group has the right to write down the principal of the debt and any accumulated interest payables will not be paid as well. According to the related regulations issued by the CBIRC, the tier II capital bond meets the standards of the qualified tier II capital instrument.

(c) Pursuant to a resolution at the general meeting passed on 21 July 2017 and the Approval for Bank of Chongqing Co., Ltd. to Issue Financial Bonds (Yu Yin Jian Fu [2017] No. 156) by the CBRC Chongqing Bureau on 3 November 2017, the Group issued RMB3 billion Innovation-and-entrepreneurship-themed bonds within the domestic inter-bank bond market of China on 8 June 2018. Such subordinated bonds have a maturity of 3 years, with a fixed coupon rate of 4.50% per annum before maturity, payable annually. All proceeds raised are used for loans to innovation-and-entrepreneurship-themed enterprises.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

25 DEBT SECURITIES ISSUED (Continued)

(d) Pursuant to a resolution at the general meeting passed on 21 July 2017 and the Approval for Bank of Chongqing Co., Ltd. to Issue Green Financial Bonds (Yu Yin Jian Fu [2017] No. 157) by the CBRC Chongqing Bureau on 2 November 2017, the Group issued RMB3 billion first phase of green financial bonds within the domestic inter-bank bond market of China on 5 November 2018 with a fixed coupon rate of 4.05%, per annum before maturity, and then issued RMB3 billion second phase of green financial bonds within the domestic inter-bank bond market of China on 21 November 2018 with a fixed coupon rate of 3.88%, per annum before maturity; such subordinated bonds have a maturity of 3 years, per annum before maturity. The proceeds from this issue will be used to support the green industry project specified in the Green Bond Support Project Catalogue compiled by the Green Finance Specialized Committee of the China Financial Association.

(e) For the six months ended 30 June 2020, the Group issued 95 inter-bank certificates of deposit at discounts with maturities from one month to one year. (for the year ended 31 December 2019: 181 inter-bank certificates of deposit at discounts with maturities from one month to one year) As at 30 June 2020, 123 items of them were not yet due with a total par value of RMB91.93 billion (31 December 2019: 136 items of them were not yet due with a total par value of RMB89.9 billion).

For the six months ended 30 June 2020, there were no defaults of principal and interest or other breaches with respect to these bonds since their issuance (for the year ended 31 December 2019: nil).

26 OTHER LIABILITIES

	30 June 2020	31 December 2019
Clearing funds for unsecured wealth management products	1,920,670	2,115,898
Dividends payable	73,807	36,965
Lease deposit	973,161	753,527
Other payables	468,890	515,977
Employee benefits payable	502,496	649,237
Value-added tax and other taxes payable	295,619	303,204
Deferred income	416,935	354,651
Settlement fund	44,909	959
Promissory notes issued	6,238	923
Continuing involvement in transferred liabilities	229,471	229,459
Provisions	280,310	441,834
Lease liabilities	108,359	112,012
Others	56,932	11,990
	5,377,797	5,526,636

As at 30 June 2020, the Group has no leases signed but not yet commenced.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

27 DEFERRED INCOME TAXES

The movements in the deferred income tax account are set out below (Cont'd):

	For the six months ended 30 June 2020	For the year ended 31 December 2019
Balance at beginning of the period/year	2,479,531	1,890,680
Charge to profit and loss (Note 12)	426,527	750,129
Changes in fair value of financial assets at FVOCI	(741)	(165,435)
ECL allowance of financial assets at FVOCI	(213)	4,157
Balance at end of the period/year	2,905,104	2,479,531

Deferred tax assets and liabilities are attributable to the following items:

	30 June 2020	31 December 2019
Deferred tax assets		
Asset impairment allowances	3,036,119	2,606,556
Losses on changes in fair value of financial assets at FVPL	6,175	–
Others	260,858	303,398
	3,303,152	2,909,954
Deferred tax liabilities		
Gains on changes in fair value of financial assets at FVPL	–	(20,616)
Gains on changes in fair value of financial assets at FVOCI	(218,432)	(217,691)
Share of the profit from associates under the equity method	(144,067)	(156,765)
Others	(35,549)	(35,351)
	(398,048)	(430,423)
Net deferred tax assets	2,905,104	2,479,531

Other deferred tax assets of the Group are mainly generated by accelerated depreciation of property, plant and equipment, unpaid salaries and bonuses, advances from customers and government grants.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

27 DEFERRED INCOME TAXES (Continued)

Deferred income tax in the consolidated statement of comprehensive income comprises the following temporary differences:

	For the six months ended 30 June	
	2020	2019
Asset impairment allowances	429,776	368,006
Changes in fair value of financial assets at FVPL	26,791	(29,903)
Profit or loss adjustments of associates	12,698	(11,226)
Others	(42,738)	(52,146)
	426,527	274,731

28 RETIREMENT BENEFIT OBLIGATIONS

The Group provides supplementary retirement benefits to employees in Mainland China who retired before 30 June 2011. The Group's obligations in respect of supplementary retirement benefits are calculated by estimating the amount of future benefits that the Group is committed to paying to the employees after their retirement using actuarial techniques. Such benefits are discounted to determine their present values. The discount rate is the yield on government bonds at the reporting date, the maturity dates of which approximate to the terms of the Group's obligations. Actuarial gains and losses, changes in actuarial assumptions and amendments to pension plan are charged or credited to the consolidated statement of comprehensive income as they occur. The amounts recognised in the consolidated statement of financial position represent the present value of unfunded obligations plus any unrecognised actuarial gains and losses net of any unrecognised past service cost.

Since 1 January 2010, employees of the Group voluntarily participate in an annuity plan set up by the Group in accordance with state's corporate annuity regulations. The Group contributes to the annuity plan based on certain percentage of the employees' gross salary in previous year, which is recognised in the consolidated statement of comprehensive income.

	For the six months ended 30 June	
	2020	2019
Expenses incurred for retirement benefit plan	38,605	62,599
Expenses incurred for supplementary retirement benefits	(42)	160
Expenses incurred for corporate annuity plan	25,378	19,153
Total (Note 10)	63,941	81,912

Supplementary retirement benefits

	30 June 2020	31 December 2019
Consolidated statement of financial position obligations for:		
– Retirement benefits	23,848	22,808

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

28 RETIREMENT BENEFIT OBLIGATIONS (Continued)

Supplementary retirement benefits (Continued)

	For the six months ended 30 June	
	2020	2019
Consolidated statement of comprehensive income charge for:		
– Retirement benefits	(42)	160

The amounts recognised in the consolidated statement of financial position are determined set out below:

	30 June 2020	31 December 2019
Present value of unfunded obligations	23,848	22,808
Unrecognised past service cost	–	–
Net amount of liabilities in the consolidated statement of financial position	23,848	22,808

29 SHARE CAPITAL

All shares of the Bank issued are fully paid ordinary shares. The par value per share is RMB1. The number of Group's shares is as follows:

	Number of shares (in thousand)	Amount
As at 30 June 2020 and 31 December 2019	3,127,055	3,127,055

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

30 PREFERENCE SHARES

(1) Preference shares outstanding at the end of the period

	Issue date	Dividend rate	Issue price	Quantity	In original		Maturity	Conversion
			in original currency (in USD)		in shares	in original currency (USD, in thousand)		
Offshore preference share	20 December 2017	5.40% at the issue date, and reset in the following periods according to the agreement. Dividend rate shall not at any time exceed 16.21% per annum.	20	37,500,000	750,000	4,909,307	No maturity date	No conversion during the period

(2) Preference shares movement of the period

	31 December 2019	Additions for the period	Deductions for the period	30 June 2020
Quantity in shares	37,500,000	–	–	37,500,000
Carrying amount in RMB (in thousands)	4,909,307	–	–	4,909,307
	31 December 2018	Additions for the year	Deductions for the year	31 December 2019
Quantity in shares	37,500,000	–	–	37,500,000
Carrying amount in RMB (in thousands)	4,909,307	–	–	4,909,307

(3) Main clauses

(a) Dividend rate

The offshore preference shares will accrue dividends on their liquidation preference at the relevant dividend rate below:

- (1) from the issue date (inclusive) to the first reset date (exclusive), at the initial dividend rate; and
- (2) thereafter, in respect of the period from the first reset date and each reset date falling thereafter (inclusive) to the immediately following reset date (exclusive), at the relevant reset dividend rate; provided that the dividend rate shall not at any time exceed 16.21% per annum, being the mean of the weighted average return on equity of the Bank (as determined in accordance with the Rules for Preparation of Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Equity and Earnings per Share (as amended in 2010) and calculated based on the return attributable to ordinary shareholders) for the two most recent financial years prior to the issue date.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

30 PREFERENCE SHARES (Continued)

(3) Main clauses (Continued)

(b) Conditions to distribution of dividends

The Bank could pay dividends to the offshore preference shareholders while the Bank still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Bank's capital adequacy ratio meets regulatory requirements. The Bank may distribute dividends after announcing the resolution of dividends distribution by Board of Directors according to the Articles of Association of the Bank.

Subject to resolutions to be passed at a shareholders' general meeting of the Bank on each occasion, the Bank is entitled to cancel all or a portion of the dividends planned to distribute at interest date through terms and conditions. The Bank has the right to dispose the capital obtained from cancelling dividends distribution to pay other due debts. Except as provided in the terms and conditions, the offshore preference shareholders are not entitled to hold, attend or vote at such shareholders' general meeting.

When the resolution on cancelling the dividends for offshore preference shares partially or entirely passed at the shareholders' general meeting, the Bank shall deliver the aforementioned notice to the offshore preference shareholders and financial agents at earliest possible and, at the latest, prior to 10 working days before corresponding dividends date (subject to terms and conditions). However, the Bank's dividends cancelled partially or entirely remain unchanged without delivering such notice, which does not constitute a breach of contract.

If the determination to cancel dividends for offshore preference shares during the year partially or entirely passed at the shareholders' general meeting, the Bank has no obligation for dividend distribution or any distribution to ordinary shares or those ranking after or specified as subsequent to offshore preference shares.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

30 PREFERENCE SHARES (Continued)

(3) Main clauses (Continued)

(c) Conversion

If any trigger event occurs, the Bank shall (having notified and obtained the consent of the CBRC but without the need for the consent of the preference shareholders or the ordinary shareholders):

- (1) cancel any dividend in respect of the relevant loss absorption amount that is unpaid and accrued up to the conversion date (inclusive); and
- (2) irrevocably and compulsorily convert with effect from the conversion date all or some of the offshore preference shares into such number of H Shares as is equal to (i) the loss absorption amount held by the offshore preference shareholders (as converted into Hong Kong dollars at the fixed exchange rate of U.S.\$1.00 to HK\$7.7628) divided by (ii) the effective conversion price rounded down (to the extent permitted by applicable laws and regulations) to the nearest whole number of H Shares (such conversion to H Shares being referred to as a “Conversion”, and “Converted” shall have a corresponding meaning), and any fractional share less than one H Share resulting from the conversion will not be issued and no cash payment or other adjustment will be made in lieu thereof.

Trigger event means additional Tier 1 Capital Instrument trigger event or non-viability trigger event (whichever is applicable). Among them, additional Tier 1 Capital Instrument trigger event means at any time, the Core Tier 1 Capital Adequacy Ratio of the Bank has fallen to 5.125% or below. Non-viability trigger event is the earlier of below:

- (i) the CBRC having decided that without a conversion or write off of the Bank’s capital, the Bank would become non-viable; and
- (ii) the relevant authorities having decided that without a public sector injection of capital or equivalent support, the Bank would become non-viable.

(d) Order of distribution and liquidation method

On winding-up of the Bank, distribution to offshore preference shareholders is made in order set out below:

- (1) After all debts of the Bank (including subordinated debts) and obligations that are issued or guaranteed by the Bank and specifically stated to be distributed prior to the offshore preference shares;
- (2) All offshore preference shareholders are ranked the same in the distribution sequence without priority among them and have the same repayment sequence rights as holders of obligations with equivalent rights. In addition,
- (3) Distribution is made to offshore preference shareholders prior to ordinary shareholders.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

30 PREFERENCE SHARES (Continued)

(3) Main clauses (Continued)

(d) Order of distribution and liquidation method (Continued)

On winding-up of the Bank, the property will be paid in the following order:

- (i) the liquidation costs
- (ii) the staff costs, social insurance costs and statutory compensation;
- (iii) the personal savings deposit principal and its legal interest
- (iv) the taxes payable; and
- (v) the debts of the Bank

On liquidation of the Bank, after being allocated in accordance with paragraphs (i) to (v), any remaining property of the Bank shall be used to settle claims raised by offshore preference shareholders. The offshore preference shareholders shall share in the same proportion and in all aspects with holders who have equal obligation and repayment sequence and in priority to the claims of the holders of ordinary shares. On liquidation of the Bank, for each of the offshore preference share, the amounts of the offshore preference shareholders obtained from each offshore preference share are equal to the liquidation priority amounts of the offshore preference shares plus the dividends declared but not yet paid in the current interest period of the offshore preference shares.

If the remaining assets of the Bank are insufficient to cover the offshore preference shares and all payables with equal repayment sequence in the liquidation, the offshore preference shareholders and the holders of such obligations with the equal repayment sequence will prorate the remaining assets of the Bank (if any) in accordance with the total amount they are entitled to.

(e) Redemption

After obtaining CBRC's approval while satisfying the terms and conditions on preconditions for dividend payment and redemption, the Bank is entitled to redeem all or part of the offshore preference shares on the first replacement price date and any subsequent interest payment dates after notifying the offshore preference shareholders and financial agents at least 30 days in advance, but not exceeding 60 days. The redemption price of the offshore preference shares equals to the liquidation priority amount of the offshore preference shares plus the total amount of dividends declared but not yet paid from the previous payment date (inclusive) to the planned redemption date (exclusive).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

31 CAPITAL SURPLUS

Generally, transactions of the following nature are recorded in the capital surplus:

- (a) Share premium arising from the issue of shares at prices in excess of their par value;
- (b) Donations received from shareholders; and
- (c) Any other items required by the PRC regulations to be so treated.

Capital surplus can be utilised for the issuance of bonus shares or for increasing paid-in capital as approved by the shareholders at the annual general shareholders' meeting.

Share premium was recorded in the capital surplus after deducting direct issue costs which mainly included underwriting fees and professional fees.

As at 30 June 2020 and 31 December 2019, the Group's capital surplus was shown set out below:

	30 June 2020	31 December 2019
Share premium	4,679,838	4,679,838
Donations received from shareholders	800	800
	4,680,638	4,680,638

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

32 OTHER RESERVES

	Surplus reserve ^(a)	General reserve ^(b)	Revaluation reserve of equity instruments at FVOCI	Revaluation reserve of debt instruments at FVOCI	Impairment allowance for financial assets at FVOCI	Revaluation of retirement benefits plan	Total
Balance at 31 December 2019	3,026,522	5,516,685	201,300	451,951	107,557	(5,245)	9,298,770
Other comprehensive income	-	-	-	2,222	642	(1,785)	1,079
Appropriation reserve	-	715,325	-	-	-	-	715,325
Balance at 30 June 2020	3,026,522	6,232,010	201,300	454,173	108,199	(7,030)	10,015,174
Balance at 31 December 2018	2,616,566	5,400,150	150,000	6,943	120,030	(4,497)	8,289,192
Other comprehensive income	-	-	51,300	445,008	(12,473)	(748)	483,087
Appropriation reserve	409,956	116,535	-	-	-	-	526,491
Balance at 31 December 2019	3,026,522	5,516,685	201,300	451,951	107,557	(5,245)	9,298,770

(a) *Surplus reserve*

In accordance with the Company Law of the People's Republic of China and the Articles of Association, 10% of the net distributable profit of the Bank and its subsidiary, is required to be transferred to a non-distributable statutory reserve until such time when this reserve represents 50% of the registered capital. With approval, statutory ignore surplus reserve can be used for making up losses, or increasing the share capital.

The Group's statutory surplus reserve as at 30 June 2020 amounted to RMB3,026,522 thousand (31 December 2019: RMB3,026,522 thousand).

(b) *General reserve*

The Bank and its subsidiary appropriated general reserves according to Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance (MOF) on 30 March 2012. In principle, the balance of general reserve shall not be less than 1.5% of the ending balance of risk assets. This document also stipulates that if the balance of general risk reserve for a financial enterprise can hardly reach 1.5% of the aggregate amount of all risk assets, the reserve may be appropriated to 1.5% during certain years, which shall not exceed 5 years in principle. This principle has been in effect since 1 July 2012.

A general reserve of RMB715,325 thousand was appropriated based on 1.5% of the ending balance of risk assets for the year ended 31 December 2019, which has been approved at the Annual General Meeting of Shareholders on 13 May 2020. For the six months ended 30 June 2020, the Group appropriated a general reserve of RMB715,325 thousand from retained earnings (for the six months ended 30 June 2019: RMB76,790 thousand). As at 30 June 2020, the ending balance of general reserve was RMB6,232,010 thousand (31 December 2019: RMB5,516,685 thousand).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

33 DIVIDENDS

	For the six months ended 30 June	
	2020	2019
Dividends declared during the period	737,985	481,566
Dividend per share (in RMB yuan) (Based on prior year shares)	0.236	0.154

Under the Company Law of the People's Republic of China and the Bank's Articles of Association, the net profit after tax as reported in the PRC statutory financial statements can only be distributed as dividends after allowances for the following:

- (i) Making up prior year's cumulative losses, if any;
- (ii) Allocations to the non-distributable statutory surplus reserve of 10% of the net profit of the Bank.

In accordance with the relevant regulations, after the Bank's initial public offering, the net profit after tax of the Bank for the purpose of profit distribution is deemed to be the lower of (i) the distributable profits determined in accordance with the PRC Generally Accepted Accounting Principles and (ii) the distributable profits determined in accordance with IFRS.

A dividend of RMB0.236 per share in respect of profit for the year ended 31 December 2019 (2018: RMB0.154 per share), amounting to a total dividend of RMB737,985 thousand based on the number of shares issued as at 31 December 2019, was approved at the Annual General Meeting on 13 May 2020.

34 STRUCTURED ENTITY

(a) Consolidated structured entity

The Group has consolidated certain structured entities which mainly are wealth management products where the Group provides financial guarantee.

As at 30 June 2020, the structured entities consolidated by the Group amounted to RMB5,083,766 thousand (31 December 2019: RMB5,307,776 thousand).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

34 STRUCTURED ENTITY (Continued)

(b) Unconsolidated structured entity

(i) *Unconsolidated structured entities managed by the Group*

The unconsolidated structure entities managed by the Group were mainly unsecured wealth management products issued and managed by the Group acting as an agent. Based on the analysis and research on the potential targeted clients, the Group designed and sold capital investment and management plan to specific targeted clients, and the raised funds were then put into related financial market or invested in related financial products according to the product contracts. Gains would be allocated to investors after the Group gained from investment. The Group received corresponding wealth management commission fee income as the asset manager. The Group has recognised net commission income from unsecured wealth management products with the amount of RMB406,940 thousand for the six months ended 30 June 2020 (for the six months ended 30 June 2019: RMB296,506 thousand). The Group expects that the variable return is insignificant as to the structured entities. As at 30 June 2020, the maximum risk exposure of the unconsolidated structured entities was zero (31 December 2019: nil). For the six months ended 30 June 2020, the Group has not provided any liquidity support to the wealth management products during the year (for the six months ended 30 June 2019: nil).

As at 30 June 2020, asset investment from the unsecured wealth management products issued and managed by the Group which were unconsolidated structure entities amounted to RMB47,466,269 thousand (31 December 2019: RMB46,940,400 thousand). The balance of unconsolidated wealth management products issued and managed by the Group amounted to RMB49,386,939 thousand (31 December 2019: RMB49,056,298 thousand).

(ii) *Unconsolidated structured entities invested by the Group*

In order to make better use of capital for profit, the unconsolidated structured entities invested by the Group for the six months ended 30 June 2020 mainly included the wealth management products, trust schemes and directional asset management plans issued and managed by third parties. The Group classified the unconsolidated structured entities as financial assets at FVPL or amortised cost (for the six months ended 30 June 2019: same).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

34 STRUCTURED ENTITY (Continued)

(b) Unconsolidated structured entity (Continued)

(ii) Unconsolidated structured entities invested by the Group (Continued)

The table below lists the carrying amount and maximum loss risk exposure of the asset due to the holdings of interests from unconsolidated structured entities.

30 June 2020	Carrying amount	Maximum risk exposure to loss
Financial assets at FVPL	27,161,889	27,161,889
Investment securities – amortised cost	56,788,429	56,788,429
	83,950,318	83,950,318

31 December 2019	Carrying amount	Maximum risk exposure to loss
Financial assets at FVPL	25,198,130	25,198,130
Investment securities – amortised cost	55,471,072	55,471,072
	80,669,202	80,669,202

The market information of total size of the unconsolidated structured entities listed above is not readily available to the public.

For the six months ended 30 June 2020 and 30 June 2019, the interest income, net gains on investment securities, and fee and commission income from the above unconsolidated structured entities were:

	For the six months ended 30 June	
	2020	2019
Interest Income	2,194,083	1,639,856
Net gains on investment securities	728,822	518,922
Fee and Commission Income	460,493	377,322
	3,383,398	2,536,100

For the six months ended 30 June 2020, there was no related loss from the above unconsolidated structured entities (for the six months ended 30 June 2019: nil).

For the six months ended 30 June 2020, the Group had no plan to provide any financial or other support to unconsolidated structured entities (for the six months ended 30 June 2019: nil).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

35 FINANCIAL GUARANTEES AND CREDIT RELATED COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES

Financial guarantees and other credit related commitments

The following tables indicate the contractual amounts of the Group's financial guarantees and credit related commitments which the Group has committed to customers:

	30 June 2020	31 December 2019
Acceptances	36,095,763	29,221,132
Letters of credit	5,796,607	9,086,819
Guarantees	3,969,187	6,769,309
Other commitments with an original maturity of		
– Within 1 year	4,489,435	4,285,871
– Over 1 year	–	4,340
	50,350,992	49,367,471

Capital expenditure commitments

	30 June 2020	31 December 2019
Contracted but not provided for		
– Capital expenditure commitments for buildings	154,525	107,159
– Acquisition of IT system	114,062	99,422
	268,587	206,581

External investment commitment

As at 30 June 2020, the Group had no external investment commitments (31 December 2019: nil).

Legal proceedings

Legal proceedings are initiated by third parties against the Group as defendant. As at 30 June 2020, the Group had 69 outstanding legal claims amounting to RMB313,356 thousand (31 December 2019: the Group had 39 outstanding legal claims amounting to RMB276,359 thousand). After consulting legal professionals, management of the Group believes that at the current stage these legal proceedings and arbitrations will not have a material impact on the financial position or operation results of the Group.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

36 COLLATERAL

(a) Asset pledged

The carrying amounts of assets pledged as collateral under repurchase agreements are set out below:

	30 June 2020	31 December 2019
Bonds	14,542,440	9,420,500
Discounted bills	5,039,912	4,005,102
Total	19,582,352	13,425,602

The carrying amounts of loans pledged as collateral under refinance agreements and medium-term lending facility with the PBOC are set out below:

	30 June 2020	31 December 2019
Loans	4,674,690	4,207,951
Bonds	8,123,000	11,038,578
Total	12,797,690	15,246,529

As at 30 June 2020, the Group's repurchase agreements and refinance agreements were primarily due within 12 months from the effective dates of these agreements (31 December 2019:same).

(b) Collateral accepted

The Group received bonds and bills as collateral in connection with the purchase of assets under resale agreements. Certain of these collaterals can be resold or re-pledged.

As at 30 June 2020, the Group has accepted collateral that can be resold or re-pledged with a carrying amount of RMB51,000,653 thousand (31 December 2019: RMB50,426,926 thousand). The Group has no re-pledged collateral which has to be returned upon maturity as at 30 June 2020 (31 December 2019: nil).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

37 OTHER COMPREHENSIVE INCOME FOR THE PERIOD

	Before tax amount	Income tax	Net of tax amount
For the six months ended 30 June 2020			
<i>Items that may be reclassified to profit or loss:</i>			
Net gains on valuation of financial assets measured at FVOCI	2,963	(741)	2,222
Credit loss provision of financial assets measured at FVOCI	855	(213)	642
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of retirement benefit plans	(2,380)	595	(1,785)
Other comprehensive income for the period	1,438	(359)	1,079
For the six months ended 30 June 2019			
<i>Items that may be reclassified to profit or loss:</i>			
Net gains on valuation of financial assets measured at FVOCI	458,467	(114,617)	343,850
Credit loss provision of financial assets measured at FVOCI	65,900	(16,475)	49,425
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of retirement benefit plans	474	(119)	355
Other comprehensive income for the period	524,841	(131,211)	393,630

38 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

For the purposes of the consolidated statement of cash flow, cash and cash equivalents comprise the following balances with original maturities of less than three months used for the purpose of meeting short-term cash commitments:

	30 June 2020	30 June 2019
Cash and balances with central bank	6,535,380	7,922,432
Due from banks and other financial institutions	3,134,851	4,882,090
Placements with banks	1,539,356	2,028,037
	11,209,587	14,832,559

(b) Cash outflows relating to leases

For the six months ended 30 June 2020, total cash outflows paid by the Group as a lessee amounted to RMB20,729 thousand (for the six months ended 30 June 2019: RMB29,200 thousand), of which cash payments for the principal portion and interest portion of the lease liabilities as cash flows from financing activities amounted to RMB16,035 thousand (for the six months ended 30 June 2019: RMB26,314 thousand), and the rest was included in operating activities.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

39 FINANCIAL ASSETS TRANSFER

(a) Package disposal of loans and advances

For the six months ended 30 June 2020 and the six months ended 30 June 2019, the Group disposed of no packaged loans (continuously transfer more than one loan to the same transferee) to the third parties.

(b) Asset securitisation

The Group enters into securitisation transactions in the normal course of business by which it transfers credit assets to trust companies or special purpose trusts which issue asset-backed securities to investors.

The Group may retain interests in the form of subordinated tranches which may give rise to the Group's continuing involvement in the transferred assets. Those financial assets are recognised on the balance sheet to the extent of the Group's continuing involvement, while the rest are derecognised. The extent of the Group's continuing involvement is the extent to which the Group is exposed to changes in the value of the transferred assets.

As at 30 June 2020, assets continuously recognised by the Group amounting to RMB229,471 thousand have been securitised by the Group under arrangements in which the Group retained a continuing involvement in such assets in the form of holding subordinated tranches (31 December 2019: RMB229,459 thousand).

As at 30 June 2020, unmatured securitised credit assets amounted to an original value of RMB5,203,226 thousand and a carrying amount of RMB3,543,475 thousand (31 December 2019: RMB5,203,226 thousand and RMB3,543,475 thousand, respectively). Including, the Group disposed of non-performing credit assets with a gross amount of RMB2,862,264 thousand (31 December 2019: RMB2,862,264 thousand). The Group derecognised these assets accordingly.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

40 RELATED PARTY TRANSACTIONS

(a) Related parties of the Group

The Group has no control over or has not been controlled by any related parties or joint ventures during the reporting period.

The related parties of the Group mainly include: the major shareholders who have 5% or more shares of the Bank as well as the entities controlled by them, the Group's associates, the key management personnel (including the directors, supervisors and senior management) and their family members who have close relationships with them as well as the entities which are controlled, jointly controlled or can be significantly influenced by the key management personnel or their family members, and the entities in which the key management personnel or their close family members act as directors or senior management except the Group.

(b) Related party transactions and balances

Transactions and balances with associates

Transactions between the Group and its associates are conducted in the normal and ordinary course of the business and under normal commercial terms as those transactions conducted between the Group and non-related companies outside the Group. In the ordinary course of the business, material transactions that the Group entered into with associates are set out below:

Transactions amounts:

	For the six months ended 30 June	
	2020	2019
Interest expense	2	1

Balances at the end of the reporting period:

	30 June 2020	31 December 2019
Due to and placements from banks and other financial institutions	417	1,317

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

40 RELATED PARTY TRANSACTIONS (Continued)

(b) Related party transactions and balances (Continued)

Related party transactions and balances (excluding associates)

The main transactions between the Group and the related parties are loans and deposits, which are engaged under ordinary business terms.

All transaction balances and ranges of the interest rate with the related parties (excluding associates) at the end of reporting period are as follows:

	30 June 2020	31 December 2019
Customer deposits	1,944,892	1,051,895
Loans and advances to customers	2,673,344	2,195,916
Investment securities at FVOCI	540,000	540,000
Due to and placements from banks and other financial institutions	714	1,611
Investment securities at amortised cost	500,000	500,000
Other receivables	62,094	71,092
Bills purchased under resale agreements	445,863	–

	30 June 2020	31 December 2019
Customer deposits	0.05%-5.4%	0.05%-5.4%
Loans and advances to customers	3.19%-6.6%	3.19%-6.6%
Investment securities at FVOCI	6.3%	6.3%
Due to and placements from banks and other financial institutions	0.385%	0.385%
Investment securities at amortised cost	6.52%	6.52%
Bills purchased under resale agreements	2.25%-2.28%	–

	For the six months ended 30 June	
	2020	2019
Interest income from loans and advances to customers	63,272	32,288
Interest income from investment securities	33,176	17,434
Interest expense for customer deposits	11,329	5,127
Fee and commission income	89	115
Interest income from financial assets held under resale agreements	474	–

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

40 RELATED PARTY TRANSACTIONS (Continued)

(c) Balance of loans and advances to customers guaranteed by the related parties

	30 June 2020	31 December 2019
Chongqing Sanxia Financing Guarantee Group Corporation	332,870	354,593
Chongqing Small&Mirco Business Financing Guarantee Co., Ltd.	121,268	96,762
Chongqing Education Guarantee Co., Ltd.	64,500	95,322
Chongqing Yutai Guarantee Co., Ltd.	42,109	42,118
Chongqing RE-Guarantee Co., Ltd.	86,800	49,529
	647,547	638,324

(d) Transactions between the Bank and its subsidiary

Related party transactions are conducted between the Bank and its subsidiary. The conditions and prices of these transactions are determined on the basis of market price and normal business procedure or contractual terms. They are examined and approved in accordance with the transaction type and content by corresponding decision-making authority.

Transactions and balances are as follows:

	30 June 2020	31 December 2019
Due from and placements with banks and other financial institutions	350,000	50,000
Due to and placements from banks and other financial institutions	117,913	396,785
	For the six months ended 30 June	
	2020	2019
Interest income	2,587	38,148
Interest expense	2,409	2,598
Fee and commission income	29	8

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

40 RELATED PARTY TRANSACTIONS (Continued)

(e) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and senior management. The Group enters into banking transactions with key management personnel in the normal course of business. For the six months ended 30 June 2020, there was no material transaction and balance with key management personnel on an individual basis (for the six months ended 30 June 2019: same).

(f) Loans and advances to directors, supervisors and senior management

The Group had no material balance of loans, quasi-loans and other credit transactions to directors, supervisors and senior management as at the end of reporting period. Those loans and advances to directors, supervisors and senior management were conducted in the normal and ordinary course of the business and under normal commercial terms or on the same terms and conditions with those which are available to other employees.

41 SEGMENT ANALYSIS

The Group's operating segments are business units provide different financial products and services and are engaged in different types of financial transactions. As different operating segments face different clients and counterparties supported by specific techniques and market strategies, they operate independently.

Corporate banking mainly provides corporate customers with financial products and services including deposits and loans.

Retail banking mainly provides individual customers with financial products and services including deposits and loans.

Treasury business mainly performs inter-bank lending and borrowing, bond investments, re-purchasing and foreign currency transactions.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

41 SEGMENT ANALYSIS (Continued)

Unallocated classes of businesses refer to the businesses that are not included in the above three segments or cannot be allocated with appropriate basis.

	For the six months ended 30 June 2020				
	Corporate Banking	Retail Banking	Treasury	Unallocated	Total
Net Interest income from external customers	2,741,422	413,701	2,018,325	-	5,173,448
Inter-segment net interest income/(expense)	779,718	970,643	(1,750,361)	-	-
Net interest income	3,521,140	1,384,344	267,964	-	5,173,448
Net fee and commission income	55,615	168,803	460,493	-	684,911
Net trading gains/(losses)	88,878	-	(42,889)	-	45,989
Net gains on investment securities	-	-	593,054	-	593,054
Share of profit of associates	-	-	29,839	-	29,839
Other operating income	-	593	-	13,317	13,910
Asset impairment losses	(1,295,620)	(688,559)	(3,097)	(2,885)	(1,990,161)
Operating expenses	(619,370)	(437,413)	(162,795)	(22,932)	(1,242,510)
– Depreciation and amortisation	(74,275)	(52,455)	(19,523)	(2,750)	(149,003)
– Others	(545,095)	(384,958)	(143,272)	(20,182)	(1,093,507)
Profit before income tax	1,750,643	427,768	1,142,569	(12,500)	3,308,480
	30 June 2020				
Capital expenditure	46,720	20,567	59,236	701	127,224
Segment assets	195,448,891	86,036,861	247,803,542	2,932,421	532,221,715
Segment liabilities	(204,474,160)	(113,543,151)	(173,734,570)	(833)	(491,752,714)

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

41 SEGMENT ANALYSIS (Continued)

	For the six months ended 30 June 2019				
	Corporate Banking	Retail Banking	Treasury	Unallocated	Total
Net Interest income from external customers	2,342,249	351,219	1,355,789	–	4,049,257
Inter-segment net interest income/(expense)	775,270	864,491	(1,639,761)	–	–
Net interest income/(expense)	3,117,519	1,215,710	(283,972)	–	4,049,257
Net fee and commission income	77,246	152,757	377,322	–	607,325
Net trading gains	21,072	–	83,062	–	104,134
Net gains on investment securities	–	–	665,811	–	665,811
Share of profit of associates	–	–	44,902	–	44,902
Other operating income	–	–	1,200	45,805	47,005
Asset impairment losses	(902,329)	13,428	(250,161)	(14,427)	(1,153,489)
Operating expenses	(594,235)	(414,005)	(150,460)	(12,562)	(1,171,262)
– Depreciation and amortisation	(68,607)	(47,799)	(17,371)	(1,452)	(135,229)
– Others	(525,628)	(366,206)	(133,089)	(11,110)	(1,036,033)
Profit before income tax	1,719,273	967,890	487,704	18,816	3,193,683
	30 June 2019				
Capital expenditure	57,183	23,543	67,030	663	148,419
Segment assets	177,941,720	73,262,285	208,585,351	2,063,444	461,852,800
Segment liabilities	(185,208,798)	(95,101,243)	(144,538,703)	(1,787)	(424,850,531)

42 FIDUCIARY ACTIVITIES

The Group provides custody and trustee services to third parties. Those assets that are held in a fiduciary capacity are not included in the consolidated financial statements. The Group also grants entrusted loans on behalf of third-party lenders, which are not included in the consolidated financial statements. Related details are set out as follows:

	30 June 2020	31 December 2019
Assets held in investment custody accounts	33,856,234	43,528,324
Entrusted loans	8,228,188	9,088,347

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

43 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

(a) Financial instruments not measured at fair value (Continued)

Debt securities issued

The fair value of fixed interest bearing debt securities issued is calculated using a discounted cash flow model which is based on a current yield curve appropriate for the remaining term to maturity.

Other than above, the carrying amounts of those financial assets and liabilities not presented at their fair value on the consolidated statement of financial position are a reasonable approximation of their fair values. Those financial assets and liabilities include balances with central bank, due from and placements with banks and other financial institutions, loans and advances to customers, due to and placements from banks and other financial institutions, customer deposits, etc. Fair value is measured using a discounted future cash flow model.

(b) Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes debt instruments traded in interbank market. The sources of input parameters like bond yield curve or counterparty credit risk are China Bond and Bloomberg.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and structured financial instruments.

The Group uses valuation techniques to determine the fair value of financial instruments when unable to obtain the open market quotation in active markets.

The main parameters used in valuation techniques for financial instruments held by the Group include bond prices, interest rates, foreign exchange rates, equity and stock prices, volatilities, correlations, early repayment rates, counterparty credit spreads and others, which are all observable and obtainable from open market.

For asset-backed securities and unlisted equity (private equity) held by the Group, the fair value of these financial instruments may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments. Instruments which have been valued using unobservable inputs have been classified by the Group as level 3. Management determines the fair value of the Group's level 3 financial instruments using a variety of techniques, including examining correlations of these fair values with macro-economic factors, engaging external values, and using valuation models that incorporate unobservable inputs such as loss coverage ratios.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

43 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

(b) Fair value hierarchy (Continued)

Assets and liabilities measured at fair value

30 June 2020	Level 1	Level 2	Level 3	Total
Loans and advances to customers				
– Discounted bills	–	16,201,939	–	16,201,939
Financial assets at FVPL				
– Debt securities	–	1,517,229	–	1,517,229
– Fund investments	4,110,559	–	–	4,110,559
– Trust investments	–	–	5,169,412	5,169,412
– Wealth management products purchased from financial institutions	–	–	7,505,948	7,505,948
– Directional asset management plans	–	–	10,375,969	10,375,969
– Equity investment at fair value	336,804	–	106,384	443,188
– Derivative financial assets	–	4,007	–	4,007
	4,447,363	1,521,236	23,157,713	29,126,312
Investment securities at FVOCI				
– Debt securities	–	39,444,122	–	39,444,122
– Equity investments	–	–	277,000	277,000
	–	39,444,122	277,000	39,721,122
Total	4,447,363	57,167,297	23,434,713	85,049,373

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

43 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

(b) Fair value hierarchy (Continued)

Assets and liabilities measured at fair value (Continued)

31 December 2019	Level 1	Level 2	Level 3	Total
Loans and advances to customers				
– Discounted bills	–	14,271,520	–	14,271,520
Financial assets at FVPL				
– Debt securities	–	1,360,274	–	1,360,274
– Fund investments	–	–	–	–
– Trust investments	–	–	5,219,379	5,219,379
– Wealth management products purchased from financial institutions	–	–	9,618,383	9,618,383
– Directional asset management plans	–	–	10,360,368	10,360,368
– Equity investment at fair value	418,179	–	–	418,179
– Derivative financial assets	–	433	–	433
	418,179	1,360,707	25,198,130	26,977,016
Investment securities at FVOCI				
– Debt securities	–	35,817,078	–	35,817,078
– Equity investments	–	–	277,000	277,000
	–	35,817,078	277,000	36,094,078
Total	418,179	51,449,305	25,475,130	77,342,614

The Group takes the date of the event that causes the transfers between hierarchies as the timing of recognising the transfers between hierarchies. There were no significant transfers within the fair value hierarchy of the Group for the six months ended 30 June 2020 and 2019.

For financial instruments traded in active markets, the Group determines its fair value with its active market quotation; for financial instruments that are not traded on active markets, the Group uses valuation techniques to determine its fair value. The valuation models used are mainly cash flow discount models and market comparable company models. The inputs of valuation technique mainly include risk-free interest rate, benchmark interest rate, exchange rate, credit point difference, lack of liquidity discount and so on.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

43 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

(b) Fair value hierarchy (Continued)

Assets and liabilities measured at fair value (Continued)

Changes in level 3 financial assets are analysed below:

	Financial assets at FVPL	Financial assets at FVOCI
Balance at 31 December 2019	25,198,130	277,000
Total gains or losses		
– Current profits or losses	(146,801)	–
– Other comprehensive income	–	–
Purchase	7,606,384	–
Settlement	(9,500,000)	–
Balance at 30 June 2020	23,157,713	277,000
Total unrealised gains for the period included in profit and loss for financial assets held as at 30 June 2020	163,080	–

	Financial assets at FVPL	Financial assets at FVOCI
Balance at 31 December 2018	17,798,540	208,600
Total gains or losses		
– Current profits and losses	239,590	–
– Other comprehensive income	–	68,400
Purchase	9,500,000	–
Settlement	(2,340,000)	–
Balance at 31 December 2019	25,198,130	277,000
Total unrealised gains for the year included in profit and loss for financial assets held as at 31 December 2019	309,880	–

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT

The Group's business activities expose it to a variety of financial risks, primarily including credit risk, market risk (including foreign exchange risk and interest rate risk), and liquidity risk. Those activities involve analysis, evaluation, acceptance and management of some degree of risks or combination of risks. Managing risks are core to the financial business, and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is the highest authority for the Group's overall risk management. It examines and approves strategy and measures of risk management and monitors risk management and internal control system. It accesses overall risk based on monitoring information and the risk report of senior management. The risk management committee of the Bank is in charge of the Group's overall risk management structure, policies and tools, and monitors the risk management, including the preparation and implementation of risk management policies and procedures, and written policies covering specific areas, such as credit risk, interest rate risk, liquidity risk and foreign exchange risk. The assets and liabilities management department of the Bank is primarily in charge of managing the Group's liquidity risk and the banking book's interest rate risk.

44.1 Credit risk

The Group is exposed to credit risk, which is the risk that a customer or counterparty will be unable to or unwilling to meet its obligations under a contract. Changes in the economy or those in credit quality of a particular industry segment or concentration in the Group's portfolio could result in losses that are different from those provided for at the balance sheet date. Credit risk increases when the counterparties are in the similar geographical or industry segments. Credit exposures arise principally from loans and advances to customers, bond securities and due from and placements with banks and other financial institutions, as well as investments in debt instruments that measured at FVPL and derivative financial assets that are not subject to impairment. There are also credit risk exposures in off-balance sheet financial arrangements such as loan commitments, guarantees, acceptances and letters of credit.

Exposure to credit risk is managed through regular analysis of the ability of borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(1) Credit risk management

(a) Credit business

The Group measures and manages the quality of its credit assets in accordance with the CBRC's Guidelines of Risk Classification of Loans and Guidelines of Risk Classification of Micro Enterprises loans (Trial Implementation). The classification of loans is based on the borrowers' repayment ability, repayment history, willing of repayment, guarantee of loans, legal responsibility and loan administration. The Guidelines of Risk Classification of Loans require financial institutions to classify their credit assets into five categories, namely pass, special mention, substandard, doubtful and loss, of which the last three categories are non-performing loans. The Group monitors the overdue status of its loans to retail customers in managing credit risk.

The core definitions of credit asset classifications in the Guidelines of Risk Classification of Loans are as follows:

Pass: The borrower can fulfil the contracts, and there is insufficient reason to suspect that the principal and interest of loans cannot be repaid in full on time.

Special mention: The borrower has the ability to make current payments, but there may be some potential issues that could have adverse impact on the future payments.

Substandard: The borrower's repayment ability has been impaired and their normal income cannot repay the loan principal and interest in full. Even with execution of guarantee, there may be certain level of loss.

Doubtful: The borrower cannot repay the principal plus the interest in full. Even with the execution of guarantee, there will be a significant loss.

Loss: After taking consideration of all possible recovery actions or all necessary legal proceedings, the future outcome of recovery is likely to be little or no recovery.

Risk management department coordinates the classification of loans. The classification of loans is performed monthly and adjusted timely. Risk management department summarises the reclassification information justified by asset preservation department, internet finance department and personal banking department, etc. monthly and reports to risk management and internal control committee for approval. The classification of loans is monitored through credit management system.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(1) Credit risk management (Continued)

(b) Treasury business

The Group manages the credit quality of due from and placements with banks and other financial institutions by considering the size, financial position and the external credit rating of banks and financial institutions. The head office monitors and reviews the credit risk of loans to banks and other financial institutions by counterparties periodically. Limits are placed on different counterparties. For debt securities, the Group manages the credit risk exposures by setting limits to the external credit ratings of its investments.

(2) Risk limit control and mitigation policies

(a) Credit business

The Group takes the same credit risk management control procedure for on and off-balance sheet risk exposures. The risk control procedure of the Group's credit risk includes the following: credit policy stipulating, pre-credit investigation, credit rating for corporate and retail customers, collateral assessment, examination and approval of credit loans, draw-down, post-loan management, management on non-performing loans, and due-diligence on non-performing loans.

The Group has established a mechanism of risk warning for credit business, mainly including single customer credit authorisation risk and systematic risk. Unified credit authorisation management is implemented for key customers. Once the maximum exposure of a single customer is determined, the customer's exposure limit should not exceed its credit limit in the Group at any time before it achieved new credit limit.

The Group takes action to strengthen controls over credit risk in relation to group customers and related party customers. The Group places limits in relation to key group customers to control credit risk. The committee of related party transactions is set up under the Board to manage controls over related party transaction.

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is taking collateral, which is a common practice.

Except for few customers with excellent quality, the Group requires the borrowers to provide collateral for loans. The type of collateral mainly includes mortgage, pledge and guarantee. The Group employs property appraisal companies with certificates to evaluate the collateral. The detailed collateral type and amount are determined by credit risk of counterparty or customers. Please refer to Note 44.1(5)(c) for specific guidelines on collateral and guarantee.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(2) Risk limit control and mitigation policies (Continued)

(b) Treasury business

Financial inter-bank division centralises control over treasury business with hierarchical authorisation from department heads to the President for different business types such as subscription, distribution, buying, selling and repurchase of bonds.

The Group invests in bonds with hierarchical authorisation under the guidelines of asset and liability management committee. The Group sets stop-loss point accordingly for different maturity periods and evaluates risk and loss of trading bonds. The Group places limits for interbank borrowing and lending. The Group manages the credit risk exposures of interbank borrowing and lending strictly within the limit of regulation and credit authorisation.

For bonds, the Group manages the credit risk exposures by setting limits to the external credit ratings of its investments, par value of single bond purchase, selling price. RMB bond investments require a rating of A+ or above for long-term securities investments for state owned debtors and a rating of A+ or above for long-term bond investments for non-state-owned debtors, and A+ or above for short-term bond investments for all debtors.

Among foreign currency bonds investment, financial institution bonds refer to those issued by a financial institution with an external credit rating of BBB or above (by Standard & Poor's, Moody's or equivalent agencies).

The bond traders regularly review and monitor the changes of market interest and report the market value of bonds to the financial market department and the asset and liability management department, and conduct risk prevention measures based on guidance. If there is any violation of interest rate in the market or any significant credit risk encountered to debtors, the business department responsible for bond investments will ask for holding extraordinary asset and liability management meeting to conclude an emergency plan. The bond traders will react according to the plan.

The Group invests in trust schemes and directional asset management plans which are mainly guaranteed by third party banks or guarantee companies, or secured by collateral. The Group sets credit risk limit to the counter party banks and third party companies to mitigate the risk associated therewith.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(3) Credit risk assessment

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (“PD”), Exposure at Default (“EAD”) and Loss Given Default (“LGD”).

Aiming to the exposure of corporate client risk, the Group uses internal credit risk gradings to reflect its assessment of the PD of individual counterparties, while using various internal rating models to various categories of counterparty. Borrower and loan specific information collected at the time of application (such as key financial ratios, turnover and industry type of corporate borrowers) is fed into this rating model. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model. The rating is determined at the borrower level. A relationship manager will incorporate any updated or new information/credit assessments into the credit system on an ongoing basis. In addition, the relationship manager will also update information about the creditworthiness of the borrower every year from sources such as public financial statements. This will determine the updated internal credit rating and PD.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a BB and B rating grade.

Aiming to bond investment and interbank business, the Group uses external credit risk gradings to reflect its PD of individual counterparties, which is the prediction base of future PD. The Group’s external rating system comprises 18 non-default grades and 1 default grade. External rating agency credit grades are used. These published grades are continuously monitored and updated. The PD’s associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

In order to assess the exposure of individual risk, the Group uses historical data to estimate the historical default data, which is the prediction base of future PD, under various overdue period and aging. After the date of initial recognition, the payment behaviour of the borrower, such as previous delinquency history, is monitored on a periodic basis. This score is mapped to a PD.

The internal rating system of the Group includes 15 non-default grades (AAA+ to C) and 1 default grade (D). The main scale table matches the PD of a specific range for each rating category and stays stable for a certain period of time. The Group conducts annual verification and recalibration of the rating method to enable it to reflect all actual observable default situations.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(4) *Expected credit loss measurement*

IFRS 9 outlines a “three-stage” model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in “Stage 1” and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk (“SICR”) since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit-impaired. Please refer to note 44.1(4)(a) for a description of how the Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to “Stage 3”. Please refer to Note 44.1(4)(b) for a description of how the Group determines when a significant increase in credit risk has occurred.
- The provision method of impairment allowance at different stages is as follows: Financial instruments in Stage 1 have their ECL allowance measured at an amount equal to portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL allowance measured based on expected credit losses on a lifetime basis. Please refer to Note 44.1(4)(c) for a decryption of inputs, assumptions and estimation techniques used in measuring the ECL allowance.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 44.1(4)(d) includes an explanation of how the Group has incorporated this in its ECL models.
- POCI financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(4) Expected credit loss measurement (Continued)

(a) Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

The remaining Lifetime PD at the reporting date of corporate loans and investment securities assessed by internal gradings has increased by over 100%, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised, and default rate is greater than 2%.

To illustrate the application of these thresholds, take for example an enterprise loan which at initial recognition had a Lifetime PD of 1.31%. If at the current reporting date the Lifetime PD is actually 2.74% and this exceeds the expected PD by more than the threshold stated above, then a SICR has occurred.

Based on the assessment of how the PD changes over the lifetime of the instrument before default, the Group has determined the corresponding thresholds for corporate loans and investments assessed by internal gradings.

Qualitative criteria:

- 1) Borrower of loan-related financial instrument on the Watchlist, which is used to monitor credit risk and assessment at the counterparty level is conducted regularly;
- 2) The instrument is classified between Special-mention I to Special-mention III; or
- 3) The credit card is overdue or classified as concerned debt status under internal management.

Backstop

A backstop is applied and the financial instrument considered to have experienced a SICR if the borrower is more than 30 days past due on its contractual payments.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(4) *Expected credit loss measurement (Continued)*

(b) *Definition of default and credit-impaired assets*

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria:

- 1) Borrower of loan-related financial instrument on the Monitoring list, which is used to monitor credit risk and assessment at the counterparty level is conducted regularly;
- 2) The instrument is classified between Substandard I to Loss; or
- 3) Credit card is classified as outsourced collection or sued and interest accrual stopped status under internal management.

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculation.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(4) Expected credit loss measurement (Continued)

(c) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined set out below:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. For the definition of default, refer to Note 44.1(4)(b).
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by availability of collateral and other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival. This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(4) *Expected credit loss measurement (Continued)*

(c) *Measuring ECL – Explanation of inputs, assumptions and estimation techniques (Continued)*

The 12M and Lifetime EADs are determined based on the expected payment profile, which varies by product type:

- For instalment repayment and bullet payment loans, this is based on the contractual repayments owed by the borrower over a 12M or lifetime basis.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default.

The 12M and Lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product types. For secured products, this is primarily based on collateral types.

Forward-looking economic information is also included in determining the 12M and Lifetime PDs, EADs, and LGDs. These assumptions vary by product types. Refer to Note 44.1(4)(d) for an explanation of forward-looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation, such as how the maturity profile of the PDs and how collateral value change etc., are monitored and reviewed regularly.

Except for forward-looking information, there have been no significant changes in estimation techniques or significant assumptions made for the six months ended 30 June 2020 (for the year ended 31 December 2019: nil).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(4) *Expected credit loss measurement (Continued)*

(d) *Forward-looking information incorporated in the ECL models*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting changes in credit risk and expected credit losses for each portfolio. Affected by COVID-19, since some macro-economic indicators fluctuated considerably in the first half of 2020, the Group has assessed the ECL model and comprehensively reviewed the forward-looking information. The key economic variables include Consumer Price Index (CPI), fixed assets investments, M2 and so on.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instruments. Expert judgment and external data have also been applied in this process. Forecasts of these economic variables (the “base/central economic scenario”) are provided by the Group and provide the best estimate view of the economy over the next three years and in each scenario. After three years, to project the economic variables out for the full remaining lifetime of each instrument, the Group considers that economic variables tend to either a long run average rate or a long run average growth rate over a period of years. The impact of these economic variables on the PD has been determined by performing Merton-type model and statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the PD.

The Group also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. Among them, the central scenario is defined as one most likely to happen in the future, and serves as the basis for comparison with other scenarios. Upside and downside are two scenarios that are better or worse and more likely to happen than the central scenario. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12M or Lifetime ECLs should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12M ECL (Stage 1), or a probability weighted Lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs). As at 30 June 2020, the weights assigned to various economic scenarios were: “central” 70%, “upside” 10%, and “downside” 20% (31 December 2019: same).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(4) Expected credit loss measurement (Continued)

(d) Forward-looking information incorporated in the ECL models (Continued)

The ECL calculated for the above three scenarios and the weighted average ECL of the Group are as follows:

	30 June 2020		
	Loans and advances to corporate entities	Retail loans	Investment securities
Weighted average	7,577,913	2,279,772	1,417,066
Central	7,483,291	2,276,175	1,358,215
Upside	7,041,934	2,260,915	1,138,355
Downside	8,177,081	2,301,791	1,762,400

	31 December 2019		
	Loans and advances to corporate entities	Retail loans	Investment securities
Weighted average	7,051,427	1,670,477	1,506,603
Central	7,039,181	1,670,214	1,499,245
Upside	6,769,266	1,661,876	1,354,325
Downside	7,235,367	1,675,698	1,608,497

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and the chosen scenarios are appropriately representative of the range of possible scenarios.

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44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(4) Expected credit loss measurement (Continued)

(d) Forward-looking information incorporated in the ECL models (Continued)

The following table illustrates the change of ECL and provisions in the balance sheet, in case that all the financial assets and credit related commitments and financial guarantee in Stage 2 are transferred to Stage 1:

	30 June 2020
Gross amount of ECL and provisions assuming all the financial assets and credit related commitments and financial guarantee in Stage 2 are transferred to Stage 1	2,893,469
Gross amount of ECL and provisions in the balance sheet	3,446,260
Difference – amount	(552,791)
Difference – percentage	-16%
	31 December 2019
Gross amount of ECL and provisions assuming all the financial assets and credit related commitments and financial guarantee in Stage 2 are transferred to Stage 1	3,405,045
Gross amount of ECL and provisions in the balance sheet	4,047,703
Difference – amount	(642,658)
Difference – percentage	-16%

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44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(5) Credit risk exposure

(a) Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	30 June 2020 Carrying amount	31 December 2019 Carrying amount
On-balance-sheet items		
Balances with central bank (Stage 1)	32,810,581	31,379,806
Due from and placements with banks and other financial institutions	58,992,343	61,276,742
Stage 1	58,805,643	61,187,594
Stage 3	109,459	–
Interest receivable	77,241	89,148
Loans and advances to customers		
– Carried at amortised cost	239,029,297	224,355,314
Stage 1	218,613,514	205,088,559
Stage 2	15,964,938	16,850,929
Stage 3	2,782,158	898,681
Interest receivable	1,668,687	1,517,145
– FVOCI	16,201,939	14,271,520
Stage 1	16,195,246	14,270,608
Stage 2	6,693	912
Investment securities – amortised cost	105,360,708	96,407,351
Stage 1	100,186,831	92,157,218
Stage 2	2,102,622	1,929,097
Stage 3	674,502	370,854
Interest receivable	2,396,753	1,950,182
Investment securities – FVOCI (Stage 1)	39,444,108	35,817,064
Other receivables	656,659	667,559
Stage 1	181,357	143,966
Stage 2	465,382	514,142
Stage 3	9,920	9,491
Prepayments for lease assets (Stage 1)	200,869	201,169
On-balance-sheet total	492,696,504	464,376,565
Off-balance-sheet total	50,104,182	48,959,137
Total	542,800,686	513,335,702

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44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(5) Credit risk exposure (Continued)

(a) Maximum exposure to credit risk – Financial instruments subject to impairment (Continued)

The Group internally ranks the asset risk characteristics based on the quality of the assets. The credit grade of the financial assets used in the expected credit loss is classified as “low risk”, “medium risk” and “high risk” according to internal rating. It is used by the Group for internal credit risk management purposes. “Low risk” means that the assets are of good quality, of which the possibility of future default is low, and it is less affected by external unfavorable factors; “medium risk” refers to the assets with certain solvency, but persistent major instability and poor commercial, financial or economic conditions may reduce its solvency; “high risk” refers to the assets with high risk of default or those meet the definition of default by the Group, and there exist unfavorable factors that have a greater impact on solvency.

The following tables illustrates the maximum credit risk exposure of loans and advances to customers classified by credit grade:

	ECL Stage			Total
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
30 June 2020				
Credit Rating				
Low Risk	151,625,754	682,756	–	152,308,510
Medium Risk	70,017,729	13,623,342	–	83,641,071
High Risk	–	5,077,436	6,191,278	11,268,714
Gross principal balance	221,643,483	19,383,534	6,191,278	247,218,295
Impairment allowance	(3,029,969)	(3,418,596)	(3,409,120)	(9,857,685)
	218,613,514	15,964,938	2,782,158	237,360,610

	ECL Stage			Total
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
31 December 2019				
Credit Rating				
Low Risk	147,024,462	127,800	–	147,152,262
Medium Risk	60,479,276	12,598,929	–	73,078,205
High Risk	–	8,188,565	3,141,041	11,329,606
Gross principal balance	207,503,738	20,915,294	3,141,041	231,560,073
Impairment allowance	(2,415,179)	(4,064,365)	(2,242,360)	(8,721,904)
Total	205,088,559	16,850,929	898,681	222,838,169

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(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(5) Credit risk exposure (Continued)

(a) Maximum exposure to credit risk – Financial instruments subject to impairment (Continued)

The following tables illustrates the maximum credit risk exposure of financial investment – amortised cost classified by credit grade:

	ECL Stage			Total
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
30 June 2020				
Credit Rating				
Low Risk	85,090,514	–	–	85,090,514
Medium Risk	15,878,800	2,139,750	–	18,018,550
High Risk	–	–	1,166,308	1,166,308
Gross principal balance	100,969,314	2,139,750	1,166,308	104,275,372
Impairment allowance	(782,483)	(37,128)	(491,806)	(1,311,417)
Total	100,186,831	2,102,622	674,502	102,963,955

	ECL Stage			Total
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
31 December 2019				
Credit Rating				
Low Risk	66,479,207	–	–	66,479,207
Medium Risk	26,531,600	1,640,000	–	28,171,600
High Risk	–	551,644	657,022	1,208,666
Gross principal balance	93,010,807	2,191,644	657,022	95,859,473
Impairment allowance	(853,589)	(262,547)	(286,168)	(1,402,304)
Total	92,157,218	1,929,097	370,854	94,457,169

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(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(5) Credit risk exposure (Continued)

(b) Maximum exposure to credit risk – Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVPL):

	Maximum exposure to credit risk	
	30 June 2020	31 December 2019
Financial assets at FVPL		
Bond investments	1,517,229	1,360,274
Trust investments	5,169,412	5,219,379
Directional assets management plans	10,375,969	10,360,368
Wealth management products purchased from financial institutions	7,505,948	9,618,383
Fund investments	4,110,559	–
Total	28,679,117	26,558,404

(c) Collateral and other credit enhancements

The Group has a range of policies and practices intended to mitigate credit risk. The most useful practice is to accept collaterals. The Group implements guidelines on the acceptability of specific classes of collateral. The principal types of collateral for loans are:

- Residential properties;
- Business assets such as premises, inventory and accounts receivable;
- Financial instruments such as stocks.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(5) Credit risk exposure (Continued)

(c) Collateral and other credit enhancements (Continued)

The value of collaterals at the time of loan origination is determined by risk assessment department and the amount of the loans granted is subject to loan-to-value ratio limits based on collateral types. The principal types of collateral for corporate loans and individual loans are as follows:

Type of collateral	Maximum loan-to-value ratio
Bank note and bank acceptance bill	90%
Warehouse receipt and accounts receivable	70%
Construction in progress	50%
Publicly traded stocks	60%
Property	70%
Land use rights	70%
Motor vehicles	40%

Mortgage loans to retail customers are generally collateralised by residential properties. Other loans are collateralised dependent on the nature of the loan.

For loans guaranteed by a third-party guarantor, the Group will assess the guarantor's financial condition, credit history and ability to meet obligations.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Bonds, treasury and other eligible bills are generally unsecured, with the exception of certain asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Collateral is also held as part of reverse repurchase agreements. Details of collateral accepted and which the Group is obligated to return are disclosed in Note 36.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(5) Credit risk exposure (Continued)

(c) Collateral and other credit enhancements (Continued)

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below :

30 June 2020	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets (Stage 3)				
Loans and advances to customers				
– Corporate loans	5,130,343	(2,791,253)	2,339,090	1,101,580
– Retail loans	1,060,935	(617,867)	443,068	265,805
Investment securities measured at amortised cost	1,166,308	(491,806)	674,502	674,501
Gross amount of credit-impaired assets	7,357,586	(3,900,926)	3,456,660	2,041,886
	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
31 December 2019				
Credit-impaired assets (Stage 3)				
Loans and advances to customers				
– Corporate loans	2,246,797	(1,681,872)	564,925	564,830
– Retail loans	894,244	(560,488)	333,756	202,945
Investment securities measured at amortised cost	657,022	(286,168)	370,854	370,854
Gross amount of credit-impaired assets	3,798,063	(2,528,528)	1,269,535	1,138,629

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(6) Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12M and Lifetime ECL;
- Additional allowances for new financial instruments recognised for the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs for the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Loans and advances to customers derecognised for the period and write-offs of allowances related to loans and advances to customers that were written off during the period.

The impact of the above factors on the loss allowance of loans and advances to customers made from the beginning to the end of this period is set out in Note 18(b). The impact of the above factors on the Investment securities measured at FVOCI made from the beginning to the end of this period is set out in Note 19. The impact of the above factors on the investment securities measured at amortised cost made from the beginning to the end of this period is set out in Note 19.

(7) Write-off policy

In the case of meeting the provisions of the relevant documents issued by the Ministry of Finance for the write-off of bad debts, the Group writes-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that show no reasonable expectation of recovery include (i) collection or enforcement activity has been in place for a necessary period and (ii) where the Group’s recovery method is foreclosing on collateral and the value of the collateral is not expected to recover the principal and interest in full.

The Group may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off for the six months ended 30 June 2020 was RMB510,544 thousand (for the six months ended 30 June 2019: RMB759,993 thousand).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(8) Investment securities

RMB bonds are rated by Zhongchengxin International Credit Rating Co. Ltd., China Lianhe Credit Rating Co., Ltd., Shanghai Far East Credit Rating Co., Ltd., Shanghai Brilliance Credit Rating & Investors Service Co., Ltd., Pengyuan Credit Rating Co., Ltd. and Golden Credit Rating International Co., Ltd. Foreign currency bonds are mainly rated by reference to S&P.

	Financial assets at FVPL	Investment securities at FVOCI	Investment securities at amortised cost	Total
30 June 2020				
Medium and long-term bonds:				
AAA	630,110	5,301,675	149,905	6,081,690
AA- to AA+	227,401	15,668,189	–	15,895,590
A+ and below	52,488	199,261	–	251,749
Unrated ⁽ⁱ⁾ :	27,769,118	17,291,945	102,814,050	147,875,113
Interest receivable from investment securities	–	983,038	2,396,753	3,379,791
	28,679,117	39,444,108	105,360,708	173,483,933

	Financial assets at FVPL	Investment securities at FVOCI	Investment securities at amortised cost	Total
31 December 2019				
Medium and long-term bonds:				
AAA	430,326	3,574,994	149,918	4,155,238
AA- to AA+	277,258	14,759,187	–	15,036,445
A+ and below	50,544	191,624	–	242,168
Unrated ⁽ⁱ⁾ :	25,800,276	16,417,541	94,307,251	136,525,068
Interest receivable from investment securities	–	873,718	1,950,182	2,823,900
	26,558,404	35,817,064	96,407,351	158,782,819

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(8) Investment securities (Continued)

- (a) These mainly represent debt securities at FVPL, debt securities at FVOCI and debt securities at amortised cost issued by PRC Ministry of Finance, the central bank, policy banks and other overseas financial institutions who are creditworthy issuers in the market, but are not rated by independent rating agencies. In addition, debt securities at FVPL and debt securities at amortised cost mainly include non-principal-guaranteed wealth management products issued by other banks, and the beneficiary rights of trust schemes and directional asset management plans, whose principal and income are guaranteed or collateralised. As at 30 June 2020, the impairment allowance for debt securities at FVOCI amounted to RMB105,649 thousand and the impairment allowance for debt securities at amortised cost amounted to RMB1,311,417 thousand (31 December 2019: RMB104,299 thousand and RMB1,402,304 thousand).

Trust investments/directional asset management plans classification by underlying assets are summarised as follows:

	30 June 2020	31 December 2019
Financial assets at FVPL		
– Credit assets	15,545,381	15,579,747
Financial investments at amortised cost		
– Credit assets	15,423,458	19,240,408
– Bond assets	42,530,000	37,488,000
	57,953,458	56,728,408

As at 30 June 2020, the gross amount of the Group's Stage 3 trust schemes and directional asset management plans at amortised cost was RMB1,166,308 thousand, and was accrued ECL allowance by RMB491,806 thousand (31 December 2019: RMB657,022 thousand and RMB286,168 thousand).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2020

(All amounts expressed in thousands of RMB unless otherwise stated) [English translation for reference only]

44 FINANCIAL RISK MANAGEMENT (Continued)

44.1 Credit risk (Continued)

(9) Foreclosed assets

The categories and carrying amounts of the Group's foreclosed assets are set out below:

	30 June 2020	31 December 2019
The Group and the Bank		
Business properties	59,299	66,012
Other	5,112	5,112
	64,411	71,124

Foreclosed assets are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. The Group does not generally occupy foreclosed properties for its business use. Foreclosed assets are classified as other assets at the balance sheet date.

45 OPERATING LEASE PAYMENTS TO BE RECEIVED SUBSEQUENT TO THE BALANCE SHEET DATE

As a lessor, the undiscounted cash flow of lease payments to be received subsequent to the reporting date is summarised as follow:

	30 June 2020	31 December 2019
Within 1 year	30,424	13,285
1 year to 2 years	13,100	13,215
2 years to 3 years	13,100	13,100
3 years to 4 years	13,100	13,100
4 years to 5 years	3,500	10,050
Over 5 years	–	–
	73,224	62,750

46 SUBSEQUENT EVENTS

With the approval by the Board meeting held on 28 August 2020, the Bank will participate in the capital increase and share expansion plan of its associate, Xingyi Wanfeng Village Bank in the second half of 2020. After the capital increase, it is expected the Bank will control Xingyi Wanfeng.

Unaudited Supplementary Financial Information

10.1 Liquidity Ratios

(Expressed in percentage)	As at 30 June 2020	As at 31 December 2019
RMB current assets to RMB current liabilities	75.94	73.18
Foreign currency current assets to foreign currency current liabilities	825.28	385.34

The liquidity ratios are calculated in accordance with the relevant provisions of the PBOC and the CBIRC.

10.2 Cross-border Claims

The Bank is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as cross-border claims.

Cross-border claims include amounts due from other banks and other financial institutions.

Cross-border claims have been disclosed by different countries or geographical areas. A country or geographical area is reported separately where it constitutes 10% of the aggregate amount of cross-border claims, after taking into account any risk transfers. Risk transfer is only made if the claims are guaranteed by a party in another country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020	As at 31 December 2019
Asia Pacific excluding Mainland China	23,281	726,101
– of which attributed to Hong Kong	4,783	722,375
Europe	2,303	26,392
North America	249,937	957,747
– of which attributed to America	206,127	914,097
– of which attributed to Canada	43,810	43,650
Total	275,521	1,710,240

Unaudited Supplementary Financial Information (Continued)

10.3 Currency Concentrations

(All amounts expressed in thousands of RMB unless otherwise stated)	Equivalent in RMB			
	US Dollar	HK Dollar	Others	Total
As at 30 June 2020				
Spot assets	11,394,163	3,436	98,982	11,496,581
Spot liabilities	(10,847,074)	(3,443)	(99,587)	(10,950,104)
Net long/(short) position	547,089	(7)	(605)	546,477

(All amounts expressed in thousands of RMB unless otherwise stated)	Equivalent in RMB			
	US Dollar	HK Dollar	Others	Total
As at 31 December 2019				
Spot assets	13,529,109	967	121,529	13,651,605
Spot liabilities	(13,114,194)	(969)	(122,951)	(13,238,114)
Net long/(short) position	414,915	(2)	(1,422)	413,491

10.4 Overdue and Rescheduled Assets

(1) Total overdue loans

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020		As at 31 December 2019	
	Total Overdue loans to customers	Percentage (%)	Total Overdue loans to customers	Percentage (%)
Past due 1-90 days (including 90 days)	4,887,487	61.47	4,053,545	60.03
Past due 90 days-1 year (including 1 year)	1,424,686	17.92	1,204,187	17.83
Past due 1 year-3 year (including 3 year)	1,453,768	18.28	1,370,514	20.30
Past due over 3 years	185,509	2.33	124,030	1.84
Total	7,951,450	100.00	6,752,276	100.00

(2) Overdue and rescheduled loans

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 30 June 2020	As at 31 December 2019
Gross amount of overdue and rescheduled loans	554,155	240,145

Unaudited Supplementary Financial Information (Continued)

10.4 Overdue and Rescheduled Assets (Continued)

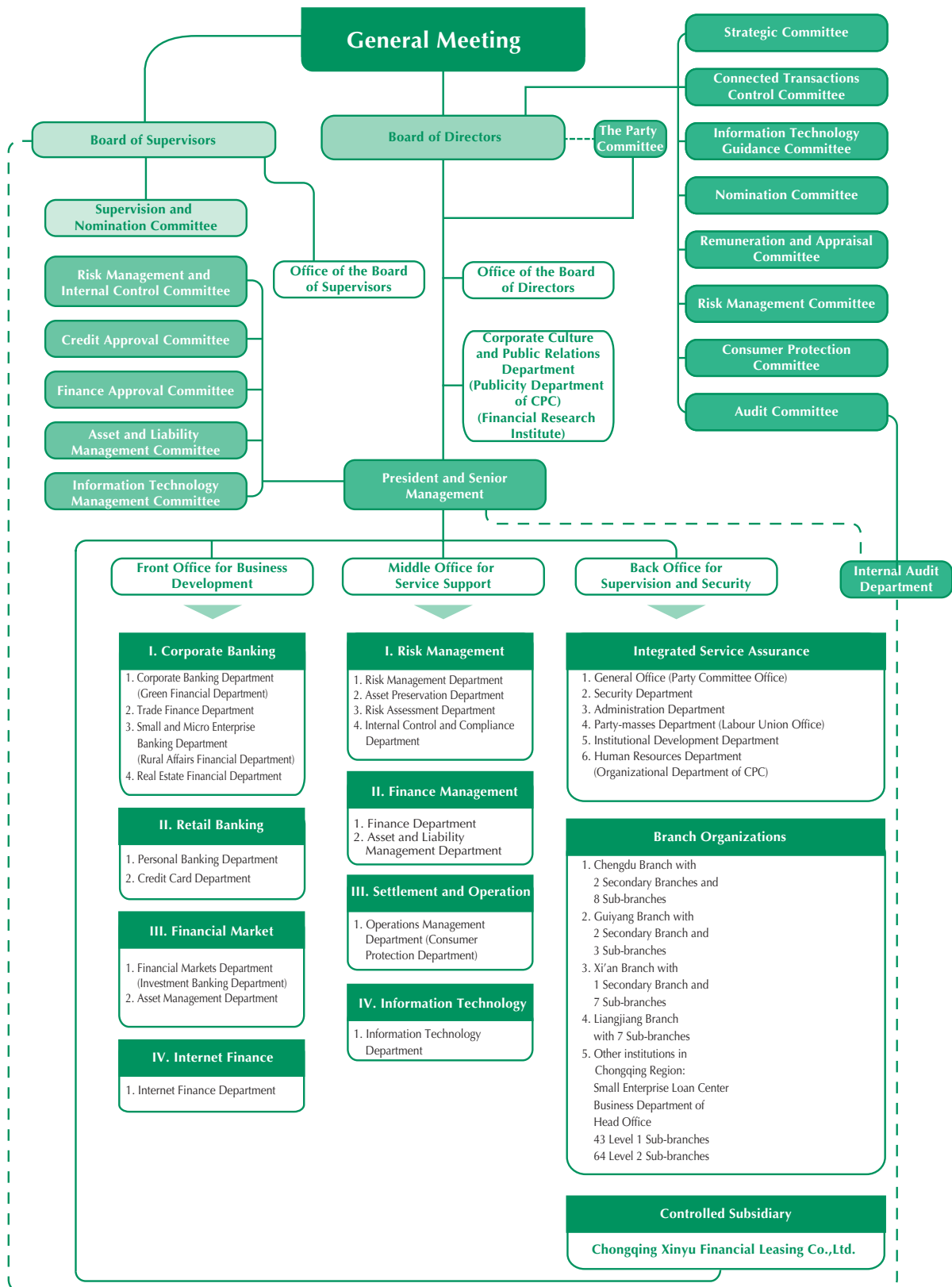
(3) Type of collateral of overdue loans

(All amounts expressed in thousands of RMB unless otherwise stated)	Past due 1-90 days (including 90 days)	Past due 90 days-1 year (including 1 year)	Past due 1 year-3 year (including 3 year)	Past due over 3 years	Total
As at 30 June 2020					
Unsecured loans	370,146	336,497	56,183	17,666	780,492
Guaranteed loans	2,375,548	333,990	529,973	8,769	3,248,280
Collateralised loans	1,839,856	605,745	862,809	158,743	3,467,153
Pledged loans	301,937	148,454	4,803	331	455,525
Total	4,887,487	1,424,686	1,453,768	185,509	7,951,450
As at 31 December 2019					
Unsecured loans	295,492	238,181	54,101	15,683	603,457
Guaranteed loans	1,856,803	377,940	325,922	6,564	2,567,229
Collateralised loans	1,774,694	588,066	841,124	101,783	3,305,667
Pledged loans	126,556	–	149,367	–	275,923
Total	4,053,545	1,204,187	1,370,514	124,030	6,752,276

10.5 Geographical Information

The Bank mainly operates its business in Mainland China, and most of its loans and advances are granted to the clients from the city of Chongqing.

Organizational Chart



List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
1	Business Department of Bank of Chongqing Co., Ltd.	Lot A04-1/03, Outline Zoning A, Jiangbeicheng, Jiangbei District, Chongqing	400020
2	Small Enterprise Loan Centre of Bank of Chongqing Co., Ltd.	No. 331 Donghu South Road, Yubei District, Chongqing	401147
3	Liangjiang Branch of Bank of Chongqing Co., Ltd.	No. 52 Middle Section of Huangshan Avenue, Yubei District, Chongqing	401121
4	Chengdu Branch of Bank of Chongqing Co., Ltd.	North Building, New Tianfu International Centre, No. 99 Tianfu Second Street, Hi-Tech District, Chengdu, Sichuan	610059
5	Guiyang Branch of Bank of Chongqing Co., Ltd.	1/F to 3/F, Building II, Shengshi Huating, No.51 Jiefang Road, Nanming District, Guiyang, Guizhou	550002
6	Xi'an Branch of Bank of Chongqing Co., Ltd.	1/F to 3/F, Building 2, Yinhe Xinzubiao Building, No. 25 Tangyan Road, Xi'an	710075
7	Guang'an Secondary Branch of Bank of Chongqing Co., Ltd.	1/F and 15/F, Guang'an Power Administration, Building, No. 9 Siyuan Avenue, Guang'an District, Guang'an, Sichuan	638000
8	Leshan Secondary Branch of Bank of Chongqing Co., Ltd.	(Even No.) No. 438-454 Baiyang Middle Road and (Even No.) No. 206-214 Jiaxing Road, Central District, Leshan, Sichuan	614001
9	Bijie Secondary Branch of Bank of Chongqing Co., Ltd.	1-4/F, Block 5, Qizhong Aolai International Plaza, Qixingguan District, Bijie, Guizhou	551700
10	Zunyi Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-1 Building 1, Jinxucheng Shangcheng Community, Nanjing Road, Huichuan District, Zunyi, Guizhou	563000
11	Yan'an Secondary Branch of Bank of Chongqing Co., Ltd.	1st and 4th floors, Building A, Yan'an Mintou Financial Town, southwest corner of Zichang Road & Xuanyuan Avenue, New District, Baota District, Yan'an	716000
12	Wenhuaogong Sub-branch of Bank of Chongqing Co., Ltd.	No. 139 Zhongshan San Road, Yuzhong District, Chongqing	400014
13	Qixinggong Sub-branch of Bank of Chongqing Co., Ltd.	No. 148 Zhongshan Yi Road, Yuzhong District, Chongqing	400013
14	Bayi Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 258 Bayi Road, Yuzhong District, Chongqing	400010
15	The Great Hall Sub-branch of Bank of Chongqing Co., Ltd.	No. 4 Xuetianwan Zheng Street, Yuzhong District, Chongqing	400015
16	Renhe Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 89 Renhe Street, Yuzhong District, Chongqing	400015
17	Shangqingsi Sub-branch of Bank of Chongqing Co., Ltd.	No. 38-4, 5, 6, and 7 Zhongshan Si Road, Yuzhong District, Chongqing	400015
18	Jiefangbei Sub-branch of Bank of Chongqing Co., Ltd.	No. 101 Minzu Road, Yuzhong District, Chongqing	400010
19	Minsheng Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 153 Zourong Road, Yuzhong District, Chongqing	400010
20	Dayanggou Sub-branch of Bank of Chongqing Co., Ltd.	(street frontage), Oupeng Building, No. 216 Xinhua Road, Yuzhong District, Chongqing	400010
21	Chaotianmen Sub-branch of Bank of Chongqing Co., Ltd.	No. 7 Datong Street, Yuzhong District, Chongqing	400011
22	Zongbucheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 44 and 46 Huxie Road, Yuzhong District, Chongqing	400011

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
23	Hualongqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 162 and 164 Ruitian Road, Yuzhong District, Chongqing	400043
24	Renmin Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 129 Renmin Road, Yuzhong District, Chongqing	400015
25	Shidai Tian Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 16-2-35 and 16-2-36 Shidai Tian Street, Yuzhong District, Chongqing	400014
26	Daping Sub-branch of Bank of Chongqing Co., Ltd.	No. 121 Daping Changjiang Er Road, Yuzhong District, Chongqing	400042
27	Shapingba Sub-branch of Bank of Chongqing Co., Ltd.	No. 339-3, Xiaolongkan Zheng Street, Shapingba District, Chongqing	400030
28	Shazheng Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 37-6 Shazheng Street, Shapingba District, Chongqing	400030
29	Xiaolongkan Sub-branch of Bank of Chongqing Co., Ltd.	No. 40-6-1 Xiaolongkan New Street, Shapingba District, Chongqing	400030
30	Tianxingqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 40-28 Tianxingqiao Zheng Street, Shapingba District, Chongqing	400030
31	Xiyong Weidianyuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 17-21 and 63-67, No. 26, Xishuang Avenue, Shapingba District, Chongqing	401332
32	Chongda Sub-branch of Bank of Chongqing Co., Ltd.	No. 83 Shabei Street, Shapingba District, Chongqing	400044
33	University City Sub-branch of Bank of Chongqing Co., Ltd.	No. 125-127 and 149-152, No. 17 University City West Road, Huxi Town, Shapingba District, Chongqing	400044
34	Dadukou Sub-branch of Bank of Chongqing Co., Ltd.	No. 37-18 Cui bai Road, Chunhui Road Subdistrict, Dadukou District, Chongqing	400084
35	Ganghua Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 38-31 Jianshe Village, Xinshancun Street, Dadukou District, Chongqing	400084
36	Gaoxin Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-3, 4, 5, and 6, Unit 1, Building 1, No 23 Bai Xin Road, Baishiyi Town, Jiulongpo District, Chongqing	400050
37	Jiulongpo Sub-branch of Bank of Chongqing Co., Ltd.	No. 1409 Jingwei Avenue, Jiulongpo District, Chongqing	401329
38	Jiulong Square Sub-branch of Bank of Chongqing Co., Ltd.	No. 36 Yangjiaping Xijiao Road, Jiulongpo District, Chongqing	400039
39	Yangjiaping Sub-branch of Bank of Chongqing Co., Ltd.	(Jianye Building) Yangjiaping Labour Village 3, Jiulongpo District, Chongqing	400050
40	Yuzhou Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 18-1 Yuzhou Road, Jiulongpo District, Chongqing	400039
41	Nan'an Sub-branch of Bank of Chongqing Co., Ltd.	2-2, 1/F, No. 199 Nancheng Avenue, Nanping Subdistrict, Nan'an District, Chongqing	400060
42	Chayuan New District Sub-branch of Bank of Chongqing Co., Ltd.	No. 101-8 Tongjiang Avenue, Chayuan New District, Nan'an District, Chongqing	401336
43	Danzishi Sub-branch of Bank of Chongqing Co., Ltd.	No. 52 Danzishi New Street, Nan'an District, Chongqing	400061
44	Huilongwan Sub-branch of Bank of Chongqing Co., Ltd.	No. 37, 1/F, No. 29, Nanhu Road, Nan'an District, Chongqing	400060

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
45	Banan Sub-branch of Bank of Chongqing Co., Ltd.	Shop-1 13-20, Shop-2 9-14, Shop-3 6-12, No. 40, Longzhou Avenue, Banan District, Chongqing	401320
46	Yudong Sub-branch of Bank of Chongqing Co., Ltd.	No. 60-1 Xinshi Street, Banan District, Chongqing	401320
47	Jieshi Sub-branch of Bank of Chongqing Co., Ltd.	No. 137, 139, 141 and 143 Jiemei Road, Jieshi Town, Banan District, Chongqing	401346
48	Lijiatuo Sub-branch of Bank of Chongqing Co., Ltd.	Shop 5 No. 5, Mawangping Zheng Street, Lijiatuo, Banan District, Chongqing	400054
49	Beibei Sub-branch of Bank of Chongqing Co., Ltd.	No. 453, 455 and 457 Yunqing Road, Beibei District, Chongqing	400700
50	Beibeichaoyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 73 Zhongshan Road, Beibei District, Chongqing	400700
51	Southwest University Sub-branch of Bank of Chongqing Co., Ltd.	No. 18 Shigang Village, Beibei District, Chongqing	400700
52	Tianshengqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 85-3 Huangshu Village, Beibei District, Chongqing	400716
53	Beibei District Shuitu Sub-branch of Bank of Chongqing Co., Ltd.	No. 98-27 Fangzheng Avenue, Beibei District, Chongqing	400700
54	Jiangbei Sub-branch of Bank of Chongqing Co., Ltd.	No. 23-4 Jianxin North Road, Jiangbei District, Chongqing	400020
55	Ranjiaba Sub-branch of Bank of Chongqing Co., Ltd.	No. 433 and 435 Longshan Road, Nanqiao Temple, Yubei District, Chongqing	400020
56	Wulidian Sub-branch of Bank of Chongqing Co., Ltd.	No. 292 Jianxin East Road, Jiangbei District, Chongqing	400023
57	Jianxin East Road Sub-branch of Bank of Chongqing Co., Ltd.	Baiyexing Building, No. 3-1 Jianxin East Road, Jiangbei District, Chongqing	400020
58	Bonded Port Sub-branch of Bank of Chongqing Co., Ltd.	2-1, 2-2, 2-3, and 2-4, Building 2, No. 153 Jinyu Avenue, Jiangbei District, Chongqing	400025
59	Longtousi Sub-branch of Bank of Chongqing Co., Ltd.	No. 331 Donghu South Road, Yubei District, Chongqing	401147
60	Jinkai Sub-branch of Bank of Chongqing Co., Ltd.	No. 11-1 Jintong Road, Beibu New District, Chongqing	401122
61	Yanghe Sub-branch of Bank of Chongqing Co., Ltd.	No. 383 Honghuang Road, Longxi Sub-district, Yubei District, Chongqing	401147
62	Yuanyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 119, Building G8, No. 1122 Jinkai Avenue, Beibu New District, Chongqing	401147
63	Liangjiang New District Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-3 Xingguang Avenue, Gaoxin Park, Beibu New District, Chongqing	401121
64	Fenglinxiushui Sub-branch of Bank of Chongqing Co., Ltd.	No. 52, 54, 56 and 58 Xihu Road, Yubei District, Chongqing	401120
65	Songshuqiao Sub-branch of Bank of Chongqing Co., Ltd.	District A, Shanghai Building, No. 71 Wuling Road, Longxi Sub-district, Yubei District, Chongqing	401147
66	Renhe Sub-branch of Bank of Chongqing Co., Ltd.	No. 50 Renhe Jile Avenue, Yubei District, Chongqing	401121
67	Jiazhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 115 Jiazhou Road, Yubei District, Chongqing	401147
68	Yuzui Sub-branch of Bank of Chongqing Co., Ltd.	No. 14, 15 and 16, 1/F, Building B2, Tuoxin • Liangjiang Qibocheng, No. 47 Yonghe Road, Yuzui, Liangjiang New District, Chongqing	401133

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
69	Red Star Plaza Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-1, 1-2, and 1-3, Building 4, No. 42 Golden State Avenue, Beibu New District, Chongqing	401120
70	Yubei Sub-branch of Bank of Chongqing Co., Ltd.	Shops 1-1 and 2-1 of Integrated Commercial Complex of Shengjing Tianxia, No. 9 Baiguo Road, Shuanglonghu Sub-district, Yubei District, Chongqing	401120
71	Lianglu Sub-branch of Bank of Chongqing Co., Ltd.	No. 86 Shuanglong Avenue, Shuanglonghu Sub-district, Yubei District, Chongqing	401120
72	Fuling Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-2, 2-2, 3-1, 3-4, Basement, Block 2, Xiangjiang Garden, No. 8-1 Zhongshan Road, Fuling District, Chongqing	408000
73	Fuling Stadium Sub-branch of Bank of Chongqing Co., Ltd.	Xinghua Middle Road (Stadium South Road), Fuling District, Chongqing	408000
74	Lidu Sub-branch of Bank of Chongqing Co., Ltd.	Shop 17, 18, 19, 20, Building S2-1, Panhua International Plaza, No. 29-20, 21, 22, 23, Taibai Avenue, Fuling District, Chongqing	408100
75	Changshou Sub-branch of Bank of Chongqing Co., Ltd.	No. 10 Taoyuan West Road, Changshou District, Chongqing	401220
76	Yanjia Sub-branch of Bank of Chongqing Co., Ltd.	No. 33 Yucai Road, Yanjia Sub-district, Changshou District, Chongqing	401221
77	Fengcheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 2 Xiangyang Road, Changshou District, Chongqing	401220
78	Hechuan Sub-branch of Bank of Chongqing Co., Ltd.	1-2, 2-1, No. 402, 400 Jiangcheng Avenue, South Office, Hechuan District, Chongqing	401520
79	Hechuan District Zhaojia Sub-branch of Bank of Chongqing Co., Ltd.	No. 47, 49, 51 Jiaotong Street and No. 210, 212, 214, 216 Zuofu Road, Joint Office, Hechuan District, Chongqing	401520
80	Wanzhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 193 Baiyan Road, Wanzhou District, Chongqing	404000
81	Wanzhou District Wuqiao Sub-branch of Bank of Chongqing Co., Ltd.	1/F, Building A, Shanghai Grand World, No. 55 Shanghai Avenue, (Wuqiao) Wanzhou District, Chongqing	404020
82	Qianjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 555 Xinhua Avenue (West Section), Chengxi Sub-district, Qianjiang District, Chongqing	409000
83	Dashizi Sub-branch of Bank of Chongqing Co., Ltd.	No. 120 Jiefang Road, Chengdong Sub-district, Qianjiang District, Chongqing	409000
84	Jiangjin Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-2 and 2-1, Building 1, Xiangrui Building, No. 518 Dingshan Avenue, Dingshan Sub-district, Jiangjin District, Chongqing	402260
85	Jiangjin District Shuangfu Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-1, 1-2 and 1-3, Basement, Block 1, Meifang Mansion, Shui Basement, No. 95, 93 and 91 Shuangfu Avenue, Shuangfu Sub-district, Jiangjin District, Chongqing	402260
86	Jiangjin District Zongbao Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-8, Block Commercial, Century Huacheng, No. 23 Luohuang Industrial Park Avenue, Luohuang Town, Jiangjin District, Chongqing	402283
87	Tongliang Sub-branch of Bank of Chongqing Co., Ltd.	2-1, No. 2, No. 2 Jiefang East Road, Bachuan Sub-district, Tongliang District, Chongqing	402560

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No.	Name of Banking Institution	Address	Postal Code
88	Tongliang District Xincheng Sub-branch of Bank of Chongqing Co., Ltd.	(Even No.) No. 198-206 and 206-1-8 Zhongxing East Road, Dongcheng Sub-district, Tongliang District, Chongqing	402560
89	Yongchuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 78 Renmin South Road, Yongchuan District, Chongqing	402160
90	Yongchuan District Yuxi Square Sub-branch of Bank of Chongqing Co., Ltd.	No. 101-1-5 and 101-10 Xuanhua Road, Yongchuan District, Chongqing	402160
91	Liangping Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-21 to 1-25, 1-96 to 1-101, 2-19 to 2-25, Building 2, No. 5, Jingui Road, Shuanggui Street, Liangping District, Chongqing	405200
92	Liangping Sanxiaofeng Sub-branch of Bank of Chongqing Co., Ltd.	No. 2, 4 and 8 Shuncheng Street, Liangshan Town, Liangping County, Chongqing	405200
93	Nanchuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-12 and No. 2-14, Block 1 (Chamber of Commerce Building), No. 12 Longhua Avenue, Xi Cheng Sub-district, Nanchuan District, Chongqing	408400
94	Nanchuan District Heping Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 29 Heping Road, No. 2 West Street, Xi Cheng Sub-district, Nanchuan District, Chongqing	408400
95	Rongchang Sub-branch of Bank of Chongqing Co., Ltd.	1-3 and 2-3, No. 43-2 Changlong Avenue, Changzhou Sub-district, Rongchang County, Chongqing	402460
96	Rongchang County Changyuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 199-205 Binhe Middle Road, Changyuan Town, Rongchang County, Chongqing	402460
97	Zhong County Sub-branch of Bank of Chongqing Co., Ltd.	No. 3-1 Zhongbo Avenue, Zhongzhou Town, Zhong County, Chongqing	404300
98	Bishan Sub-branch of Bank of Chongqing Co., Ltd.	No. 78, No. 80, No. 82, No. 84, No. 86, Shuangxing Avenue, Biquan Street, Bishan District, Chongqing	402760
99	Qinggang Sub-branch of Bank of Chongqing Co., Ltd.	No. 190, 192 and 194 Zhong Street, Qinggang Sub-district, Bishan County, Chongqing	402760
100	Bishan Jinjian Sub-branch of Bank of Chongqing Co., Ltd.	No. 205 (3 to 5) Jinjian Road, Bishan County, Chongqing	402760
101	Qijiang Sub-branch of Bank of Chongqing Co., Ltd.	Sub No. 1-40 and Sub No. 2-225 to 229, Podium Building, Rongrun Kaixuan Mingcheng, No. 47 Jiulong Avenue, Wenlong Sub-district, Qijiang District, Chongqing	401420
102	Wansheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 23-1 Wansheng Avenue, Wansheng District, Chongqing	400800
103	Xiushan Sub-branch of Bank of Chongqing Co., Ltd.	1-4, 1-5, 2-4 and 2-5, No. 70-1, Fengxiang Road, Zhonghe Street, Xiushan County, Chongqing	409900
104	Xiushan County Wuyue Plaza Sub-branch of Bank of Chongqing Co., Ltd.	1-4, 1-5 and 1-6, Unit 1, Building 1, No. 3 Baisha Avenue (North Section), Zhonghe Street, Xiushan County, Chongqing	409900
105	Kaizhou Sub-branch of Bank of Chongqing Co., Ltd.	Market Square, Kaizhou Avenue (Middle Section), Kaizhou County, Chongqing	405400

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No.	Name of Banking Institution	Address	Postal Code
106	Kaizhou County Pingqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 500 Kaizhou Avenue West, Yunfeng Street, Kaizhou County, Chongqing	405499
107	Dazu Sub-branch of Bank of Chongqing Co., Ltd.	No. 335 Shengji West Road, Tangxiang Avenue, Dazu District, Chongqing	402360
108	Shuangqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 10-39 Xihu Avenue, Shuangqiao District, Chongqing	400900
109	Dazu County Wuxing Avenue Sub-branch of Bank of Chongqing Co., Ltd.	No. 257 Wuxing Avenue, Tangxiang Sub-district, Dazu County, Chongqing	402368
110	Tongnan Sub-branch of Bank of Chongqing Co., Ltd.	No. 2, 1/F, No. 86-92 Xingtong Avenue, Guilin Sub-district, Tongnan County, Chongqing	402660
111	Tongnan Waitan Sub-branch of Bank of Chongqing Co., Ltd.	Shops 9, 10, 11, 27 and 28, 1/F, Building 4, No. 3 Waitan West Road, Zitong Sub-district, Tongnan District, Chongqing	402660
112	Fengdu Sub-branch of Bank of Chongqing Co., Ltd.	No. 184 and 186 Pingdu Avenue (West Section), Sanhe Town, Fengdu County, Chongqing	408200
113	Shizhu Sub-branch of Bank of Chongqing Co., Ltd.	No. 35-26-30, Dudu Avenue, Wan'an Street, Shizhu County, Chongqing	409100
114	Shizhu Wanshou Sub-branch of Bank of Chongqing Co., Ltd.	No.100-9, Wanshou Avenue, Wan'an Street, Shizhu County, Chongqing	409100
115	Dianjiang Sub-branch of Bank of Chongqing Co., Ltd.	Unit 1-1, Building B51 Fengshan West Road, Guixi Town, Dianjiang County, Chongqing	408300
116	Yunyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 1299 Yunjiang Avenue, Qinglong Street, Yunyang County, Chongqing	404500
117	Wuxi Sub-branch of Bank of Chongqing Co., Ltd.	Entertainment and Sports Building, Chunshen Avenue, Chengxiang Town, Wuxi County, Chongqing	405800
118	Wulong Sub-branch of Bank of Chongqing Co., Ltd.	No. 117 Furong West Road, Xiangkou Town, Wulong County, Chongqing	408500
119	Wulong County Nancheng Sub-branch of Bank of Chongqing Co., Ltd.	Unit 8-11, No.2 Jianshe Middle Road, Xiangkou Town, Wulong County, Chongqing	408500
120	Youyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-14, 1-15, 2-1, Building 9, Huisheng Square, No. 10 Middle Road, Taohuayuan Avenue, Youyang County, Chongqing	409800
121	Youyang Taohuayuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 17 Chengbei New District, Zhongduo Town, Youyang County, Chongqing	409800
122	Pengshui Sub-branch of Bank of Chongqing Co., Ltd.	G/F (street frontage) Binjiang Community, Hanjia Town, Pengshui County, Chongqing	409699
123	Wushan Sub-branch of Bank of Chongqing Co., Ltd.	Complex Building 1-1, No. 329 Guangdong East Road, Gaotang Sub-district, Wushan County, Chongqing	404700
124	Chengkou Sub-branch of Bank of Chongqing Co., Ltd.	Commercial Building One, Block 1, Chongyang • Yicheng International Commercial Podium, No.18 Dongda Street, Gecheng Sub-district, Chengkou County, Chongqing	405900

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No.	Name of Banking Institution	Address	Postal Code
125	Fengjie Sub-branch of Bank of Chongqing Co., Ltd.	No. 4 Qiaomu Street, Yong'an Town, Fengjie County, Chongqing	404600
126	Chengdu Chongzhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 353-367 Yangci Street and No. 79 South Section 1, Binhe Road, Chongyang Town, Chongzhou, Sichuan	611230
127	Chengdu Binjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 65 Shangchi Zheng Street, Qingyang District, Chengdu, Sichuan	610015
128	Chengdu Wuhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 17 South Section 4, Yihuan Road Gaosheng Bridge, Wuhou District, Chengdu, Sichuan	610000
129	Chengdu Economic Development Zone Sub-branch of Bank of Chongqing Co., Ltd.	(Even No.) 620-626 Beiquan Road, and (Odd No.) 1-19 Yiju Road, Longquanyi District, Chengdu, Sichuan	610100
130	Chengdu Jinsha Sub-branch of Bank of Chongqing Co., Ltd.	No. 246 Shuhui Road, and No. 171 Jinze Road, Qingyang District, Chengdu, Sichuan	610074
131	Chengdu Kehua Sub-branch of Bank of Chongqing Co., Ltd.	Libao Building, No. 62 Kehua North Road, Wuhou District, Chengdu, Sichuan	610040
132	Chengdu Jinjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 79-93, 79-95 and 79-97 Section 1, Jinhua Road, Jinjiang District, Chengdu, Sichuan	610023
133	Chengdu Xindu Sub-branch of Bank of Chongqing Co., Ltd.	No. 470, 472 and 474 Yuying Road, Chengdu, Sichuan	610599
134	Guiyang Chengdong Sub-branch of Bank of Chongqing Co., Ltd.	No. 116 Baoshan North Road, Yunyan District, Guiyang, Guizhou	550001
135	Liupanshui Zhongshan Middle Road Sub-branch of Bank of Chongqing Co., Ltd.	1st to 3rd Floor, Longcheng Plaza, No. 81 Zhongshan Middle Road, Zhongshan District, Liupanshui, Guizhou	553000
136	Guiyang Guanshanhu Sub-branch of Bank of Chongqing Co., Ltd.	No. 3, 1st Floor, North Zone of Financial Business District (4), Zone B, Zhongtian • Exhibition City, Changling North Road, Guanshanhu District, Guiyang	550081
137	Xi'an Economic & Technological Development Zone Sub-branch of Bank of Chongqing Co., Ltd.	1st Floor, Huadi Golden Block, No. 369, Middle Section of North Second Ring Road, Weiyang District, Xi'an	710015
138	Xi'an Qujiang New District Sub-branch of Bank of Chongqing Co., Ltd.	1/F and 2/F, No. 6, Building No. 1, Longmai South Zone Tianlunyu Cheng, Second South Ring Road (East Section), Xi'an	710018
139	Xi'an International Trade and Logistics Park Sub-branch of Bank of Chongqing Co., Ltd.	1/F, Qihang Garden Commercial Street, No. 6 Port Avenue, Xi'an International Trade and Logistics Park, Xi'an	710026
140	Xi'an Fengdong Sub-branch of Bank of Chongqing Co., Ltd.	1/F 10101, 2/F 10201, Block 2, Wanxiangcheng Phase 1, Fengdong New City, Xixian New District, Xi'an	710116
141	Xi'an Yanta South Road Sub-branch of Bank of Chongqing Co., Ltd.	10108 Building1 No. 396 Yanta South Road, Qujiang New District, Xi'an	710061
142	Xi'an Aerospace City Sub-branch of Bank of Chongqing Co., Ltd.	1st floor, Shaanxi Zhengheng Financial Investment Service Headquarter Base, No. 391, Yanta South Road, Xi'an Aerospace Economic Technology Development Zone	710100
143	Yan'an Nanshi Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 1 Nanshi Street, Baota District, Yan'an	716000