



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 ANNUAL 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 authorized institution within the meaning of the 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 authorized to carry on banking and/or deposit-taking business in Hong Kong.

CONTENTS

1. Important Notice	2
2. Definitions	3
3. Company Profile	5
4. Financial Highlights	14
5. Chairman's Statement	18
6. President's Statement	19
7. Management Discussions and Analysis	20
7.1 Overall Operation	20
7.2. Analysis of the Financial Statements	21
7.3 Loan Quality Analysis	39
7.4 Operating Results by Segment	46
7.5 Other Information to be Disclosed according to Regulatory Requirements	47
7.6 Business Overview	48
7.7 Risk Management	62
7.8 Capital Management	71
7.9 Environment and Outlook	75
8. Significant Events	78
9. Change in Share Capital and Shareholders	119
10. Directors, Supervisors, Senior Management, Employees and Branch Outlets	135
11. Corporate Governance Report	163
12. Report of the Board of Directors	194
13. Report of the Board of Supervisors	202
14. Financial Report	208
15. Organizational Chart	375
16. List of Branch Outlets	376

Important Notice

- (1) The Board of Directors, the Board of Supervisors, Directors, Supervisors and Senior Management of the Bank warrant that the contents in this report are true, accurate and complete and have no false representations, misleading statements or material omissions, and they will take legal responsibilities for such contents on a joint and several basis.
- (2) The 24th meeting of the sixth session of the Board of the Bank was held on 30 March 2021 in the form of on-site (video) conference. Chairman LIN Jun presided over the meeting. The Company has 13 Directors, among which 13 Directors attended the meeting in person. Supervisors and Senior Management of the Bank attended the meeting as non-voting participants. The convening of the meeting complied with relevant provisions of the Company Law of the People's Republic of China and the Articles of Association of Bank of Chongqing Co., Ltd.
- (3) The Bank's auditors PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) and PricewaterhouseCoopers have audited the 2020 Financial Report of the Bank prepared in accordance with the PRC GAAP (China) Accounting Standards and International Financial Reporting Standards (IFRSs), and have issued unqualified auditor's reports, respectively.
- (4) LIN Jun (Chairman of the Bank), RAN Hailing (President of the Bank), YANG Shiyin (Vice President in charge of Finance) and YANG Kun (Head of Finance Department) warrant that the financial report in the annual report is true, accurate and complete.
- (5) Profit distribution plan: The Bank plans to withdraw the statutory surplus reserve of RMB432 million according to 10% of the audited net profit of RMB4.32 billion in 2020, and withdraw the general reserve of RMB585 million according to 1.5% of the balance of risk assets. Based on the total share capital of A shares and H shares on the equity registration date for profit distribution, cash dividends of RMB0.373 (tax inclusive) per share will be distributed to all registered shareholders, which shall be denominated and declared in RMB, paid to A-share shareholders in RMB and paid to H-share shareholders in Hong Kong dollars. The actual amount distributed in Hong Kong dollars shall be calculated according to the average benchmark exchange rate of RMB to HK\$ announced by the People's Bank of China (PBOC) five business days before convening the general meeting of shareholders (including the day of the general meeting). The remaining undistributed profits will be carried forward to the next year. In 2020, the Bank did not implement the conversion of capital reserve into share capital. The above profit distribution plan is subject to consideration and approval at the 2020 annual general meeting of the Bank.
- (6) Forward-looking statements about matters like future plans of the Bank may be contained in this report. Relevant statements are made on the basis of current plans, estimates and forecasts. The Group believes that the expectations reflected in these forward-looking statements are reasonable, but the Group can not guarantee that these expectations can be realized or will be proved to be correct, so they shall not constitute substantive commitments of the Group. Investors shall not rely too much on such statements and maintain sufficient risk awareness in this regard. Be sure to note that these forward-looking statements are related to future events or the Group's future financial, business or other performance and are subject to numerous uncertainties that may lead to significant differences in the actual results.

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 Bank of Chongqing Co., Ltd.
“Bank” or “Bank of Chongqing”	Bank of Chongqing Co., Ltd.
“Group”	Bank of Chongqing Co., Ltd. and its controlled subsidiary
“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)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“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)
“Chongqing Yufu”	Chongqing Yufu Capital Operation Group Co., Ltd.
“Dah Sing Bank”	Dah Sing Bank, Limited
“Xinyu Financial Leasing”	Chongqing Xinyu Financial Leasing Co., Ltd.
“Xingyi Wanfeng”	Xingyi Wanfeng Village Bank Co., Ltd.
“Mashang Consumer”	Mashang Consumer Finance Co., Ltd.
“Three Gorges Bank”	Chongqing Three Gorges Bank Co., Ltd.
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS(s)”	International Financial Reporting Standard(s)

Definitions

“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and 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)
“Reporting Period”	the year ended December 31, 2020
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

Company Profile

3.1 Corporate Information

- 3.1.1** 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.
- 3.1.2** Legal Representative: LIN Jun
Authorized Representatives: LIN Jun
WONG Wah Sing
Secretary to the Board: PENG Yanxi
Company Secretary: HO Wing Tsz Wendy
Securities Affairs Representative¹: LIU Songtao
- 3.1.3** Registered Address and Office Address: No. 6 Yongpingmen Street, Jiangbei District, Chongqing, the PRC
Principal Place of Business in Hong Kong: Level 54, Hopewell Centre,
183 Queen's Road East, Hong Kong
- 3.1.4** Correspondence Address: No. 6 Yongpingmen Street, Jiangbei District, Chongqing, the PRC
Postal Code: 400024
Tel: +86(23)63799024
Fax: +86(23)63799024
E-mail: ir@cqcbank.com
Website: <http://www.cqcbank.com>
Customer Service Hotline: 4007096899
- 3.1.5** General Information on the Listing of Shares:
A Shares:
Listing Exchange: Shanghai Stock Exchange
Stock Name: BCQ
Stock Code: 601963
H Shares:
Listing Exchange: The Stock Exchange of Hong Kong Limited
Stock Name: BCQ
Stock Code: 01963
Offshore Preference Shares:
Listing Exchange: The Stock Exchange of Hong Kong Limited
Stock Name: BCQ 17USDPREF
Stock Code: 4616

1. The Board of Directors has appointed Mr. LIU Songtao as the Securities Affairs Representative of the Bank. The appointment of Mr. LIU Songtao will take effect only after he obtains the qualification certificate of the Secretary to the Board issued by Shanghai Stock Exchange.

Company Profile

- 3.1.6** Domestic Auditor: PricewaterhouseCoopers Zhong Tian LLP
Office Address: 11/F, PricewaterhouseCoopers Center, Link Square 2, 202 Hu Bin Road, Huangpu District, Shanghai, the PRC
Names of Signatory Certified Public Accountants: ZHOU Zhang, XUE Yu
International Auditor: PricewaterhouseCoopers
Office Address: 22/F, Prince's Building, Central, Hong Kong
Names of Signatory Accountant: Lee, Chung Bor
- 3.1.7** Legal Advisor as to PRC Laws: JunHe LLP
Legal Advisor as to Hong Kong Laws: Sullivan & Cromwell (Hong Kong) LLP
- 3.1.8** A Share Registrar: China Securities Depository and Clearing Corporation Limited Shanghai Branch
Address: No. 188 Yanggaonan Road, Pudong New District, Shanghai
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
- 3.1.9** Newspapers and Websites Designated for Information Disclosure
Mainland China: China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website of the Shanghai Stock Exchange (www.sse.com.cn) and Website of the Bank (www.cqcbank.com)
Hong Kong: Website of the Hong Kong Stock Exchange (www.hkex.com.hk) and Website of the Bank (www.cqcbank.com)
Place for Preparation of the Annual Report: Office of the Board of the Bank
- 3.1.10** Domestic Sponsor Institution for Continuous Supervision and Guidance: China Merchants Securities Co., Ltd.
Office Address: No. 111, 1st Fuhua Road, Futian District, Shenzhen
Sponsor Representative: CHEN Xin and WEI Jinyang
Period of Continuous Supervision and Guidance: From 5 February 2021 to 31 December 2023
- 3.1.11** Registration Information:
Date of Initial Incorporation: September 2, 1996
Registration Authority: Administration for Market Regulation of Chongqing (formerly known as Administration for Industry and Commerce of Chongqing)
Unified Social Credit Code: 91500000202869177Y
Financial License Registration Number: the Bank holds a financial licence number B0206H250000001 approved by the regulatory authority of the banking industry of the PRC

3.2 Recognitions and Awards

Since 2020, the Bank has won many honors and awards in the selection activities organized by domestic and foreign institutions, including:

- In January 2020, the Bank won the "Retail Banking Award City of Top 10 Commercial Banks" in the 2019 China Retail Financial Innovation and Practice Award organized by the Retail Banking magazine.
- In March 2020, the Bank was honored by the Chongqing Business Management Department of the People's Bank of China with the "2019 Advanced Unit of Financial Standard Innovation", the "Advanced Unit of Financial Technology Innovation" and the "Advanced Unit of Offline Application Piloting for Face Recognition (Client-Side Transformation and Application Promotion)".
- In April 2020, the Bank was honored as the "2019 National May Fourth Red Flag Youth League Committee" issued by the Central Committee of the Communist Youth League.
- In May 2020, the Standard & Poor rated the Bank's long-term issuer credit rating as "BBB-" and short-term issuer credit rating as "A-3", with rating outlook as "stable".
- In June 2020, the Bank won the Silver Award for "Technology Innovation and Application" in the "2020 China Financial Technology Innovation Competition" organized by China Financial Certification Authority (CFCA).
- In September 2020, the Bank won the "Tianji Award for Regional Influential Banks" in the selection activity of "2020 (Second) China Banking Industry Tianji Award" sponsored by the Securities Times.
- In October 2020, the Bank won the "Data Governance Innovation Award" at the 2020 DAMA China Data Management Summit held by China Branch of DAMA Data Management Association International.
- In October 2020, the Bank won the "Most Valuable Growth Award of Consumer Finance" at the Fourth Retail Banking and Risk Control Conference.
- In October 2020, the Bank won the "Outstanding Member Unit" of the self-discipline mechanism for bank foreign exchange business and cross-border RMB business of Chongqing.
- In November 2020, the Bank's "Wind Chime" intelligent review system was honored as the Best Practice Case at the 2020 China Smart Enterprise Development Forum sponsored by China Enterprise Confederation and China Enterprise Directors Association;
- In November 2020, the Bank won the "Contribution Award for Bank Card Risk Control" at the Third China UnionPay Customer Conference for Risk Control Service.
- In November 2020, the Bank was won the "Excellent Practice Case Award for User Experience" at the 8th China User Experience Summit hosted by China User Experience Alliance and China Quality Management Association for Electronics Industry.

Company Profile

- In November 2020, the Bank was honored as the "Annual Commercial Bank with the Most Investment Value" at the "Annual Conference of Thinking Financial Investors 2020" sponsored by Investor China.
- In November 2020, the Bank won the title of "Technology Bank of 2020" at the 15th 21st Century Asian Finance Annual Conference sponsored by 21st Century Business Herald.
- In December 2020, the Bank won the "Outstanding Contribution Award for Financial Technology Innovation – Operation and Maintenance Innovation Contribution Award" and the "Outstanding Contribution Award for Financial Technology Channel Innovation" at the 2020 China Financial Technology Annual Conference sponsored by the Financial Computerizing Magazine
- In December 2020, the Bank's "Innovative Application of Digital Mobile Exhibition Industry" and "Wind Chime Intelligent Review Big Data Risk Assessment and Application System" won the Best Application Results Award at the Fourth China Digital Forum jointly sponsored by the Internet Finance Association of Small and Medium-sized Banks and China Banking Magazine.
- In December 2020, the Bank was honored as the "Most Popular Bank for Optimizing Business Environment" by the Chongqing Bank Foreign Exchange and Cross-Border RMB Business Self-Discipline Mechanism.
- In December 2020, the Bank won the "Best Mobile Banking Operation Award" at the 2020 Digital Banking Ecology & Inclusive Finance Summit and the 16th China E-banking Annual Ceremony organized by China Financial Certification Authority (CFCA).
- In January 2021, the Bank won the Best Digital Investor Relationship Award and the Best Cutting-edge Award in the Annual Selection of China Excellent IR (2020-2021) jointly sponsored by Roadshow China and its brand Excellent IR.
- In January 2021, as assessed by the Payment & Clearing Association of Chongqing, the Bank won "the first prize of the 2020 Risk Prevention Excellence Award for Chongqing Bankcard Business Development Advanced Unit", "the first prize of the Market Norm Award", and "the second prize of the Systemic Institutional Reform Award".
- In February 2021, in the Top 500 World Bank Brands 2021 from The Banker, a UK magazine, the Bank was ranked 206th, up by 53 places as compared with the previous year.
- In February 2021, as assessed by the Chongqing business management department of the People's Bank of China, the Bank won "the first prize of the 2020 Outstanding Contribution Award for Chongqing Mobile Payment Convenience Project".

3.3 Business Summary

As one of the earliest local joint stock commercial banks in Western China and the upper reaches of the Yangtze River, the Bank was formerly known as Chongqing Urban Cooperative Bank, which was established by consolidating 37 urban credit cooperatives and 1 urban credit union in 1996. The Bank was renamed as Commercial Bank of Chongqing Co., Ltd. in 1998 and as Bank of Chongqing Co., Ltd. in 2007. In 2013, the Bank became the first urban commercial bank in Mainland China to be listed on the Hong Kong Stock Exchange. As at 31 December 2020, the Bank operated 145 business outlets, covering “one municipality and three provinces”, including all districts and counties in Chongqing as well as Sichuan, Guizhou and Shaanxi, and controlled its subsidiaries Chongqing Xinyu Financial Leasing Co., Ltd. and Xingyi Wanfeng Village Bank Co., Ltd. The Bank recorded the total assets of RMB561.64 billion, the total deposits of RMB314.50 billion, and the total loans of RMB283.23 billion, with the non-performing loan ratio of 1.27% and the allowance coverage ratio of 309.13%. Major business indicators have met the regulatory requirements.

Based on its original intention of serving local economy, serving small and micro enterprises and serving urban and rural residents, the Bank developed "You You Dai " and "Credit Loan for Business Entities" to fully support private enterprises and serve the real economy. The Bank developed "Hao Qi Dai" series financial products by using the big data analysis technology, so as to help micro, small and medium-sized enterprises solve financing difficulties. The Bank launched Chongqing Talent Card to provide exclusive financial services for high-level talents. The Bank obtained the Class B lead underwriter qualification in the inter-bank market and the trading qualification for ordinary derivatives, thereby continuously improving its financial service capability. In 2017, the Bank was awarded the title of “National Civilized Unit” by the Spiritual Civilization Steering Committee of the CPC Central Committee. In 2020, the Head Office was honored as the "National May Fourth Red Flag Youth League Committee" issued by the Central Committee of the Communist Youth League. The Bank was rated by the Standard & Poor’s as investment rating, with rating outlook as “stable” for four consecutive years in 2017-2020. It ranked among the top 300 in the “Top 1,000 World Banks” in The Banker, a UK magazine, for five consecutive years.

Company Profile

3.4 Development Strategy and Core Competitiveness

3.4.1 Development Strategy

3.4.1.1 Strategic vision and development philosophy

With the strategic vision of building a national first-class listed commercial bank with “adherence to the origin, distinctive characteristics, robust operation, and superior value”, the Bank will implement three key tasks of “service improvement, digital transformation, and characteristic development”, establish three major systems of “technology empowerment, talent empowerment, and management empowerment”, form a new layout of “1-3-3” strategic development and thus promote the realization of high-quality development across the Bank.

“1” Strategic Vision: The Bank aims to become a national first-class listed commercial bank with “adherence to the origin, distinctive characteristics, robust operation, and superior value”. “Adherence to the origin” means that the Bank should adhere to serving the real economy as the original duty, integrates our own development into national strategy, regional strategy and the development of real economy, and firmly secure the orientation of “serving the local economy, serving small and micro enterprises, and serving urban and rural residents”. “Distinctive characteristics” means that the Bank should promote reform and innovation in terms of products, channels, management, technology, mechanism, culture and talents, and enhance characteristic services in the fields of digital finance, small and micro finance, retail finance, cultural tourism finance, open finance, and green finance. “Robust operation” means that the Bank should strengthen risk awareness, cultivate risk culture, enhance bottom line thinking, secure risk control, promote total risk management, resolve inventory and strictly control increments, implement strict assessments and responsibility division, and strive to achieve robust operation and safe development. “Superior value” means that the Bank should take high quality as the development goal and internal requirement, continuously and comprehensively optimize the structure, promote the organic integration of scale, quality and benefits, continuously improve the comprehensive strength, and coordinate the enhancement of the total value.

“3” Key Tasks: The Bank will implement the strategic vision, achieve high-quality development, and make every effort to advance the three key tasks of “service improvement, digital transformation, and characteristic development”. Firstly, we will focus on customers and make every effort to promote service improvement. The Bank will deeply understand customer needs, strengthen product demand matching, coordinate customer management and operation, continue to improve the comprehensive financial service capabilities for the local economy and urban and rural residents through open, scene-based and ecological modes, and highlight the creation of a “local bank”, “bank for small and micro enterprises” and “bank for citizens”. Secondly, we will take innovation as the guide and make every effort to promote digital transformation. The Bank will strengthen the building of information technology capacity, vigorously develop financial technology, focus on customer service and product innovation, channel expansion and precision marketing, risk control and decision support, continuously enhance the capacity for intelligent innovation and development of big data, and strive to build a “smart bank” and “digital bank”. Thirdly, we will take the cooperation as the support and make every effort to promote characteristic development. The Bank will internally strengthen the comprehensive cooperation, promote information exchange and resource sharing, accelerate the improvement of customer-oriented integrated service capabilities, externally enhance the diversified cooperation, boost the coordinated development of traditional and emerging business modes, online and offline services, commercial and investment banking models, banking and non-banking businesses, and strive to establish a distinctive business service system.

“3” Empowerment Systems: Building the three major systems of “technology empowerment, talent empowerment, and management empowerment” to deeply stimulate the vitality of business development and fully support high-quality development. Firstly, taking science and technology as the primary productive force, the Bank will promote innovation-driven development through intelligentization and big data, integrate technology into management concepts, development strategies, and process changes, continue to improve its abilities to support and guarantee business development, and use Internet Thinking to reconstruct business platform, and build an information platform, to accelerate digital transformation, realize intelligent upgrades, and create a “technology empowerment” system. Secondly, taking talents as the first resource for development, the Bank will systematically promote the selection, employment, cultivation, and retention of talents. The Bank will improve the talent working mechanism, consolidate the foundation, optimize the echelon, enhance the ability, strengthen the style of work, continue to create a good environment for talent development, to create development advantages with talent advantages, enhance the competitiveness of the whole bank with a professional talent team, and create a “talent empowerment” system. Thirdly, the Bank will continuously improve strategic management, risk management, and business coordination capabilities. In terms of strategic management, it will strengthen the assessment system and management mechanism to ensure the implementation of strategies; in terms of risk management, it will integrate digital and intelligent development to improve the quality and efficiency of risk control; in terms of business coordination, upholding the concept of “strengthen the Head Office and energize branches”, it will make every effort to improve overall planning and coordination, basic support, and professional guarantee capabilities to create a “management empowerment” system.

3.4.1.2 Business development strategy

Large and medium businesses: Guided by national macro policies and industrial policies, and supported by regional development plans, the Bank will continue optimization of the asset-liability structure, continue to reduce debt costs, to achieve steady growth of corporate banking, and increase the market share of corporate banking. The Bank will deeply penetrate in competitive industries and actively explore high-quality core enterprises. Leveraged by financial technologies such as blockchain and big data, the Bank will actively promote the transformation and development of supply chain business, and actively explore new directions such as derivatives business. The Bank will seize the opportunity of the new development pattern of dual circulations with the domestic and international markets promoting each other, conduct in-depth expansion of international settlement and various international financial businesses, to expand its international operations. The Bank will actively expand the industry and foreign trade customer base by building one-stop financial services.

Small and micro business: We will insist on the return of finance to its origin, focus on the field of inclusive finance, benchmark the supervision service evaluation system for small and micro enterprises, promote the increase, expansion, quality improvement and cost reduction of financial services for small and micro enterprises, integrate social and economic benefits, balance the speed and the quality of development, while adjusting the structure, increasing the scale, controlling the risks and creating the benefits. Meanwhile, we will insist on taking technology as the guide and customer as the center, and create a new model of online and offline integration-driven development.

Company Profile

Personal business: We will actively expand the retail customer group, increase the construction of retail infrastructure, focus on improving customer experience, enhance customer loyalty, strengthen the construction of private property management system, maximize customer value, and reduce the cost of debts. In addition, we will promote technology empowerment, build a digital customer management system, improve an intelligent risk control management system, boost the construction of online financial services, and establish a high-quality product system.

Interbank business: We will optimize the asset allocation structure and steadily increase the scale; take multiple measures to effectively reduce the cost of debts while ensuring the quality of business development; prevent and control interbank business risks, strengthen liquidity management, and improve risk prevention and response capabilities; strengthen the cooperation of head office and branches, fully promote bond underwriting and enhance the regional market influence of bond underwriting business; boost the linkage of “commercial bank + investment bank”, strengthen the linkage of bond investment, investment bank underwriting and corporate banking business, explore business opportunities, and expand the service radius.

3.4.2 Core competence

Predominant regional environment, solid development foundation. Headquartered in Chongqing, the Bank has expanded its business to Sichuan, Shaanxi and Guizhou, with excellent regional policy support and robust innovative development. Relying on such major strategies as the construction of Chengdu-Chongqing economic circle, the large-scale development of China’s western region in the new era, and the new land-sea channel in China’s western region, the Bank takes the development strategy plan as the guide, deepens the implementation of customer, product and channel strategies, further develops the potential of scale, benefit and quality improvement, and continuously lays a more solid foundation for development.

Efficient financial technology empowerment, powerful development ability. The Bank insists on establishing a “technology empowerment” system, responding to business needs and solving business problems, makes full use of new information technology and new concepts, complies with business development and continuously promotes the integration of industry and technology. Focusing on the special work of intelligent innovation and leadership of big data, rural revitalization and targeted poverty alleviation, as well as improvement of window service quality and efficiency, we will comply with the needs of business innovation and management reform, and promote the implementation of key needs and key projects in an orderly manner.

Upgraded risk management, stabilized development quality. The Bank has continuously strengthened the business philosophy of “risk management to create value” and promoted the upgrading of risk management and control capabilities. Firstly, the Bank further rationalizes the risk management structure by establishing a risk culture transmission mechanism and strengthening the inspection and supervision of the second and third control processes. Secondly, the Bank further consolidates the results of risk management by carrying out effective management of risk control target plan, multi-dimensional total risk monitoring, and cluster customer risk control. Thirdly, the Bank achieves the standardization of risk management by continuously promoting the application of financial technology such as big data intelligence, and further improves the level of risk management.

Innovative product service, distinctive development characteristics. The Bank has intensively developed the regional market and gradually formed a series of products that fit the regional characteristics. By enhancing the application of financial technology in product innovation, the Bank has established a competitive online product system, and realized the complementary advantages of online products and offline products. Our products, such as “Good Enterprise Loan”, “High-quality Loan”, “Entity Credit Loan”, “Chain Enterprise Loan”, “Rapid E-Loan”, “Salary E-Loan” and other products, closely comply with the market situation and accurately meet customer needs, thus have won high recognition from the market and built a good reputation among the target customers.

Deepened structural adjustment, improved development efficiency. The Bank has deepened the structural optimization project, and comprehensively implemented adjustment and optimization strategies in terms of asset structure, liability structure, capital structure, and income structure. Firstly, in accordance with the requirements of supply-side structural reforms, the Bank implements the differentiated management in terms of credit access, credit investment direction, and credit management. Secondly, the Bank strengthens the development concept of bank deposits, actively expands stable and low-cost funding sources, and tries to control the overall debt cost. Thirdly, the Bank implements the refined management of capital allocation and actively supports the development of “capital-light and asset-light” business. Fourthly, the Bank improves capital efficiency and asset efficiency, develops the sources of profit, and optimizes the income structure.

Perfect corporate governance, rational development mechanism. By continuously improving the corporate governance structure, optimizing the strategic planning management system, strengthening shareholder equity management capabilities, improving the management level of related party transactions, enhancing information disclosure transparency and strengthening the investor relationships, the Bank is actively building a distinctive corporate governance model of listed commercial bank in line with international standards, giving full play to the key role of corporate governance in business development and creating a more rational and efficient guarantee mechanism for high-quality development.

Financial Highlights

The financial information set out in this annual report has been prepared in accordance with the IFRSs on the basis of consolidation. Unless otherwise stated, such information is the data of the Group denominated in RMB.

4.1 Financial Data

(All amounts expressed in thousands of RMB unless otherwise stated)	2020	2019	Year-on-year change between 2020 and 2019	2018	2017	2016
OPERATING RESULTS			Change in percentage (%)			
Interest income	25,191,048	22,201,722	13.5	19,322,772	18,920,176	16,226,274
Interest expense	(14,130,310)	(13,053,512)	8.2	(12,447,126)	(10,805,081)	(8,548,876)
Net interest income	11,060,738	9,148,210	20.9	6,875,646	8,115,095	7,677,398
Net fee and commission income	1,037,047	948,512	9.3	1,341,922	1,680,056	1,926,017
Net trading losses/(gains), net gains on investment securities and other operating income	794,318	1,694,315	(53.1)	2,412,516	219,655	(381)
Operating income	12,892,103	11,791,037	9.3	10,630,084	10,014,806	9,603,034
Operating expenses	(2,885,200)	(2,768,419)	4.2	(2,571,121)	(2,298,865)	(2,537,298)
Assets impairment losses	(4,436,024)	(3,613,581)	22.8	(3,436,768)	(2,999,164)	(2,411,134)
Operating profit	5,570,879	5,409,037	3.0	4,622,195	4,716,777	4,654,602
Share of profit of associates	162,903	163,250	(0.2)	220,427	178,378	3,910
Profit before income tax	5,733,782	5,572,287	2.9	4,842,622	4,895,155	4,658,512
Income tax	(1,168,087)	(1,250,830)	(6.6)	(1,020,527)	(1,130,958)	(1,156,345)
Net profit	4,565,695	4,321,457	5.7	3,822,095	3,764,197	3,502,167
Net profit attributable to shareholders of the Bank	4,423,633	4,207,488	5.1	3,769,847	3,725,881	3,502,167
Net cash flows generated from/(used in) operating activities	32,211,063	(2,711,725)	N/A	(34,163,311)	(6,934,186)	(20,216,460)
As at the end of the reporting period			Change in percentage (%)			
Total assets	561,641,397	501,231,864	12.1	450,368,973	422,763,025	373,103,734
Of which: loans and advances to customers, net	272,259,348	238,626,834	14.1	205,923,212	172,162,090	146,789,046
Impairment allowances for loans	10,967,207	8,721,904	25.7	6,507,557	5,044,814	4,231,595
Total liabilities	519,647,183	462,618,195	12.3	415,757,400	390,303,113	349,291,822
Of which: customer deposits	314,500,257	281,048,911	11.9	256,394,193	238,704,678	229,593,793
Share capital	3,127,055	3,127,055	0.0	3,127,055	3,127,055	3,127,055
Equity attributable to shareholders of the Bank	40,174,997	36,949,429	8.7	33,051,012	30,951,596	23,811,912
Total equity	41,994,214	38,613,669	8.8	34,611,573	32,459,912	23,811,912
Core Tier I Capital, net	35,902,191	32,521,479	10.4	28,552,917	26,303,430	23,715,898
Tier I Capital, net	40,934,037	37,526,419	9.1	33,541,222	31,260,935	23,715,898
Net capital	53,672,813	49,674,469	8.0	44,558,427	41,501,684	28,468,107
Risk-weighted assets	427,946,826	382,139,234	12.0	337,292,279	305,269,486	241,401,155
Calculated on a per share basis (RMB)			Change			
Net assets per share attributable to shareholders of the Bank	11.28	10.25	1.03	9.00	8.33	7.61
Basic earnings per share	1.32	1.25	0.07	1.11	1.19	1.12
Diluted earnings per share	1.32	1.25	0.07	1.11	1.19	1.12
Dividend per share	0.373	0.236	0.137	0.154	0.118	0.291

4.2 Financial Indicators

(All amounts expressed in percentage unless otherwise stated)	2020	2019	Year-on-year change between 2020 and 2019	2018	2017	2016
Profitability indicators (%)			Change			
Return on average total assets ⁽¹⁾	0.86	0.91	(0.05)	0.88	0.95	1.01
Weighted average return on equity ⁽²⁾	12.2	13.0	(0.8)	12.8	14.9	15.5
Net interest spread ⁽³⁾	2.18	2.10	0.08	1.78	N/A	N/A
Net interest margin ⁽³⁾	2.27	2.18	0.09	1.79	N/A	N/A
Net fee and commission income to operating income	8.04	8.04	0.00	12.62	16.78	20.06
Cost-to-income ratio ⁽⁴⁾	21.17	22.27	(1.10)	22.93	22.00	23.72
As at the end of the Reporting Period						
Asset quality indicators (%)			Change			
Non-performing loan ratio ⁽⁵⁾	1.27	1.27	0.00	1.36	1.35	0.96
Allowance coverage ratio ⁽⁶⁾	309.13	279.83	29.30	225.87	210.16	293.35
Loan allowance ratio ⁽⁷⁾	3.92	3.56	0.36	3.08	2.85	2.80
Indicators of capital adequacy ratio (%)			Change			
Core tier I capital adequacy ratio ⁽⁸⁾	8.39	8.51	(0.12)	8.47	8.62	9.82
Tier I capital adequacy ratio ⁽⁸⁾	9.57	9.82	(0.25)	9.94	10.24	9.82
Capital adequacy ratio ⁽⁸⁾	12.54	13.00	(0.46)	13.21	13.60	11.79
Total equity to total assets	7.48	7.70	(0.22)	7.69	7.68	6.38
Other indicators (%)			Change			
Loan to deposit ratio	90.06	88.01	2.05	82.85	74.24	65.78
Liquidity ratio ⁽⁹⁾	83.52	78.35	5.17	92.53	79.55	60.05
Percentage of loans to the single largest customer ⁽¹⁰⁾	2.48	2.52	(0.04)	2.15	2.28	4.52
Percentage of loans to the top ten customers ⁽¹¹⁾	20.49	19.30	1.19	18.79	17.19	29.24

Financial Highlights

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 (net of dividends of preference shares distributed during the year) 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; net interest margin represents the ratio of net interest income to the average balance of interest-earning assets. The Group has adopted IFRS 9 – Financial Instruments (IFRS 9) published by the International Accounting Standards Board (IASB) in July 2014. The date of initial application of the standard is January 1, 2018. Based on IFRS 9 and IAS 1 – Presentation of Financial Statements (IAS 1), the interest income from financial assets at fair value through profit or loss are recorded by the Group in net gains on investment securities and net trading gains, and the financial assets at fair value through profit or loss are no longer presented as interest-earning assets. In accordance with the transition requirements of IFRS 9, the Group chooses not to restate the information for the comparative periods. The net interest spread and net interest margin for 2016 and 2017 which are calculated according to classified measurement and corresponding presentation standards of IAS 39-Financial Instruments: Recognition and Measurement (IAS 39) are not comparable with those based on IFRS 9 and IAS 1.*
- (4) *Calculated by dividing operating expenses (less tax and surcharges) by operating income.*
- (5) *Calculated by dividing balance of non-performing loans by total loans and advances to customers.*
- (6) *Calculated by dividing the balance of impairment allowances on loans by the balance of non-performing loans. The balance of impairment allowances on loans is the sum of impairment allowances on loans and advances to customers measured at amortized cost and FVOCI. On a year-on-year basis, the ratio of the audited impairment allowances to non-performing loans for 2018 is 228.35%. Pursuant to regulatory requirements, the regulatory standard of such indicator of the Bank is 120%.*
- (7) *Calculated by dividing balance of impairment allowances on loans by total principal of loans and advances to customers. Pursuant to regulatory requirements, the regulatory standard of such indicator of the Bank is 1.9%.*
- (8) *The Group's core tier I capital adequacy ratio, tier I capital adequacy ratio and capital adequacy ratio were calculated in accordance with the Administrative Measures for the Capital of Commercial Banks (for Trial) promulgated by CBIRC.*
- (9) *Liquidity ratio is calculated in accordance with the formula promulgated by the CBIRC.*
- (10) *Calculated by dividing total loans to the single largest customer by net capital.*
- (11) *Calculated by dividing total loans to the top ten customers by net capital.*

4.3 Quarterly Financial Data

(All amounts expressed in thousands of RMB unless otherwise stated)	2020			
	Q1	Q2	Q3	Q4
Operating income	3,311,152	3,200,160	3,285,929	3,094,862
Net profit attributable to shareholders of the listed companies	1,377,459	1,168,161	1,345,213	532,800
Net cash flows from operating activities	8,266,958	2,459,299	13,922,899	7,561,907

(All amounts expressed in thousands of RMB unless otherwise stated)	2019			
	Q1	Q2	Q3	Q4
Operating income	2,730,687	2,742,845	3,182,241	3,135,264
Net profit attributable to shareholders of the listed companies	1,211,794	1,210,095	1,298,506	487,093
Net cash flows from/(use in) operating activities	2,369,127	1,967,813	(3,897,373)	(3,151,292)

4.4 Differences between Domestic and Foreign Accounting Standards

With respect to the financial statements of the Group prepared under the PRC GAAP (China Accounting Standards) and those under the IFRSs, there is no difference for the net profit attributable to shareholders of the Bank for the Reporting Period ended 31 December 2020 and the equity attributable to shareholders of the Bank as at the end of the Reporting Period.

Chairman's Statement



Dear Shareholders:

2020 marks an extraordinary year in the development history of Bank of Chongqing. In this year, we made efforts to defeat the COVID-19 pandemic, resume work and production, support poverty alleviation, and fight against floods. We gave full play to our financial strength and made steady progress in our development. This year, we've continued to serve the real economy, accelerate reform and innovation, consolidate risk management and optimize the brand image, thereby making new progress in high-quality development. We successfully accomplished our goals during the "13th Five-year Plan". In this year, we successfully promoted the IPO of A Shares, becoming the first listed urban commercial bank of A+H Shares in Western China. The 13-year dream journey of Bank of Chongqing has come to a successful end.

Over the past year, the management and employees of the Bank have made overall efforts to prevent and control the pandemic and provide financial services. We fully responded to hardships and difficulties, and positively supported the resumption of work and production to boost "stability on six fronts" and "security in six areas" and stabilize the "basic economic situation". We firmly implemented major decisions and plans, actively participated in construction of Chengdu-Chongqing Economic Rim, made full efforts to fight against poverty, prevented and resolved major risks, and adopted the "Equator Principles" to develop green finance. We continuously improved the management capabilities, implemented the special benchmarking improvement action and the three-year reform action plan, and optimized and innovated a batch of intelligent systems, so as to effectively enable our business development and management improvement. The Bank's total assets scale has broken through RMB560 billion. In the Top 500 World Bank Brands published by The Banker, a UK magazine, the Bank was ranked 206th, up by 53 places; the Standard & Poor's rated the Bank's long-term issuer credit as investment rating; and it was honored as the National Civilized Unit. The above results are attributable to the efforts of all shareholders, the support of our customers and the trust and understanding of the investors. We will take the opportunity of the IPO of A Shares and make further efforts to create "best results" and "best values" for our shareholders, customers and investors. On behalf of the Board of Bank of Chongqing, I hereby would like to extend my sincere gratitude to you !

2021 is the first year of the "14th Five-Year Plan" period and also the first year of our A-share listing. In 2021, we will make every effort to implement service improvement, digital transformation and characteristic development, boost technology empowerment, talent empowerment and management empowerment, strive to become a national first-class listed commercial bank with "adherence to the origin, distinctive characteristics, robust operation, and superior value".

Chairman of the Board of Directors

LIN Jun

Bank of Chongqing Co., Ltd.

President's Statement



Dear Shareholders:

In 2020, Bank of Chongqing has made overall efforts to strengthen the pandemic prevention and control and promote its business development. By implementing and focusing on the whole process of the annual business objectives, we achieved the expected business results, realized a new leap forward in high-quality development, and entered a new development stage. As at the end of 2020, the Group recorded the total assets of RMB561.64 billion, representing an increase of 12.1%. The total loans amounted to RMB283.23 billion, representing an increase of 14.5%. The total deposits amounted to RMB314.50 billion, representing an increase of 11.9%. The net profit of the Group amounted to RMB4.57 billion, representing an increase of 5.7%. The non-performing loan ratio was 1.27%. All the major business indicators have met the regulatory requirements.

Over the past year, we have implemented major strategies, devoted ourselves to the construction of the Chengdu-Chongqing economic circle, invested more than RMB9 billion in credit assets, and reserved nearly 1,000 key projects. We have participated in the construction of Chongqing Science City and Liangjiang New Area, and increased the amount of credit loan to relevant regions by more than 30%. We have served the real economy, fully implemented a series of financial policies for resuming work and production, extended small and micro credit loans of RMB4.63 billion, the first loans of RMB4.28 billion for small and micro enterprises, implemented the temporary deferred repayments of over RMB13 billion. The Bank has ranked the leading position among regional fellow traders in terms of the increment and proportion of loans for private enterprises, manufacturing, small and micro enterprises. We have paid close attention to reform and efficiency to stimulate innovation and vitality. We have established a “3+5+1” working mechanism for bond investment, completed the reform of the marketing management structure of the digital credit business, realized full coverage of online operations for credit approval, and promoted the intelligent, intensive and professional transformation of the operating system. Meanwhile, we have established Chongqing Bank University to strengthen the development and utilization of training resources. More than 1,300 training hours were completed throughout the year, and nearly 50,000 trainees participated in training, with 1.2 times and 5 times higher than the previous year. We have strengthened service improvement, integrated the “customer-centric” concept into the entire process of channel, model and product upgrades, continued to promote the construction of high-quality, civilized and standardized services, built a “love station”, and established 5 new “Top 1000” candidate outlets and 5 “Excellent Business Organizations” in Chongqing. Meanwhile, we have expedited the development of financial technology, enhanced credit risk prevention and control, strengthened the refined management, and continued to consolidate the foundation for high-quality development. On behalf of the management, I would like to express my heartfelt gratitude to the investors and people from all walks of life who have supported the development of Bank of Chongqing !

2021 is the first year for us to implement the “14th Five-Year” strategic development plan. We will adhere to the general orientation of seeking progress while maintaining stability, focus on the theme of promoting high-quality development, deepen supply-side structural reforms, take reform and innovation as the fundamental driving force, boost “stability on six fronts and “security in six areas”, serve the real economy, consolidate the bottom line of risk, continue to enhance competitiveness, innovation, control, influence and anti-risk abilities, stabilize high-quality development, and repay the investors with excellent performance.

President

RAN Hailing

Bank of Chongqing Co., Ltd.

Management Discussions and Analysis

7.1 Overall Operation

2020 is the final year of the Group's "13th Five-Year Plan", as well as an extraordinary year in the history of the Group's development. In the face of the epidemic, we have the courage to take responsibility, and in the face of complex international and domestic situations, we have risen to difficulties, remained true to our original aspiration, and focused on our main business. We had our development driven by innovation, consolidated management, and achieved continuous improvement of comprehensive strength, and a dynamic and balanced development in terms of quality, efficiency, and scale.

Steady growth in profitability was achieved. In 2020, the Group's net profit reached RMB4,566 million, representing a year-on-year increase of 5.7%. The net interest margin was 2.27%, representing a year-on-year increase of 0.09 percentage point.

Significant increase in the scale of operation was achieved. As at the end of 2020, the total assets of the Group were RMB561,641 million, exceeding the RMB560 billion level, and representing a year-on-year increase of 12.1%. The total loans were RMB283,227 million, representing a year-on-year increase of 14.5%. The total deposits were RMB314,500 million, representing a year-on-year increase of 11.9%.

The asset quality remained stable. As at the end of 2020, the Group reported the non-performing loan ratio of 1.27%, the provision coverage of approximately 309.13%, representing an increase of 29.30 percentage points from the end of the previous year, and the loan allowance ratio of 3.92%, representing an increase of 0.36 percentage point from the end of the previous year.

The operating efficiency remained at the forefront. The Group persists in the effort for income increase and cost reduction, and further improves its operating efficiency. In 2020, the Group's operating income was RMB12,892 million, representing a year-on-year increase of 9.3%. The operating expenses were RMB2,885 million, representing a year-on-year increase of 4.2%. The cost-to-income ratio was 21.17%, representing a year-on-year decrease of 1.10 percentage points.

7.2. Analysis of the Financial Statements

7.2.1 Analysis of the Income Statement

In 2020, the net interest income of the Group amounted to RMB11,061 million, representing a year-on-year increase of RMB1,913 million or 20.9%; and net fee and commission income amounted to RMB1,037 million, representing a year-on-year increase of RMB89 million or 9.3%; share of profit of associates amounted to RMB163 million, representing a year-on-year decrease of RMB347 thousand or 0.2%; operating expenses amounted to RMB2,885 million, representing a year-on-year increase of RMB117 million or 4.2%; and assets impairment losses amounted to RMB4,436 million, representing a year-on-year increase of RMB822 million or 22.8%. As a result of the foregoing factors, in 2020, the Group achieved a net profit of RMB4,566 million, representing a year-on-year increase of RMB244 million or 5.7%.

The following table sets forth the major items of the Group's Income Statement during the periods indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	2020	2019	Change in amount	Change in percentage (%)
Net interest income	11,060,738	9,148,210	1,912,528	20.9
Net non-interest income	1,831,365	2,642,827	(811,462)	(30.7)
Including: Net fee and commission income	1,037,047	948,512	88,535	9.3
Other net non-interest income	794,318	1,694,315	(899,997)	(53.1)
Operating income	12,892,103	11,791,037	1,101,066	9.3
Less: Operating expenses	2,885,200	2,768,419	116,781	4.2
Less: Assets impairment losses	4,436,024	3,613,581	822,443	22.8
Operating profit	5,570,879	5,409,037	161,842	3.0
Share of profit of associates	162,903	163,250	(347)	(0.2)
Profit before income tax	5,733,782	5,572,287	161,495	2.9
Less: Income tax	1,168,087	1,250,830	(82,743)	(6.6)
Net profit	4,565,695	4,321,457	244,238	5.7
Attributable to: shareholders of				
the listed company	4,423,633	4,207,488	216,145	5.1
Non-controlling interests	142,062	113,969	28,093	24.6

Note: In accordance with the notice of the Ministry of Finance and the China Banking and Insurance Regulatory Commission on Strictly Implementing the Accounting Standards for Business Enterprises and Practically Strengthening the Annual Reporting Work of Enterprises in 2020, the Group re-classified the credit card service fee business from "service fee income" to "interest income", and the comparative data of the previous period has been modified synchronously, which is consistent with that of other banks.

Management Discussions and Analysis

7.2.1.1 Operating income

In 2020, the Group achieved the operating income of RMB12,892 million, representing an increase of RMB1,101 million or 9.3% as compared to the previous year, with the net interest income accounting for 85.80%, and the net non-interest income accounting for 14.20%.

The following table sets forth the composition and percentage of the Group's operating income during the periods indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	2020		2019		Change in amount	Change in percentage (%)
	Amount	Percentage (%)	Amount	Percentage (%)		
Net interest income	11,060,738	85.80	9,148,210	77.59	1,912,528	20.9
Net fee and commission income	1,037,047	8.04	948,512	8.04	88,535	9.3
Other net income	794,318	6.16	1,694,315	14.37	(899,997)	(53.1)
Total	12,892,103	100.00	11,791,037	100.00	1,101,066	9.3

7.2.1.2 Net interest income

In 2020, the net interest income of the Group amounted to RMB11,061 million, representing an increase of RMB1,913 million or 20.9% as compared to the previous year.

Interest income, interest expense and net interest income

In 2020, the interest income of the Group amounted to RMB25,191 million, representing an increase of RMB2,989 million or 13.5% as compared to the previous year; the interest expense amounted to RMB14,130 million, representing an increase of RMB1,077 million or 8.2% as compared to the previous year.

The following table sets forth the amount and changes of 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)	2020	2019	Change in amount	Change in percentage (%)
Interest income	25,191,048	22,201,722	2,989,326	13.5
Interest expense	14,130,310	13,053,512	1,076,798	8.2
Net interest income	11,060,738	9,148,210	1,912,528	20.9

Management Discussions and Analysis

Average yield of interest-earning assets and average interest rate of interest-bearing liabilities

In 2020, the average balance of interest-earning assets of the Group amounted to RMB487.64 billion, representing an increase of RMB68.78 billion or 16.4% as compared to the previous year. The average yield on interest-earning assets decreased by 13 basis points to 5.17% as compared to the previous year.

In 2020, the average balance of interest-bearing liabilities of the Group amounted to RMB471.82 billion, representing an increase of RMB63.76 billion or 15.6% as compared to the previous year. The average cost ratio of interest-bearing liabilities decreased by 21 basis points to 2.99% as compared to the previous year.

As a result of the combined impact of the above-mentioned factors, the net interest spread of the Group increased by 8 basis points to 2.18% as compared to the previous year, while the net interest margin increased by 9 basis points to 2.27% as compared to the previous year.

The following table sets forth the composition and interest of interest-earning assets and interest-bearing liabilities of the Group.

(All amounts expressed in thousands of RMB unless otherwise stated)	2020			2019		
	Average balance	Interest Income/expense	Average Yield/cost ratio (%)	Average balance	Interest Income/expense	Average Yield/cost ratio (%)
ASSETS						
Loans and advances to customers	261,695,674	15,638,356	5.98	227,407,554	14,034,694	6.17
Investment securities	144,437,997	8,041,502	5.57	120,269,079	6,630,623	5.51
Cash and balances with central bank	32,342,792	463,954	1.43	31,175,632	456,280	1.46
Due from other banks and financial institutions	49,167,839	1,047,236	2.13	40,014,224	1,080,125	2.70
Total interest-earning assets	487,644,302	25,191,048	5.17	418,866,489	22,201,722	5.30
LIABILITIES						
Customer deposits	299,636,497	8,851,012	2.95	265,952,812	7,804,042	2.93
Due to and placements from banks and other financial institutions and lease liabilities	66,728,358	2,014,685	3.02	43,778,630	1,696,171	3.87
Debt securities issued	105,456,257	3,264,613	3.10	98,329,123	3,553,299	3.61
Total interest-bearing liabilities	471,821,112	14,130,310	2.99	408,060,565	13,053,512	3.20
Net interest income		11,060,738			9,148,210	
Net interest spread			2.18			2.10
Net interest margin			2.27			2.18

Management Discussions and Analysis

Analysis of Changes in Interest Income and Expense

The Group's changes in interest income and expense are jointly affected by volume factor and interest rate factor. The following table sets forth the analysis of changes in interest income and expense of the Bank in 2020.

(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	2,048,982	(445,320)	1,603,662
Investment securities	1,345,591	65,288	1,410,879
Cash and balances with central bank	16,743	(9,069)	7,674
Due from other banks and financial institutions	194,965	(227,854)	(32,889)
Change in interest income	3,606,281	(616,955)	2,989,326
LIABILITIES			
Customer deposits	983,363	63,607	1,046,970
Due to and placements from banks and other financial institutions	690,968	(372,454)	318,514
Debt securities issued	217,017	(505,703)	(288,686)
Change in interest expense	1,891,348	(814,550)	1,076,798
Change in net interest income	1,714,933	197,595	1,912,528

7.2.1.3 Interest income

In 2020, the Group realised interest income of RMB25,191 million, representing an increase of RMB2,989 million or 13.5% as compared to the previous year.

Interest income from loans and advances to customers

In 2020, the Group's interest income from loans and advances to customers amounted to RMB15,638 million, representing a year-on-year increase of RMB1,604 million or 11.4%, primarily due to the average balance on loans and advances to customers increased by 15.1% as compared to that of the previous year.

The following table sets forth the average income of loans and advances to customers of the Group by maturity structure during the periods indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	2020			2019		
	Average balance	Interest income	Average Yield (%)	Average balance	Interest income	Average Yield (%)
Short-term loans	62,274,014	2,947,367	4.73	61,104,960	3,283,620	5.37
Medium – and long – term loans	199,421,660	12,690,989	6.36	166,302,594	10,751,074	6.46
Total loans and advances to customers	261,695,674	15,638,356	5.98	227,407,554	14,034,694	6.17

Management Discussions and Analysis

The following table sets forth the average yield on the Group's loans and advances to customers by business type during the periods indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	2020			2019		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	152,678,958	9,398,750	6.16	135,255,183	8,514,056	6.29
Retail loans	93,743,729	6,139,327	6.55	78,047,660	5,306,998	6.80
Discounted bills	15,272,987	100,279	0.66	14,104,711	213,640	1.51
Total loans and advances to customers	261,695,674	15,638,356	5.98	227,407,554	14,034,694	6.17

Interest income from investment securities

In 2020, the Group's interest income from investment securities amounted to RMB8,042 million, representing a year-on-year increase of RMB1,411 million or 21.3%, primarily due to the increase of 20.1% in average balance and the increase of 6 basis points in average yield on investment securities as compared to those of the previous year.

Interest income from cash and balances with central bank

In 2020, the Group's interest income from cash and balances with central bank amounted to RMB464 million, representing a year-on-year increase of RMB8 million or 1.7%, primarily due to the increase of 3.7% in average balance and the decrease of 3 basis points in average yield on cash and balances with central bank as compared to those of the previous year.

Interest income from amounts due from other banks and financial institutions

In 2020, the total interest income from the Group's amounts due from other banks and financial institutions amounted to RMB1,047 million, representing a year-on-year decrease of RMB33 million or 3.0%, primarily due to the average yield from amounts due from other banks and financial institutions decreased by 57 basis points as compared to that of the previous year.

Management Discussions and Analysis

7.2.1.4 Interest expense

Interest expense on customer deposits

In 2020, the Group's interest expense on customer deposits was RMB8,851 million, representing a year-on-year increase of RMB1,047 million or 13.4%, primarily due to a year-on-year increase in the average balance of customer deposits by 12.7% as compared to that of the previous year.

The following table sets forth the average cost of the Group's deposits by product type during the periods indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	2020			2019		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Corporate deposits						
Demand	68,618,087	676,518	0.99	60,335,257	568,444	0.94
Time	107,886,963	3,945,169	3.66	95,517,273	3,447,790	3.61
Subtotal	176,505,050	4,621,687	2.62	155,852,530	4,016,234	2.58
Individual deposits						
Demand	14,362,994	56,238	0.39	11,908,761	46,428	0.39
Time	98,614,616	3,887,296	3.94	82,105,331	3,297,881	4.02
Subtotal	112,977,610	3,943,534	3.49	94,014,092	3,344,309	3.56
Other deposits	10,153,837	285,791	2.81	16,086,190	443,499	2.76
Total	299,636,497	8,851,012	2.95	265,952,812	7,804,042	2.93

Interest expense on due to and placements from banks and other financial institutions and lease liabilities

In 2020, the Group's total interest expense on due to and placements from banks and other financial institutions and lease liabilities was RMB2,015 million, representing a year-on-year increase of RMB319 million or 18.8%, primarily due to the year-on-year increase in average balance of due to and placements from banks and other financial institutions and lease liabilities by 52.4%, and the year-on-year decrease in average cost ratio by 85 basis points.

Management Discussions and Analysis

The following table sets forth the interest expense on the Group's due to and placements from banks and other financial institutions and lease liabilities by business type during the periods indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	2020			2019		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Due to and placements from other banks	44,959,593	1,481,827	3.30	31,978,392	1,344,491	4.20
Borrowings from central bank	15,885,999	405,692	2.55	7,480,530	235,355	3.15
Financial assets sold under repurchase agreements	5,756,921	121,212	2.11	4,201,573	112,025	2.67
Lease liabilities	125,845	5,954	4.73	118,135	4,300	3.64
Total	66,728,358	2,014,685	3.02	43,778,630	1,696,171	3.87

Interest expense on issuance of debt securities

In 2020, the Group's interest expense on issuance of debts securities amounted to RMB3,265 million, representing a year-on-year decrease of RMB289 million or 8.1%, primarily due to the decrease in average cost ratio by 51 basis points as compared to that of the previous year.

The following table sets forth the interest expense on the Group's issuance of debts securities by securities type during the periods indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	2020			2019		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Subordinated debts	7,500,000	358,058	4.77	7,500,000	354,610	4.73
Financial debts for small and micro enterprises	316,940	11,853	3.74	-	-	-
Inter-bank certificates of deposits	88,639,317	2,518,029	2.84	81,829,123	2,817,816	3.44
Financial debts	9,000,000	376,673	4.19	9,000,000	380,873	4.23
Total	105,456,257	3,264,613	3.10	98,329,123	3,553,299	3.61

Management Discussions and Analysis

7.2.1.5 Non-interest income

Net fee and commission income

In 2020, the Group's net fee and commission income amounted to RMB1,037 million, representing an increase of RMB89 million or 9.3% as compared to the previous year. Among them, commission income from wealth management agency services amounted to RMB797 million, representing a year-on-year increase of RMB135 million or 20.4%, primarily due to the decrease in the issue costs of wealth management products.

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)	2020	2019	Change in amount	Change in percentage (%)
Fee and commission income	1,151,897	1,054,603	97,294	9.2
Financial advisory and consulting services	5,111	19,320	(14,209)	(73.5)
Wealth management agency services	796,591	661,875	134,716	20.4
Custodian services	117,048	135,156	(18,108)	(13.4)
Bank card services	27,266	36,596	(9,330)	(25.5)
Guarantees and credit commitments	113,135	115,360	(2,225)	(1.9)
Settlement and agency services	92,746	86,296	6,450	7.5
Fee and commission expense	(114,850)	(106,091)	(8,759)	8.3
Net fee and commission income	1,037,047	948,512	88,535	9.3

Other net non-interest income

In 2020, the Group's other non-interest income amounted to RMB794 million, representing a decrease of RMB900 million or 53.1% as compared with the previous year. Among which, the Group's net gains on investment securities amounted to RMB885 million, representing a decrease of RMB496 million or 35.9% compared with the previous year, mainly due to the fair value loss assessment of the trust investment and directional asset management plan as a result of market fluctuation. The Group's net trading loss amounted to RMB217 million, mainly due to the impact of two factors including the exchange loss of US dollar assets held by the Group arising from the rise of the exchange rate between RMB and US dollar, and the decline of equity investment valuation of the financial assets classified as measured at fair value through profit or loss. Other operating income amounted to RMB126 million, representing an increase of RMB61 million as compared with the previous year or a year-on-year increase of 93.0%, mainly due to the increase of gains from disposal of fixed assets.

Management Discussions and Analysis

The following table sets forth the composition of the Group's other net non-interest income during the periods indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	2020	2019	Change in amount	Change in percentage (%)
Net trading losses/(gains)	(216,780)	248,103	(464,883)	N/A
Net gains on investment securities	885,304	1,381,023	(495,719)	(35.9)
Other operating income	125,794	65,189	60,605	93.0
Total	794,318	1,694,315	(899,997)	(53.1)

7.2.1.6 Operating expenses

In 2020, the Group's operating expenses were RMB2,885 million, representing an increase of RMB117 million or 4.2% as compared with the previous year. Among which, the staff costs increased by 0.4% on a year-on-year basis; the general and administrative expenses increased by 7.7%; the depreciation and amortization increased by 15.5% on a year-on-year basis; and the tax and surcharges increased by 9.4% on a year-on-year basis.

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)	2020	2019	Change in amount	Change in percentage (%)
Staff costs	1,679,589	1,672,798	6,791	0.4
Tax and surcharges	155,778	142,450	13,328	9.4
Depreciation and amortisation	315,944	273,497	42,447	15.5
General and administrative expenses	622,536	578,025	44,511	7.7
Others	111,353	101,649	9,704	9.5
Operating expenses	2,885,200	2,768,419	116,781	4.2

Management Discussions and Analysis

7.2.1.7 Assets impairment losses

In 2020, the assets impairment losses of the Group recorded RMB4,436 million, representing an increase of RMB822 million or 22.8% as compared to the previous year.

The following table sets forth the principal components of assets impairment losses of the Group for the periods indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	2020	2019	Change in amount	Change in percentage (%)
Loans and advances to customers	4,211,102	3,273,343	937,759	28.6
Investment securities	(2,277)	(55,918)	53,641	(95.9)
Due from other banks and financial institutions	156,499	25,500	130,999	513.7
Off-balance sheet losses on expected credit impairment	(51,432)	206,722	(258,154)	(124.9)
Other assets	122,132	163,934	(41,802)	(25.5)
Total assets impairment losses	4,436,024	3,613,581	822,443	22.8

7.2.1.8 Share of profit of associates

In 2020, the Group's share of profit of associates amounted to RMB163 million, representing a year-on-year decrease of RMB347 thousand or 0.2%. As at December 31, 2020, the Group's associates included Three Gorges Bank and Mashang Consumer.

7.2.1.9 Income tax

In 2020, the Group's income tax expenses amounted to RMB1,168 million, representing a decrease of RMB83 million or 6.6% as compared with the previous year, with the effective tax rate of 20.37%.

The following table sets forth the reconciliation details of the Group's income tax expenses calculated according to the statutory tax rate and the actual income tax expenses during the periods indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	2020	2019	Change in amount	Change in percentage (%)
Profit before income tax	5,733,782	5,572,287	161,495	2.9
Tax calculated at applicable tax rates	1,393,926	1,393,072	854	0.1
Effect of preferential tax rate	70,297	–	70,297	N/A
Tax effect arising from non-taxable income	(296,770)	(183,198)	(113,572)	62.0
Tax effect of expenses that are not deductible for tax purposes	92,832	30,761	(62,071)	201.8
Income tax adjustment for prior years	(92,198)	10,195	(102,393)	N/A
Income tax	1,168,087	1,250,830	(82,743)	(6.6)

7.2.2 Balance sheet analysis

7.2.2.1 Total assets

As of December 31, 2020, the Group's total assets amounted to RMB561,641 million, representing an increase of RMB60,410 million or 12.1% over the end of the previous year, this is mainly because the Group actively supported the development of real economy, inclusive finance and big retail business, accelerated credit granting, optimized asset structure, promoted standardization, diversification and substantiation of the investment business, and steadily increased the scale of interest-earning assets during the Reporting Period.

The following table sets forth the composition of the Group's total assets as of the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2020		As at December 31, 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	283,226,555	50.4	247,348,738	49.3
Of which: Total principal of loans and advances to customers	281,220,076	50.1	245,831,593	49.0
Interests due from loans and advances to customers	2,006,479	0.3	1,517,145	0.3
Total impairment allowances for the expected credit	(10,967,207)	(2.0)	(8,721,904)	(1.7)
Net loans and advances to customers	272,259,348	48.4	238,626,834	47.6
Investment securities	159,581,206	28.4	132,501,429	26.4
Investments in associates	1,945,081	0.3	1,801,573	0.4
Cash and balances with central bank	35,305,289	6.3	32,033,098	6.4
Due from other banks and financial institutions	52,659,497	9.4	61,276,742	12.2
Financial assets at fair value through profit or loss	31,208,753	5.6	26,977,016	5.4
Fixed assets	3,233,280	0.6	3,070,011	0.6
Deferred income tax assets	3,353,016	0.6	2,479,531	0.5
Other assets	2,095,927	0.4	2,465,630	0.5
Total assets	561,641,397	100.0	501,231,864	100.0

Management Discussions and Analysis

7.2.2.2 Loans and advances to customers

As of December 31, 2020, the Group's total loans and advances to customers increased by RMB35,878 million or 14.5% to RMB283,227 million over the end of the previous year. This is mainly because the Group grasped the opportunity to implement various policies, assisted real enterprises to resume work and production, and accelerated the credit granting to key businesses and industries during the Reporting Period.

As at 31 December 2020, the Group's total principal of corporate loans was RMB164,661 million, representing an increase of RMB23,880 million or 17.0% as compared with the end of the previous year; the total principal of retail loans was RMB96,526 million, representing an increase of RMB5,747 million or 6.3% as compared with the end of the previous year.

The following table sets forth the Group's loan structure by business type as at the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 31 December, 2020		As at 31 December, 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans	164,660,672	58.6	140,780,210	57.3
Discounted notes	20,032,920	7.1	14,271,520	5.8
Loans and advances to individuals	96,526,484	34.3	90,779,863	36.9
Total	281,220,076	100.0	245,831,593	100.0

The following table sets forth the structure of the Group's corporate loan by term as at the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2020		31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Short-term corporate loans	26,628,158	16.2	25,773,339	18.3
Medium and long-term corporate loans	138,032,514	83.8	115,006,871	81.7
Total	164,660,672	100.0	140,780,210	100.0

The following table sets forth the structure of the Group's retail loans by product type as at the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2020		31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Personal mortgage loans	35,530,566	36.8	26,757,377	29.5
Personal consumer loans	31,366,897	32.5	41,172,219	45.4
Personal business loans	19,942,281	20.7	16,192,657	17.8
Credit card advances	9,686,740	10.0	6,657,610	7.3
Total	96,526,484	100.0	90,779,863	100.0

For further analysis of the Group's loans and loan quality, please refer to Section "7.3 Loan Quality Analysis".

7.2.2.3 Financial investments

As at 31 December 2020, the Group's financial investments amounted to RMB190,790 million, representing an increase of RMB31,312 million or 19.6% as compared with the end of the previous year. Among which, the investment securities amounted to RMB159,581 million, representing an increase of RMB27,080 million or 20.4% as compared with the end of the previous year; the financial assets measured at fair value through profit or loss was RMB31,209 million, representing an increase of RMB4,232 million or 15.7% as compared with the end of the previous year. This is mainly due to the standardized, diversified and light-asset allocation of financial investments, the linkage with investment banking business, the increase of investments in fixed income products, and the increase of interest rate bonds and other liquid reserve assets.

The following table sets out the composition of the Group's financial investments by nature of assets as at the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2020		31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Bond investments	87,653,180	45.9	66,810,685	42.0
Trust investments	18,136,520	9.5	21,128,787	13.2
Directional assets management plans	55,051,886	28.9	51,179,368	32.1
Debt financing plans	13,314,000	7.0	8,624,000	5.4
Wealth management products purchased from financial institutions	7,800,943	4.1	9,618,383	6.0
Fund investments	5,904,445	3.1	–	–
Equity investments	808,756	0.4	695,179	0.4
Derivative financial instruments	4,543	0.0	433	0.0
Others	14	0.0	14	0.0
Interest receivable	3,442,174	1.8	2,823,900	1.8
Provision for impairment	(1,326,502)	(0.7)	(1,402,304)	(0.9)
Total	190,789,959	100.0	159,478,445	100.0

As at 31 December 2020, the Group's total bond investments amounted to RMB87,653 million, representing an increase of RMB20,842 million or 31.2% as compared with the end of the previous year.

Management Discussions and Analysis

The following table sets forth the composition of the Group's financial investments by remaining term as at the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2020		31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Up to 3	12,971,598	6.8	6,668,200	4.2
3 to 12 months	33,900,051	17.8	26,054,730	16.3
1 to 5 years	117,124,829	61.4	95,480,425	60.0
Over 5 years	25,431,099	13.3	29,878,368	18.7
In perpetuity	813,299	0.4	695,612	0.4
Overdue	549,083	0.3	701,110	0.4
Total financial investments	190,789,959	100.0	159,478,445	100.0

As at 31 December 2020, balance of the Group's financial investments with the remaining term of less than a year was RMB46,872 million, representing an increase of RMB14,149 million or 43.2% as compared with the end of the previous year; balance of the Group's financial investments with the remaining term of more than a year was RMB142,556 million, representing an increase of RMB17,197 million or 13.7% as compared with the end of the previous year.

The following table sets forth the composition of the Group's financial investments by measurement as at the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 31 December, 2020		As at 31 December, 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial investments at fair value through profit or loss	31,208,753	16.4	26,977,016	16.9
Financial investments at fair value through other comprehensive income	45,881,180	24.0	36,094,078	22.6
Financial investments measured at amortised cost	113,700,026	59.6	96,407,351	60.5
Total financial investments	190,789,959	100.0	159,478,445	100.0

As of December 31, 2020, the Group's balance of financial investments at fair value through profit or loss amounted to RMB31,209 million, representing an increase of RMB4,232 million or 15.7% as compared to the end of the previous year; the balance of financial investments at fair value through other comprehensive income amounted to RMB45,881 million, representing an increase of RMB9,787 million or 27.1% as compared to the end of the previous year; the balance of financial investments measured at amortised cost amounted to RMB113,700 million, representing an increase of RMB17,293 million or 17.9% as compared to the end of the previous year.

Composition of the Group's bond investments by issuers

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2020		31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Treasury bonds	28,549,717	32.6	19,783,481	29.6
Local government bonds	10,792,550	12.3	9,789,820	14.7
Bonds of financial institutions	5,946,007	6.8	4,403,355	6.6
Corporate bonds	42,364,906	48.3	32,834,029	49.1
Total bond investments	87,653,180	100.0	66,810,685	100.0

As at 31 December 2020, the Group's treasury bond investments amounted to RMB28,550 million, representing an increase of RMB8,766 million or 44.3% as compared with the end of the previous year, with its proportion in bond investments increasing by 3 percentage points to 32.6%.

Top ten financial bonds in terms of face value held by the Group as at the end of the Reporting Period

Name of bonds	Face value (thousands of RMB)	Annual interest rate (%)	Maturity date	Provision for impairment (thousands of RMB)
2020 Policy bank bonds	1,300,000	2.20	2023/4/1	1,517.37
2016 Policy bank bonds	1,000,000	3.18	2026/4/5	1,244.10
2018 Financial bonds of commercial banks	750,000	4.50	2021/5/29	387.45
2016 Policy bank bonds	500,000	3.18	2026/9/5	629.98
2013 Policy bank bonds	460,000	5.04	2023/10/24	584.82
2006 Policy bank bonds	380,000	3.79	2021/6/28	235.76
2005 Policy bank bonds	200,000	4.10	2025/8/30	250.40
2018 Tier II capital bonds of commercial banks	200,000	5.30	2028/6/8	N/A
2018 Tier II capital bonds of commercial banks	200,000	4.86	2028/9/5	N/A
2019 Tier II capital bonds of commercial banks	200,000	4.34	2034/9/24	N/A
2020 Tier II capital bonds of commercial banks	200,000	3.75	2030/6/29	N/A
2020 Financial bonds of commercial banks	200,000	3.60	2023/11/9	249.62

Note: The above provision for impairment is calculated on the basis of the expected loss model in accordance with the new financial instruments standards. To the knowledge of the Bank, there is no significant change in the financial position of the above financial bond issuers during the Reporting Period.

Management Discussions and Analysis

7.2.2.4 Investment in associates

As at 31 December 2020, the Group's net investment in associates was RMB1,945 million, representing an increase of RMB144 million or 8.0% as compared with the end of the previous year, mainly due to the increase in profits of the Group's associates – Mashang Consumer and Three Gorges Bank.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2020	2019
Balance at the beginning of the period	1,801,573	1,638,323
Additional investment in associates	–	–
Share of profit of associates	162,903	163,250
Cash dividends declared	(19,395)	–
Balance at the end of the period	1,945,081	1,801,573

7.2.2.5 Total liabilities

As of December 31, 2020, the total liabilities of the Group amounted to RMB519,647 million, representing an increase of RMB57,029 million or 12.3% as compared to the end of the previous year. Mainly due to the steady growth in customer deposits and the increase in deposits and loans from other banks and financial institutions during the Reporting Period.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2020		December 31, 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Customer deposits	314,500,257	60.6	281,048,911	60.7
Debt securities issued	101,040,342	19.4	105,386,006	22.8
Due to and placements from banks and other financial institutions	97,411,900	18.7	70,149,225	15.2
Financial liabilities at fair value through profit or loss	6,904	0.0	3,602	0.0
Current tax liabilities	405,461	0.1	503,815	0.1
Other liabilities	6,282,319	1.2	5,526,636	1.2
Total liabilities	519,647,183	100.0	462,618,195	100.0

7.2.2.6 Customer deposits

In 2020, the Group gave full play to its regional brand advantages, and accelerated innovation in its products and services, which contributed to the steady growth in customer deposits. As of December 31, 2020, the total customer deposits of the Group amounted to RMB314,500 million, representing an increase of RMB33,451 million or 11.9% as compared to the end of the previous year.

In terms of customer structure, the Group's corporate deposits and individual deposits have grown steadily, with the proportion of individual deposits further increased. During the Reporting Period, the Group continuously improved the service level for retail customers through deeply exploring into the retail markets in the "one municipality and three provinces", leading to continual increase in the amount and proportion of individual deposits. As at 31 December 2020, balance of the Group's individual deposits was RMB121,826 million, representing an increase of RMB21,013 million or 20.8%, accounting for 38.8% of the total customer deposits, up by 2.9 percentage points as compared with the end of the previous year. Balance of the Group's corporate deposits was RMB178,659 million, representing an increase of RMB20,451 million or 12.9%, accounting for 56.8% of the total customer deposits, increased by 0.5 percentage point as compared with the end of the previous year.

In terms of term structure, the scale of the Group's demand deposits and time deposits has steadily expanded. Among which, balance of demand deposits was RMB90,303 million, representing an increase of RMB8,208 million or 10.0% as compared with the end of the previous year; balance of the Group's time deposits was RMB210,183 million, representing an increase of RMB33,256 million or 18.8% as compared with the end of the previous year.

The following table sets forth the composition of the Group's customer deposits as at the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2020		December 31, 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate demand deposits	74,291,268	23.6	69,294,876	24.7
Corporate time deposits	104,368,093	33.2	88,913,327	31.6
Individual demand deposits	16,011,350	5.1	12,799,558	4.6
Individual time deposits	105,814,582	33.7	88,013,730	31.3
Other deposits	11,077,135	3.5	19,480,960	6.9
Interest payable on customer deposits	2,937,829	0.9	2,546,460	0.9
Total customer deposits	314,500,257	100.0	281,048,911	100.0

Management Discussions and Analysis

7.2.2.7 Issuance of bonds

The Group did not issue any corporate bonds that need to be disclosed in accordance with the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – Contents and Format of Annual Reports (2007 Revision) and the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 38 – Contents and Format of Annual Reports on Corporate Bonds.

7.2.2.8 Shareholders' equity

As of December 31, 2020, the total equity of the Bank amounted to RMB41,994 million, representing an increase of RMB3,381 million or 8.8% as compared to the end of the previous year; the equity attributable to shareholders of the Bank amounted to RMB40,175 million, representing an increase of RMB3,226 million or 8.7% as compared to the end of the previous year.

The following table sets forth the composition of the Group's shareholders' equity as of the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2020		December 31, 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Share capital	3,127,055	7.5	3,127,055	8.1
Preferred shares	4,909,307	11.7	4,909,307	12.7
Capital surplus	4,680,638	11.1	4,680,638	12.1
Other reserves	10,356,321	24.7	9,298,770	24.1
Retained earnings	17,101,676	40.7	14,933,659	38.7
Total equity attributable to shareholders of the Bank	40,174,997	95.7	36,949,429	95.7
Non-controlling interests	1,819,217	4.3	1,664,240	4.3
Total equity	41,994,214	100.0	38,613,669	100.0

7.3 Loan quality analysis

7.3.1 Distribution of loans by the five-category classification

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2020		December 31, 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Pass	269,345,116	95.77	235,044,428	95.61
Special mention	8,311,335	2.96	7,656,338	3.12
Substandard	1,604,471	0.57	980,046	0.40
Doubtful	917,641	0.33	1,547,069	0.63
Loss	1,041,513	0.37	603,712	0.24
Total principals of loans and advances to customers	281,220,076	100.00	245,831,593	100.00
Amount of non-performing loans	3,563,625	1.27	3,130,827	1.27

Note: Under the five-category loan classification system, the Group's non-performing loans are classified into substandard, doubtful and loss categories.

In 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 thorough risk review of credit assets, strengthened early risk warning, tracking and post-lending monitoring management and stepped up efforts in risk management. As a result of these efforts, the quality of the Group's credit assets was relatively good compared to other banks. As of December 31, 2020, the balance of non-performing loans was RMB3,564 million, representing an increase of RMB433 million as compared to the end of the previous year; non-performing loan ratio was 1.27%, which remained stable as compared to the end of the previous year. The amount of loans under special mention category accounted for 2.96% of total loans, representing a decrease of 0.16 percentage point as compared to that of the end of the previous year.

Management Discussions and Analysis

7.3.2 Distribution of loans and non-performing loans by product type

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2020				December 31, 2019			
	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-Performing loan ratio (%)	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-Performing loan ratio (%)
Corporate loans	164,660,672	58.56	2,604,301	1.58	140,780,210	57.26	2,246,797	1.60
Short-term loans	26,628,158	9.47	1,120,845	4.21	25,773,339	10.48	1,058,414	4.11
Medium – and long-term loans	138,032,514	49.09	1,483,456	1.07	115,006,871	46.78	1,188,383	1.03
Discounted bills	20,032,920	7.12	-	-	14,271,520	5.81	-	-
Retail loans	96,526,484	34.32	959,324	0.99	90,779,863	36.93	884,030	0.97
Personal mortgage loans	35,530,566	12.64	103,067	0.29	26,757,377	10.88	90,705	0.34
Personal consumer loans	31,366,897	11.15	300,141	0.96	41,172,219	16.75	275,031	0.67
Personal business loans	19,942,281	7.09	457,509	2.29	16,192,657	6.59	418,518	2.58
Credit card advances	9,686,740	3.44	98,607	1.02	6,657,610	2.71	99,776	1.50
Total loans and principal of advances to customers	281,220,076	100.00	3,563,625	1.27	245,831,593	100.00	3,130,827	1.27

In 2020, the Group adhered to its original intention and actively expanded various credit businesses. In terms of corporate loans, the Group actively overcame the adverse effects of the macroeconomic downturn, and steadily promoted the development of project financing, green finance and other business, contributing to the stable improvement of the asset quality. As at 31 December 2020, the non-performing ratio of the Group's corporate loans was 1.58%, down by 0.02 percentage point as compared with the end of the previous year. In term of retail loans, the Group steadily launched the personal mortgage loan and credit card loan to satisfy the personal housing needs, and actively supported the personal business loan demand. As at 31 December 2020, the non-performing rate of the Group's retail loans was 0.99%, of which that of personal mortgage loans, personal business loans, and credit card loans decreased, while the overall asset quality was stable and controllable.

7.3.3 Distribution of loans and non-performing loans by industry

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2020				December 31, 2019			
	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-Performing loan ratio (%)	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-Performing loan ratio (%)
Corporate loans – measured at amortised cost								
Manufacturing	23,232,705	8.3	629,193	2.71	19,654,168	8.0	571,731	2.91
Wholesale and retail	14,095,203	5.0	914,670	6.49	13,425,889	5.5	904,838	6.74
Construction	17,680,813	6.3	355,865	2.01	15,919,277	6.5	151,586	0.95
Real estate	14,556,043	5.2	564,970	3.88	13,712,652	5.6	246,091	1.79
Leasing and commercial services	35,458,997	12.7	9,799	0.03	21,696,220	8.8	66,029	0.30
Water conservation, environment and public facility administration	35,349,761	12.6	-	-	35,925,100	14.6	248	0.00
Transportation, warehousing and postal service	3,910,638	1.4	27,804	0.71	3,762,158	1.5	16,898	0.45
Mining	1,756,136	0.6	2,272	0.13	1,931,622	0.8	73,086	3.78
Electricity, heat, gas and water production and supply	6,845,137	2.4	-	-	5,094,776	2.1	143,855	2.82
Agriculture, forestry, animal husbandry and fishery	2,506,763	0.9	30,459	1.22	2,397,875	1.0	44,515	1.86
Household services, maintenance and other services	267,737	0.1	4,077	1.52	324,810	0.1	2,250	0.69
Education	903,269	0.3	4,367	0.48	749,455	0.3	844	0.11
Financing	725,257	0.3	-	-	765,156	0.3	-	-
Scientific research and technology services	1,630,880	0.6	-	-	1,317,998	0.5	4,735	0.36
Information transmission, software and information technology services	1,231,397	0.4	41,107	3.34	700,468	0.3	-	-
Accommodation and catering	1,454,567	0.5	17,860	1.23	1,170,175	0.5	13,224	1.13
Culture, sports and entertainment	953,156	0.3	-	-	447,429	0.2	4,499	1.01
Health and social welfare	2,102,213	0.7	1,858	0.09	1,784,982	0.7	2,368	0.13
Loans to corporate entities – measured at fair value through other comprehensive income								
Discounted bills	20,032,920	7.1	-	-	14,271,520	5.8	-	-
Retail loans – measured at amortised cost								
Retail loans	96,526,484	34.3	959,324	0.99	90,779,863	36.9	884,030	0.97
Total	281,220,076	100.0	3,563,625	1.27	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

In 2020, the Group closely responded to the national major strategic planning, actively participated in the construction of “Chengdu-Chongqing Economic Rim”, continued to adjust the credit portfolio, and actively invested resources in the “new infrastructure” sector, strategic emerging industries, advanced manufacturing industry and other industries. We also dynamically adjusted the credit strategies for key industries such as real estate, local government financing platform, and constrained exit industries by combining the national macro industrial policies. Moreover, we accelerated the screening of customers involved in high leverage, “zombie enterprises”, overcapacity and other risks.

As at the end of the Reporting Period, the Group’s non-performing loan ratio was flat as compared with the end of the previous year, with major changes in the following industries: balance of non-performing loans in electricity, heat, gas and water production and supply industries decreased by RMB144 million as compared with the end of the previous year, and the non-performing loan ratio decreased by 2.82 percentage points. The balance of non-performing loans in the mining industry decreased by RMB71 million as compared with the end of last year, and the non-performing loan ratio decreased by 3.65 percentage points. The balance of non-performing loans in the leasing and commercial services industry decreased by RMB56 million as compared with the end of the previous year, and the non-performing loan ratio decreased by 0.27 percentage point. The balance of non-performing loans in the agriculture, forestry, animal husbandry and fishery decreased by RMB14 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.64 percentage point. The balance of non-performing loans in the scientific research and technology services industry decreased by RMB5 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.36 percentage point.

7.3.4 Distribution of loans and non-performing loans by type of collateral

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2020				December 31, 2019			
	Loan amount	Percentage (%)	Non-performing loans amount	Non-Performing loan ratio	Loan amount	Percentage (%)	Non-performing loans amount	Non-Performing loan ratio
Collateralised loans	86,550,044	30.8	1,679,044	1.94	76,819,536	31.2	1,731,497	2.25
Pledged loans	31,342,120	11.1	278,177	0.89	22,796,136	9.3	268,860	1.18
Guaranteed loans	123,129,602	43.8	1,217,603	0.99	114,310,120	46.5	792,463	0.69
Unsecured loans	40,198,310	14.3	388,801	0.97	31,905,801	13.0	338,007	1.06
Total principals of loans and advances to customers	281,220,076	100.0	3,563,625	1.27	245,831,593	100.0	3,130,827	1.27

As at 31 December 2020, balance of the Group’s collateralized and pledged loans increased by RMB18,276 million or 18.3%, balance of the guaranteed loans increased by RMB8,819 million or 7.7%, and balance of the credit loans increased by RMB8,293 million or 26.0% as compared with the end of the previous year. The non-performing rate of collateralized loans, pledged loans and credit loans decreased by 0.31, 0.29 and 0.09 percentage point respectively, and that of guaranteed loans increased slightly as compared with the end of the previous year.

7.3.5 Distribution of loans and non-performing loans by region

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2020				31 December 2019			
	Loan amount	Percentage (%)	Non-performing loan amount	Non-performing loan ratio	Loan amount	Percentage (%)	Non-performing loan amount	Non-performing loan ratio
Chongqing	222,907,038	79.3	2,607,316	1.17	197,377,224	80.3	1,727,797	0.88
Other areas	58,313,038	20.7	956,309	1.64	48,454,369	19.7	1,403,030	2.90
Total principal of loans and advances to customers	281,220,076	100.0	3,563,625	1.27	245,831,593	100.0	3,130,827	1.27

In view of the regional economic characteristics and the differences of customer groups, the Group adopted differentiated risk classification and supervision management for the branch outlets in the “one municipality and three provinces”, so as to effectively prevent credit risk. As at 31 December 2020, the Group’s non-performing loan amount and non-performance loan ratio in other areas both decreased. The non-performing loan amount decreased by RMB447 million, while the non-performing loan ratio decreased by 1.26 percentage points.

7.3.6 Loans to top ten single borrowers

(All amounts expressed in thousands of RMB unless otherwise stated)	Industry	December 31, 2020		
		Loan amount	Percentage of net capital (%)	Percentage of total loans (%)
Customer A	Water conservation, environment and public facility administration	1,329,921	2.48	0.47
Customer B	Leasing and commercial services	1,209,000	2.25	0.43
Customer C	Leasing and commercial services	1,166,000	2.17	0.41
Customer D	Manufacturing	1,155,900	2.15	0.41
Customer E	Manufacturing	1,113,540	2.07	0.40
Customer F	Water conservation, environment and public facility administration	1,108,915	2.07	0.39
Customer G	Electricity, heat, gas and water production and supply	1,000,000	1.86	0.36
Customer H	Water conservation, environment and public facility administration	988,500	1.84	0.35
Customer I	Leasing and commercial services	968,750	1.80	0.34
Customer J	Leasing and commercial services	966,110	1.80	0.34

As at December 31, 2020, the Bank’s total loans to its largest single borrower amounted to RMB1,330 million and accounted for 2.48% of its net capital, while total loans to its top ten customers amounted to RMB11,007 million and accounted for 20.49% of its net capital, which were in compliance with regulatory requirements. As at December 31, 2020, all of the Bank’s loans to top ten single borrowers were loans in the pass category.

Management Discussions and Analysis

7.3.7 Overdue loans

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

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2020		December 31, 2019	
	Amount	Percentage of total loans (%)	Amount	Percentage of total loans (%)
Past due within 90 days	3,798,615	1.35	4,053,545	1.65
Past due 90 days to 1 year	1,217,005	0.43	1,204,187	0.49
Past due over 1 year and within 3 years	1,561,623	0.56	1,370,514	0.56
Past due over 3 years	92,334	0.03	124,030	0.05
Total principals of overdue loans and advances to customers	6,669,577	2.37	6,752,276	2.75
Total principals of loans and advances to customers	281,220,076	100.00	245,831,593	100.00

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

As of December 31, 2020, the total overdue loans of the Group amounted to RMB6,670 million, representing a decrease of RMB83 million as compared to the end of the previous year. Total overdue loans accounted for 2.37% of total loans and advances to customers, representing a decrease of 0.38 percentage point as compared to the end of the previous year. The Group adopts a prudent classification standard for overdue loans. The ratio of non-performing loans to loans overdue for more than 90 days is 1.24.

7.3.8 Restructured loans

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2020		31 December 2019	
	Amount	Percentage of total loans (%)	Amount	Percentage of total loans (%)
Restructured loans	489,234	0.17	557,615	0.23
Including: Restructured loans overdue for more than 90 days	469,455	0.17	376,850	0.15
Total loans and advances to customers	281,220,076	100.00	245,831,593	100.00

As at 31 December 2020, the Group's restructured loans accounted for 0.17%, down by 0.06 percentage point as compared with the end of the previous year.

7.3.9 Withdrawal of debt assets and provision for impairment

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2020		31 December 2019	
	Amount	Provision for impairment	Amount	Provision for impairment
Debt assets	74,801	(6,480)	74,836	(3,712)

As at 31 December 2020, the Group's debt assets amounted to RMB75 million and the provision for impairment of debt assets was RMB6.48 million.

Management Discussions and Analysis

7.3.10 Changes in provision for loan impairment

(All amounts expressed in thousands of RMB unless otherwise stated)	2020	2019
Beginning balance of the year	8,721,904	6,507,557
New financial assets originated or purchased	2,059,840	1,428,835
Re-measurement	4,570,203	3,776,748
Repayment	(2,375,318)	(1,899,803)
Written-off of the year	(2,156,615)	(1,248,454)
Recoveries of loans written-off in previous years and advances transfer-in	300,204	247,909
Effect of discount factors	(153,011)	(90,888)
Ending balance of the year	10,967,207	8,721,904

The Group adheres to a sound and prudent provision policy, and realizes the scientific measurements of expected loss of assets by establishing the expected credit loss model. As at 31 December 2020, balance of the Group's loan loss provision was RMB10,967 million, representing an increase of RMB2,245 million as compared with the end of the previous year. The provision coverage ratio of non-performing loans was 309.13%, up by 29.30 percentage points as compared with the end of the previous year. The loan provision ratio was 3.92%, up by 0.36 percentage point as compared with the end of the previous year.

7.4 Operating Results by Segment

Major business segments of the Group include corporate banking business, personal banking business and capital business. The following table sets forth the overall operating results of each business segment of the Group during the periods indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	2020		2019	
	Operating income	Profit before income tax	Operating income	Profit before income tax
Corporate banking business	7,563,419	2,884,627	7,135,647	2,418,863
Retail banking business	2,919,029	983,432	2,581,435	1,258,854
Treasury business	2,286,522	1,917,401	2,011,991	1,881,769
Unallocated	123,133	(51,678)	61,964	12,801
Total	12,892,103	5,733,782	11,791,037	5,572,287

7.5 Other Information to be Disclosed according to Regulatory Requirements

7.5.1 Key regulatory indicators

Items		31 December 2020	31 December 2019	31 December 2018
Liquidity ratio (%)	RMB	77.07	73.18	78.84
	Foreign currency	787.01	385.34	146.55
Loan migration ratio (%)	Pass	2.61	3.18	4.83
	OAEM	24.74	24.32	25.81
	Substandard	76.74	83.39	44.68
	Doubtful	63.82	29.85	31.66

Note:

- (1) Liquidity ratio is an indicator of the Group, which is calculated in accordance with the regulatory requirements of CBIRC.
- (2) Loan migration ratio is an indicator of the Bank, which is calculated in accordance with the regulatory requirements of CBIRC.
- (3) Migration ratio of pass loans = amount migrated to the lower grades from the pass loans at the initial stage/(balance of pass loans at the initial stage – amount reduced during the period of pass loans at the initial stage) ×100%; Migration ratio of OAEM loans = amount migrated to the lower grades from the OAEM loans at the initial stage/(balance of OAEM loans at the initial stage – amount reduced during the period of OAEM loans at the initial stage) ×100%; Migration ratio of substandard loans = amount migrated to the lower grades from the substandard loans at the initial stage/(balance of substandard loans at the initial stage – amount reduced during the period of substandard loans at the initial stage) ×100%; Migration ratio of substandard loans = amount migrated to the lower grades from the substandard loans at the initial stage/(balance of substandard loans at the initial stage – amount reduced during the period of substandard loans at the initial stage) ×100%.

7.5.2 Off-balance sheet items that have a significant impact on financial condition and operating results

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2020	December 31, 2019
Credit related commitments	45,108,117	49,367,471
Of which:		
Irrevocable loan commitments	8,311	25,007
Bank acceptance bill	28,354,591	29,221,132
Issuance of letters of guarantee	4,342,096	6,769,309
Issuance of letters of credit	7,482,028	9,086,819
Unused credit card limits	4,921,091	4,265,204
Capital expenditure commitments	346,518	206,581
Total	45,454,635	49,574,052

Management Discussions and Analysis

7.6 Business Overview

7.6.1 Corporate Banking Business

As at December 31, 2020, balance of the Group's loans and advances to corporate entities (including discount of bills) amounted to RMB184.69 billion, representing an increase of RMB29.64 billion or 19.1% as compared with the end of the previous year. Balance of corporate deposits amounted to RMB178.66 billion, representing an increase of RMB20.45 billion or 12.9% as compared with the end of the previous year, and accounting for 56.8% of the balance of all deposits. The Group's corporate business was further optimized and improved during the Reporting Period.

Corporate deposits

Based on the strategy of "prospering the Bank through deposits" and the high-quality development philosophy, the Group vigorously carried out marketing activities to attract corporate deposits.

Firstly, carry out forward-looking marketing activities to expand the customer base. Capitalizing on the advantage of being a "local bank" and close to local customers, the Bank actively participated in the tender for deposits and bond issuance of key local customers, so as to attract more deposits. We continuously took the initiative to participate in the market, and carried out forward-looking marketing activities to attract investors and regional high-quality leading customers.

Secondly, set up platforms to acquire customers in batches. We promoted batched marketing and settlement via the platform, and used the margin platform to comprehensively serve the transaction settlement of enterprises. We optimized the "bank-government-enterprise" cooperation so as to continuously obtain bond issuance funds. We also actively carried out marketing activities to attract upstream and downstream customers and settlement funds, enabled the asset-liability linkage development, thereby achieving a win-win situation between the Bank and enterprises.

Thirdly, diversify the products and strengthen the characteristics. By means of science and technology, we strengthened system applications, and expanded the deposit marketing channels. We also strengthened the application of our products. Agreement deposits, certificates of large-sum deposit and other settlement products were comprehensively used to meet the daily settlement and investment needs of customers.

Fourthly, expand marketing channels through science and technology. A customer relationship management system was launched to promote the refined customer services, process-based team management and intelligent marketing services. By breaking through the direct channel of the pre-sale fund supervision system, funds under supervision were returned to the Bank rapidly. We established a non-tax online collection system to open up an electronic payment channel for financial non-tax collection. We continued to promote the cash management business platform, and developed and launched the bill pool system, to provide strong support for the fine management of customer funds.

Corporate loans

The Group conformed to the strategy of serving the real economy, and regarded the regional advantageous industries as the focus of credit according to the regional characteristics of Chongqing, Sichuan, Guizhou and Shaanxi. The Group conducted targeted marketing of projects oriented towards national polices including double-city economic circle, green credit, rural revitalization, poverty alleviation, and the “Belt and Road Initiative”.

Firstly, seize major opportunities and tap regional advantages. By grasping the opportunity of developing the double-city economic circle, we carried out research on the two cities, seized the opportunity of new infrastructure construction and intelligent upgrading of enterprises in the region, enhanced the weight of emerging industries in asset allocation, and actively participated in the “new infrastructure” projects such as 5G, big data center, smart city and industrial Internet.

Secondly, adhere to the original intention and optimize industry investments. In active response to the call of the central government, we increased support for the real economy, actively served large customers in the real economy and non-cyclical industries, popularized products such as “You You Dai “ and “Credit Loan for Business Entities”, broadened our business coverage and expanded the customer base, thereby providing financing services for regional high-quality business entities, and enhancing cooperation stickiness.

Thirdly, building up cooperation platforms to promote business development. we established business cooperation platforms with various bureaus and commissions in Chongqing to obtain information on key projects, key enterprises and key accounts, and actively promote marketing. Through deeper cooperation with Chongqing Economic and Information Commission, we became the first batch of cooperative banks for the “financial service platform for enterprises in Chongqing”. We also deepened linkage with policy banks to support regional major projects through syndicated loans. We established interaction and cooperation mechanism with financial leasing companies to jointly serve customers and promote business development.

Fourthly, make full efforts to fight against the COVID-19 pandemic and support the resumption of work and production. We brought conveniences to the suppliers for pandemic prevention and control and those enterprises in difficulties. We strengthened the support of the real economy, broadened the business coverage, expanded the customer base, provided financing services for high-quality business entities in the region, and enhanced the cooperation stickiness. During the outbreak of the pandemic, the Bank’s refinancing business ranked first among the local corporate banks in Chongqing.

Management Discussions and Analysis

Green finance

The Bank attached great importance to green development and has established a “four-specialty” system of green finance. Special planning and guidance: After putting forward the strategic plan for green development in 2015, we continued to customize the guidelines for development of green finance and promote the development of green finance across the Bank. Special organizational support: An organizational structure at four levels has been formed. Special assessment and incentive: Starting from internal incentives, we reduced the internal capital transfer pricing of green business, and enhanced the endogenous power. Special product services: By capitalizing on the advantages of Bank of Chongqing, we provided comprehensive green financial services for green enterprises and projects by using “Green credit + Green bonds + Green leasing” services.

In 2020, the Bank actively helped to create a green finance reform and innovation pilot zone in Chongqing and participated in the construction of a green finance big data system in Chongqing. As the only local bank participating in the activity, the Bank, together with the Chongqing Business Management Department of the PBOC and Tsinghua University, has participated in the scientific research project of low-carbon development in Chongqing, contributing to the formulation of the implementation plan for Chongqing’s peak carbon emissions ahead of schedule, and promoting the city’s green and low-carbon development.

As at 31 December 2020, balance of the Bank’s green credit was RMB14.41 billion, representing an increase of 60% as compared with the beginning of the year.

7.6.2 Small and Micro Enterprise Banking Business

As of December 31, 2020, according to the national statistic standards, the balance of our small and micro enterprise loans amounted to RMB83.32 billion, representing an increase of RMB3.46 billion as compared with the end of the previous year. The number of customers was 65,659, increasing by 22,002 as compared with the end of the previous year. The small and micro enterprise loans with an individual lending amount of below RMB10 million recorded a balance of RMB36.45 billion, representing an increase of RMB4.40 billion as compared with the end of the previous year. The number of loan customers was 47,252, increasing by 17,267 as compared with the end of the previous year. The weighted average interest rate of loans issued in the current year was 5.55%, down by 0.83 percentage point as compared with last year. The non-performing loan rate was 3.09%, which continuously met CBIRC’s regulatory requirements for “two increases and two controls”.

In addition to the establishment of a small business credit center for small and micro enterprises, the Bank has set up special small and micro business departments in the subordinate institutions of 4 branch institutions and 43 independent accounting sub-branches in Chongqing to vigorously promote the development of small and micro business. During the Reporting Period, the Bank made full use of the monetary, fiscal and taxation policies and took various measures to support the financing needs of small and micro enterprises and to promote the steady development of small and micro business.

Firstly, we deepened the development of internal mechanisms to enhance the willingness to lending. We deepened the construction of assessment and incentive, tolerance standards for non-performing loans, the Due Diligence and Liability Exemption policy and risk prevention and control mechanism, and continued to create the “Five Category” security mechanism, namely separate credit limits, favorable internal pricing, preferential capital cost, special incentive arrangements and human resources support, so as to maintain financial support for small and micro enterprises. We formulated and implemented the Implementation Regulations on the Due Diligence and Liability Exemption Policy for Small and Micro Enterprise Credit Business, the Implementation Regulations on the Due Diligence and Liability Exemption Policy for the Online Small and Micro Enterprise Credit Business of “Hao Qi Dai (好企貸)”, and the Measures on the Management of the Due Diligence and Liability Exemption Policy for Financial Service Work of Agricultural Affairs and Poverty Alleviation, thus enhancing the willingness to lending of front-line business personnel.

Secondly, we strengthened the guidance and training on businesses to enhance lending capacities. We optimized the rules and regulations, including revising the Measures on the Management of Small and Micro Enterprise Credit Business, the Measures on the Management of Joint Marketing of Small and Micro Enterprises and the Measures on the Management of Guarantee Companies of Small and Micro Enterprises, effectively adapting to the latest developments and policy requirements. With focus on improving account managers’ capacities in marketing and expansion, product utilization and risk management and control, we implemented business trainings such as area training covering all branches and special training covering all new policies, systems and products.

Thirdly, we optimized the technical means of credit to improve the efficiency of financial services. Leveraging our advantages in geography, close relationship and people exchanges, we made innovation in credit evaluation methods credit products and service models. We optimized the batch business model to restructure standardized product design elements and establish special investigation and approval modules, so as to enhance the implementation of batch business. In order to expand the coverage and increment of “Knowledge Value Credit Loan (知識價值信用貸款)”, we optimized the cooperation between banks and governments through adjusting the entry threshold of customers and expanding its application. We optimized the fast loan model through expanding the entry scope and setting flexible credit conditions, thus enhancing the competitiveness of “Home Mortgage Loan (房抵貸)”. We optimized the lending model of annual assessment through extending the credit period and simplifying the annual assessment process, thereby improving the quality and efficiency of “Annual Review Loan (年審貸)”. We optimized the online loan model and developed the online special loan renewal for “Hao Qi Dai (好企貸)”, so as to accelerate the iterative operation upgrading of “Hao Qi Dai (好企貸)” products.

Fourthly, we improved the credit information function to enhance the effectiveness of financial services. We intensified the in-depth integration of financial big data and the Internet to expand the comprehensive service channels for small and micro enterprises. We improved the online service functions and developed the Mobile Payment Platform 2.0 for small and micro enterprises and a real estate online cloud assessment system, to provide “online loan application and online evaluation” for small and micro enterprises. In order to facilitate interaction between banks and enterprise, we carried out the “entry of banks to enterprises (百行進萬企)” and “first loan (首次貸款)” to expand the coverage and increment as well as financial service promotion meetings for private enterprises, thus solving the “last mile (最後一公里)” problem in financial services for small and micro enterprises. We organized value-added service activities, including the linkage and interaction meeting for investment and credit co-hosted by the Chongqing Industry Guidance Fund and Bank of Chongqing as well as lectures on management and taxation knowledge of small and micro enterprises.

Management Discussions and Analysis

Fifthly, we made good use of external preferential policies to give full play to the synergy of policies. We made full use of preferential monetary policies, and applies for the refinancing fund of RMB6.6 billion for supporting small and micro enterprises from the People's Bank of China and the enlending fund of RMB2.5 billion from China Development Bank. We gave full play to preferential financial and tax policies, and successfully applied for preferential policies on exempting VAT for the interest income of eligible small and micro enterprises. Taking advantage of the launch of National Financing Guarantee Fund, we became the first bank for projects from National Financing Guarantee Fund in Chongqing, with guaranteed small and micro enterprise loans of RMB3 billion.

Sixthly, support the revitalization of rural industries and boost the poverty alleviation strategy. We tapped the credit needs of the customers related to "agriculture, countryside and farmers", and used products such as "Xin Liu Chan agricultural loan", "San Bian reform loan", "Road Guarantee Loan", "Travel Assistance Loan" and "Poverty Alleviation Microfinance" to help the integrated development of the rural, primary, secondary and tertiary industries. Attributable to these factors, balance of the agriculture related loans increased by RMB10.29 billion, of which balance of inclusive agriculture related loans increased by RMB1.32 billion.

7.6.3 Retail Banking Business

As at 31 December 2020, balance of the Group's personal deposits increased by RMB21.01 billion or 20.8% to RMB121.83 billion as compared with the end of the previous year, which continued to maintain a steady growth momentum, with the local market share increasing continuously as well. Balance of personal consumer loans (including personal consumer loans, personal mortgage loans and credit card advances) increased by RMB1.997 billion to RMB76.58 billion as compared with the end of the previous year.

Personal Deposits

The Group gave full play to its regional brand advantages and deeply explored into the retail market in "one municipality and three provinces".

Firstly, continue to expand the savings deposit business. 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, and launched the personal structured deposit business to expand the deposit product pool of the Bank. We continuously improved the maintenance of key customers such as VIP customers and subsidized customers, while strengthening marketing on young customers to maintain steady progress in service capabilities.

Secondly, continuously strengthen the construction of retail channels. We actively established the online "life circle" of the bonus points mall, and carried out themed activities related to bonus points, such as "Family Shopping Day", "Good Gifts Patting You", "Happy and Warm Season", "New Year Feast" and "Farmers Helping Program" to effectively promote the growth of savings deposits. We signed the "cloud payment" business cooperation agreement, and actively built the "cloud payment" platform, to enrich the varieties of agency payment, and achieved the access of 12 wealth management cooperation institutions.

Personal Loans

To cope with the complicated market changes, the Group positioned well in the market, and achieved steady growth in retail business.

Firstly, upgrade the service level by focusing on around customer experience. The Bank has always insisted on the improvement of customer experience, continuously promoted the upgrading of consumer loan products and services, optimized the service process and improved the service efficiency by carrying out the “paperless” centralized approval pilot.

Secondly, focus on customer segmentation and Develop characteristic products. We launched the batched white list function of “Jie e-loan”, to help our branches expand high-quality customers and acquire customers in batches. We developed “Fa Pai Dai” and granted the first loan in December, which further enriched the types of mortgage loans. We develop the online personal pledged loan products to promote the online and intelligent transformation of traditional loan business.

Thirdly, upgrade the marketing system by scientific and technological means. The Bank actively promoted the construction of an open and intelligent marketing system, and built an open banking platform to enrich online customer acquisition channels, and expand customer traffic flow. We promoted intelligent construction of online consumer loan products, facilitated the upgrading of big data smart risk control system, and continued to expand the coverage of “Jie e-loan” customers.

Bank Cards

The Bank continued to innovate the bank card products, upgrade technology and create a sound card use environment by focusing on the aspects of rich functions, multiple scenarios, improved channels and safety performance. As a result, our bank card business has developed healthily and the number of cards issued has increased steadily. As of December 31, 2020, the total number of issued debit cards increased by 290,900 to 4,298,200 as compared with the previous year, and the transaction volume for the year amounted to RMB13.34 billion. The total number of credit cards issued increased by 32,700 to 276,800 as compared with the previous year. Balance of credit card advances reached RMB9.69 billion.

In terms of product innovation, the Bank launched “Aijia Wallet” on the basis of existing products, which further expanded the influence of credit card installment business and enhanced the customer experience. In terms of science and technology upgrading, the Bank has successively completed the functional optimization of Panshi system, product-related online loan system and mobile banking system, got access to the characteristic business of cloud quick pass APP, and carried out transformation of payment functions including agency collection and payment, fast payment and account verification, and optimized the post-payment function of ETC business cards. In terms of creating a sound card use environment, the Bank focused on advertising and a series of card use preferential activities in combination with the distribution of credit card customers and consumption habits.

Management Discussions and Analysis

7.6.4 Financial market business

In 2020, the Bank paid close attention to the macroeconomic development situation, continuously strengthened market analysis, deepened inter-bank cooperation and exchange, actively learnt from the advanced business models and development experience in the inter-bank financial market, thereby innovating the business model, broadening the inter-bank cooperation space, channels and counterparties. As a result, we maintained steady growth in business volume of various financial markets, and constantly optimized the structure of investment securities products.

In terms of money market trading, firstly, we expanded the capital trading volume and enhanced the market image. During the Reporting Period, the Bank actively participated in the money market trading and increased the total trading volume in the money market. The inter-bank market capital trading volume representing a YoY increase of 57%. Secondly, we expanded the channels of fund sources to reduce financing costs. We promoted the implementation of online innovation business of interbank deposits in the national interbank lending market, so as to further enrich the counterparties. We actively subscribed for anti-epidemic special treasury bonds and anti-epidemic special bonds, successfully issued special interbank certificates of deposits for pandemic prevention and control, and actively supported the production and operation of enterprises related to pandemic prevention and control.

In terms of investment business, firstly, we closely tracked market changes and actively allocated high-quality assets. We actively adjusted bond investment structure and improved the ability to resist risks. Secondly, we continued to optimize the investment structure of the interbank, supported the development of the real economy and local economy, and constantly improved the efficiency in and benefits from the use of funds. Thirdly, we continuously strengthened investment research and post-investment management, implemented dead-cycle management and penetration management before and after investment, and realized real-time early warning of risks by using external big data, so as to improve the risk management and control capability of investment business.

7.6.5 Asset management business

In terms of the asset management business in 2020, the Bank adhered to the simultaneous promotion of business reform and results growth, deeply promoted the innovation and transformation of products, strengthened scientific and technological support, improved the active management capability, and continuously enhanced the risk management level.

Firstly, promote the innovation and transformation of products. In 2020, the bank focused on the research and development of new fixed income products, and developed four types and six series of new products, with the closed products covering all kinds of products with a term of 3-24 months, thereby basically completing the development of a new product system. The Bank has successively launched series of products such as private placement customization, festival products and special anti-pandemic products, forming differentiated pricing and characteristic services.

Secondly, strengthen scientific and technological support. In 2020, the Bank successively launched the systems of valuation, distribution, agency sales, asset management system, comprehensive operation platform, cash management, etc. A brand-new wealth operation and management platform has been basically established to meet the net worth transformation needs of wealth management business.

Thirdly, improve the active management capability. 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. In 2020, with standardized bonds as its main investments, the Bank continuously increased the proportion of highly liquid assets and further optimized its asset structure.

Fourthly, enhance the risk management level. 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, and strictly adopted the “three-list” management, so as to ensure compliant operation of products.

7.6.6 Investment banking business

In 2020, 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. Firstly, actively develop the bond underwriting business. During the Reporting Period, the Bank successfully issued 7 debt financing instruments of non-financial enterprises as a lead or co-lead underwriter. In June 2020, the Bank obtained the bond trustee qualification in the inter-bank bond market, laying a foundation for the long-term development of its bond underwriting business. Secondly, integrate into the national strategy and serve the regional economy. In order to promote the construction of Chengdu and Chongqing double-city economic circle, the Bank actively strengthened cooperation with banking institutions and non-banking institutions in Sichuan to provide direct financing services for enterprises in Chengdu-Chongqing Economic Rim.

7.6.7 Trade finance business

During the Reporting Period, the Bank focused on both business development and fine management, actively innovated characteristic products, and committed itself to promoting the high-quality development of trade finance business.

Firstly, keep the cross-border green channels for pandemic prevention and control always open. The Bank made every effort to provide cross-border financial services for pandemic prevention and control, took the initiative to meet the cross-border financial service needs of the market participants, and effectively kept the cross-border settlement services for anti-pandemic materials open for 7*24 hours. While ensuring high efficiency and convenience, the Bank provided warmer cross-border financial services by implementing preferential exchange rate, exempting the service charges and other measures, and undertook its social responsibility as a local corporate bank.

Management Discussions and Analysis

Secondly, seize the opportunity through cross-border digital financial services. In 2020, the Bank became the first bank in Central and Western China and the sixth bank in China to be directly connected with the cross-border financial blockchain platform of the State Administration of Foreign Exchange (SAFE), and participated in the construction of financing and settlement application scenarios of the new land and sea channels of SAFE in Western China. In the meantime, the Bank became the first local corporate bank in Chongqing to be successfully connected to the “single window” of international trade in Chongqing, and got access to the domestic foreign currency payment system, and launched SWIFT GPI (Global Payment Innovation Service), thus realizing the whole process tracking of remittance, and developing the cross-border financial service to a new level. During the Reporting Period, the Bank achieved the cross-border settlement of US\$3.04 billion, ranking top in Chongqing.

Thirdly, make important breakthroughs in derivatives business. In 2020, the Bank obtained the qualification for derivatives business of RMB against foreign exchange for customers, and became the first local corporate bank in Chongqing to obtain the full license for medium and long-term, swap and option businesses in the foreign exchange derivatives business, which further enhanced the market competitiveness of the Bank and its comprehensive and professional level for serving the real economy, and contributed to the national “Belt and Road” development strategy and the plan for developing Chongqing into a financial center in Western China. During the Reporting Period, the Bank’s trading volume of derivatives reached RMB61.15 billion, representing a YoY increase of 327.6%.

Fourthly, optimize and upgrade the allocation of foreign currency assets. Since 2017, the Bank has actively expanded the foreign currency asset allocation channels to help domestic enterprises enter the international capital market and invest in high-quality corporate US dollar bonds. During the reporting period, the Bank issued the total foreign currency bonds of approximately RMB2.91 billion.

Fifthly, upgrade the foreign exchange compliance management. In 2020, the Bank’s foreign exchange business was rated as Class A for the first time in the compliance and prudent operation assessment. The Bank was also honored as the “Excellent Membership Unit” and the “Most Popular Bank for Optimizing Business Environment” by the Chongqing Bank Foreign Exchange and Cross-Border RMB Business Self-Discipline Mechanism, with the refinement level of foreign exchange compliance management steadily improved.

Sixthly, steadily promote the supply chain financial business. The Bank has successfully launched the Phase II supply chain financial system to further promote the online and process-oriented development of the supply chain business. The Bank promoted the development of innovative supply chain financial products, explored into the innovative supply chain financial products with blockchain as the underlying technology, and facilitated the digital transformation and upgrading of supply chain finance. During the Reporting Period, the Bank’s supply chain finance business achieved revenue of RMB7.37 billion, representing a YoY increase of 15.37%.

7.6.8 Financial technology

The Bank attached great importance to the development strategy of financial technology. In accordance with the PBOC's "Financial Technology Development Plan (2019-2021)" and the Bank's "technology-leading and innovation-driven" guidelines, we focused on innovative development, technological services, data governance and digital operation, continuously consolidated the technical foundation of financial technology, and actively deployed the financial technology capability platform, so as to provide the impetus for the Bank's digital transformation. In 2020, the Bank invested a total of RMB263 million in science and technology.

Firstly, explore the emerging hotspots of financial technology. We continued to carry out research into financial applications of new technologies such as big data, cloud computing, artificial intelligence (AI), blockchain and 5G, and deployed a number of innovative pilot projects and capability platforms in advance: developing a big data service system, building up a unified data integration platform based on MPP+Hadoop hybrid architecture, and launching a batch of key applications such as "Wind Chime" intelligent review system and Leader App. We researched the basic applications of cloud computing, developed pilot private cloud and cloud management platforms by taking the cloud computing data center as a goal, and explored the unified management and flexible scheduling of heterogeneous resources. We accelerated the expansion of AI applications, built the intelligent biometric recognition platform, intelligent optical recognition platform and intelligent voice recognition platform based on knowledge mapping, and promoted the more extensive application of Robotic Process Automation (RPA) robots in the field of operation management and credit card. We established the blockchain capability platform, completed the deployment of the bank-wide unified blockchain capability platform and the landing of collateral management scenarios, and gained access to the cross-border financial alliance chain of SAFE, and upgraded the blockchain application of electronic deposit system. We explored the banking application scenarios under the 5G environment, and carried out research pilots of 5G Technology in the IT standardization of branch outlets, thereby making technical preparations for the large-scale commercial use of 5G in banks.

Secondly, enhance the scientific and technological support level. We deepened infrastructure construction, and realized graphical display of the data center and automatic monitoring of the hardware equipment. We built the intelligent WAN and paved the bank-wide "information network expressway". We implemented the national IPv6 large-scale deployment requirements, and completed the IPv6 transformation of 13 Internet applications. We promoted integrated construction of the operation and maintenance system, realized the intelligent operation and maintenance of 151 tasks in 15 systems, as well as the digital management of 2,150 IT assets, and carried out pilot programs such as automatic disaster shifting, deployment and inspection of some systems. We have completed the deployment of 13 important systems, including intermediate business and electronic channels, and successfully completed the three-year plan for "double-take" applications in the same city. In order to effectively cope with the severe hardships arising from the outbreak of COVID-19 pandemic, we used matured financial technology infrastructure and innovative technology to ensure that all of our employees could work at home during the outbreak, and provide remote credit services to customers. We continued to provide financial services via the steady online channels. We developed the "Alleviation Loan for Small and Micro Enterprises" in five days to help micro, small and medium-sized enterprises resume work and production.

Management Discussions and Analysis

Thirdly, deepen the data governance system. Data governance and data quality management have been gradually standardized, process-oriented and integrated. We started the comprehensive construction of customer master data, developed the label portrait platform of customers, and promoted data sharing, which have significantly improved the quality of basic data, especially the integrity and accuracy of customer data. Our data application is closely related to the actual business development needs, and committed to providing in-depth services to multiple business and management fields. We carried out data analysis of our retail customers, promoted the implementation of cross sales and other data application scenarios, supported precision marketing, and realized the linkage between data governance and business value.

Fourthly, establish a digital risk control system. Relying on big data, knowledge mapping and machine learning technology, we developed and optimized the “Wind Chime” intelligent review system, and built up the Bank’s first digital risk control system that can support multi-scenario business and internal control management applications, which can comprehensively improve the digital risk control capability by using data to support decision-making and using model to assist management. The system plays an important role in assisting decision-making in terms of related credit investigation, group customer management, credit capital flow monitoring, judgment by “breaking up into parts”, cross default early warning, internal risk audit, asset clue tracing, anti-money laundering risk identification, bidding risk investigation, operation and internal control management, employee behavior management, etc.

Fifthly, optimize the digital credit system. Under the guidance of “effectively integrating resources, accelerating the innovation of online credit business, and following up the regulatory orientation and the online development direction of banking industry”, we completed the organizational structure reform of our online credit business. We tried to promote the high-quality development of digital credit business with “Hao Qi Dai” as the breakthrough point. During the severe period of the COVID-19 pandemic, we swiftly developed special online corporate loan renewal products to help small and micro enterprises tide over difficulties. We developed “Lian Qi” government procurement loan, “Hao Qi” individual loan, “Hao Qi” housing loan and other products, so as to broaden the application scenarios of our digital credit business. We developed “Poverty Alleviation Loan” and “Agricultural Support Loan” under the O2O model, and used our experience in digital credit business to enable financial innovation in the problems of “agriculture, countryside and farmers”. In the meantime, we continued to expand multiple channels for judicial settlement of disputes, carried out real-time and remote online financial cloud court trials, and launched “Hao Qi Dai” to facilitate notarization and online arbitration, so as to substantially improve our efficiency in follow-up independent collection and settlement, debt recourse and disposal of non-performing assets related to small and micro digital credit products.

Sixthly, improve the digital operation system. we upgraded to mobile banking 5.0, established Bashi digital & smart bank, and built the Internet operation platform, which has, together with online banking and WeChat banking, constituted the integrated digital and accurate customer acquisition operation system. Based on the label portrait of customers and the basic data of customer behaviors, it realizes the intelligent recognition of “a thousand faces for a thousand people”. Relying on big data, intelligent decision-making engine and other digital technologies, we built the purchase tendency model and the channel preference model to generate the insights into customer groups, accurate predictions and other core capabilities, and provide customers with differentiated product services and marketing service solutions, thereby forming into an integrated digital and accurate customer acquisition operation system, which can effectively reduce the conversion costs of customers in different channels, and improve customer value.

7.6.9 Channel construction

The Bank has always adhered to the principle of “customer-centric”, committed itself to providing convenient, inclusive and intelligent financial services for customers, and continuously deepened the integration of online and offline channels.

Physical Outlets

As of December 31, 2020, the Bank operated its business and marketed its banking products and services through 145 sub-units, including the business department of its Head Office, its small enterprise loan center, four primary branches, 172 self-service banking centers, 280 intelligent teller machines, and through its extensive distribution channels, such as telephone banking, mobile banking, online banking and direct banking, which cover all 38 districts and counties of Chongqing as well as three provinces in western China namely Sichuan Province, Shaanxi Province and Guizhou Province.

Mobile Banking

As of December 31, 2020, the Bank had 1,158.7 thousand mobile banking personal customers, representing an increase of 243.9 thousand or 26.66% as compared with the end of the previous year; the total number of transactions by mobile banking personal customers was 5,486.6 thousand, representing an increase of 519.8 thousand or 10.47% as compared with the same period of the previous year; the total transaction amount was RMB214.74 billion, representing an increase of RMB38.84 billion or 22.08% as compared with the same period of the previous year. During the Reporting Period, the Bank upgraded its mobile banking to 5.0 version, with the replacement rate of more than 90% for online businesses mainly focusing on transfer, payment, wealth management sales and other high-frequency transactions.

Online banking

As at 31 December 2020, the Bank had 29.9 thousand online banking corporate customers, representing an increase of 2.5 thousand or 9.09% as compared with the end of the previous year; the total number of transactions was 2,572.9 thousand, representing an increase of 186.8 thousand or 7.83% as compared with the end of the previous year; the total transaction amount was RMB419.94 billion, representing an increase of RMB73.14 billion or 21.09% as compared with the end of the previous year. The Bank had 1,151.6 thousand personal online banking customers, representing an increase of 235.9 thousand or 25.76% as compared with the end of the previous year. There were a total of 525.8 thousand transactions by personal online banking customers, with the total transaction amount of RMB41.75 billion.

Online payment

The online payment business of the Bank developed rapidly in 2020. The Bank has cooperated with mainstream online payment platforms including Alipay, Tenpay and JD. In 2020, there were a total of 53,878.5 thousand transactions, representing an increase of 5,561.5 thousand or 11.51% as compared with the same period of the previous year; the total transaction amount was RMB52.30 billion, representing an increase of RMB15.90 billion or 43.69% as compared with the same period of the previous year.

Management Discussions and Analysis

7.6.10 Service improvement

The Bank improved business processing efficiency and enhanced customer experience through technological innovation. We promoted counter digitization (paperless project) to realize the whole-process paperless operation for business application, acceptance, processing and information generation, which shortened the business processing time by nearly 30% as compared with the traditional way. The project won the “Top Ten Excellent Cases Award by Expert Evaluation” of the First Digital Finance and Payment Innovation Competition of Urban Commercial Banks and the “Annual Case Award for User Experience” of the Third (2020) China Annual Finance Brand Case Competition. As the first batch of pilot local corporate banks in Chongqing, we realized cross-provincial electronic tax payment in Chengdu and Chongqing, which reduced the burdens of tax authorities, banks and taxpayers by making the information technology “do more” and relevant staff “run less”.

The Bank takes the creation of a civilized and standardized service brand as the starting point to improve the service quality and efficiency of business outlets. As at the end of the Reporting Period, one of our branch outlet won the title of “Top 100 Civilized and Standardized Service Units” and 19 outlets won the title of “Top 1000 Civilized and Standardized Service Units”, and we also had 23 “Five-Star” Outlets, 9 “Four-Star” Outlets, 12 “Three-Star” Outlets and 34 provincial excellent business institutions.

7.6.11 Majority-owned Subsidiaries and Major Investee Companies

7.6.11.1 Majority-owned Subsidiaries

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 RMB24.00 billion, the total liabilities of RMB20.37 billion, and the total owner’s equity of RMB3.63 billion. Its net profit was RMB290 million for the Reporting Period.

Xingyi Wanfeng Village Bank Co., Ltd.

Xingyi Wanfeng was established in May 2011, with the registered capital of RMB324.5 million, and 66.72% 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.

As at the end of the Reporting Period, Xingyi Wanfeng recorded the total assets of RMB1.04 billion, the total liabilities of RMB918 million, and the total owner's equity of RMB122 million.

7.6.11.2 Major Investee Companies

Mashang Consumer Finance Co., Ltd.

Mashang Consumer 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 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 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.

As at the end of the Reporting Period, Mashang Consumer recorded the total assets of RMB52.44 billion, the total liabilities of RMB45.30 billion, and the total owner's equity of RMB7.15 billion. Its net profit was RMB795 million for the Reporting Period.

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 deposits, 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” 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.

Management Discussions and Analysis

As at the end of the Reporting Period, Three Gorges Bank recorded the total assets of RMB236.76 billion, the total liabilities of RMB217.58 billion, and the total owner's equity of RMB19.18 billion. Its net profit was RMB1.50 billion for the Reporting Period.

7.7 Risk Management

Based on the “coordinated, comprehensive, independent and effective” risk management principle, the Group is committed to establishing and improving a comprehensive risk management system covering all kinds of risks by adhering to the Group's development strategy and risk appetite. The Group comprehensively and effectively implemented risk management to ensure the consistence of the income and the risks undertaken, and maximize the shareholder value. During the Reporting Period, the banking industry suffered greater operational risk due to the increasing uncertainty of the economic environment at home and abroad and the impact of the COVID-19 pandemic. The Group continued to improve the risk management system, so as to actively respond to and prevent all kinds of risks.

7.7.1 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. By determining the credit risk appetite, improving the organization and management system, optimizing the risk management process and cultivating the risk management culture, the Bank has continuously improved its core competence of credit risk management. While optimizing the asset soundness and future profitability, the Bank has controlled credit risk within an acceptable range, maintained appropriate capital size and maximized its income after risk adjustment.

During the Reporting Period, the Bank continued to improve its credit risk policies and procedures, strengthened risk monitoring and control, stabilized the growth and adjusted the structure of credit assets, so as to maintain stable asset quality. Firstly, we promoted the adjustment of credit structure. In order to vigorously support the resumption of work and production in the real economy, continuously maintain credit investment in strategic emerging industries, and continue to lower the proportion of industries with overcapacity, 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 formed an integrated “big review platform”, 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, implementation of collective review, transformation of credit process and optimization of review staffing. Thirdly, we conducted multi-dimensional risk monitoring. We carried out constant and comprehensive monitoring from multiple dimensions covering business lines, regions, industries, products and institutions, improved the monitoring index development, straightened out the risk disposal process, and optimized the assessment and supervision mechanism, so as to find and resolve the risks as early as possible. 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 established a communication channel and coordination mechanism with external functions. We set up a disposal platform through multiple channels, and disposed of non-performing assets by means of litigation collection, creditor's rights transfer, debt in kind and write-off, etc. We established the assessment and restraint mechanism and adopted the incentive policy to improve the quality and efficiency of collection of non-performing assets. Fifthly, we enhanced our intelligent 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 developed the remote declaration system for real estate mortgage registration, which can handle the procedures for real estate mortgage, cancellation, and change of registration online. 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.

7.7.2 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. Based on the principles of effectiveness, comprehensiveness, prudence and cost-effectiveness, the Bank has continuously improved its operational risk management system.

During the Reporting Period, the Bank further deepened the application of management tools for operational risk, promoted the normalized risk inspection mechanism, strengthened risk prevention and control in key areas, improved business continuity management, and continuously improved the level of operational risk management. With the smooth implementation of the operational risk management system, the Bank's operational risk was generally controllable. Firstly, we further promoted the application of management tools for operational risk, continuously optimized our business rules and regulations and operational processes, carried out risk and control self-assessment on a regular basis, dynamically carried out monitoring on key risk indicators, and completed annual re-inspection of indicators, so as to further standardize the collection processes and standards for operational risk loss data. Secondly, we established a normalized risk inspection mechanism. All inspection functions made full use of model monitoring, online verification, on-site inspection and other forms to carry out risk inspection in key areas such as corporate business, retail business, online business, operation management, employee management, information technology, security, etc. We also established rectification ledgers for the problems found in inspection, and supervised the rectification of various problems within a limited period of time. Thirdly, we strengthened risk control in key areas, strictly implemented the job rotation system, strengthened the investigation of abnormal employee behaviors, realized the online examination and approval of key seals and the full coverage of monitoring on seal control areas, and continuously carried out operational risk monitoring by using the internal business control platform. Fourthly, we improved the business continuity management, increased investment in key resources, improved the emergency plan system, and carried out in-depth business continuity emergency drills, so as to enhance our emergency recovery capability, and ensure the normal and stable operation of various business in the Bank during the outbreak of epidemic, flood and other emergencies.

Management Discussions and Analysis

7.7.3 Market risk management

7.7.3.1 Interest rate risk

Interest rate risk analysis

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 interest rate sensitive 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.

In 2020, the monetary policy remained stable. The People's Bank of China has used a variety of monetary policy tools to maintain reasonable and sufficient liquidity, leading the decrease in the terminal interest rate with fluctuations in a narrow range. 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 acceptability of interest rate risk.

Management Discussions and Analysis

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
December 31, 2020							
Total financial assets	111,858,547	26,535,401	106,154,985	260,046,629	33,480,535	14,337,546	552,413,643
Total financial liabilities	(132,243,198)	(49,503,134)	(189,158,812)	(124,110,387)	(14,089,818)	(8,067,705)	(517,173,054)
Total interest rate sensitivity gap	(20,384,651)	(22,967,733)	(83,003,827)	135,936,242	19,390,717	6,269,841	35,240,589

(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
December 31, 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	(121,126,539)	(43,974,543)	(161,456,621)	(114,286,848)	(12,349,637)	(7,170,322)	(460,364,510)
Total interest rate sensitivity gap	40,083,364	(13,608,316)	(57,729,199)	48,374,157	9,158,071	6,600,213	32,878,290

As at the end of 2020, the Group's accumulated gap for all maturities amounted to RMB35,241 million, representing an increase of RMB2,362 million or 7.2% as compared to the end of the previous year.

Management Discussions and Analysis

Interest rate sensitivity analysis

Assuming that overall market interest rates move in parallel, and not taking into account of the risk management activities that may be carried out by the management to reduce interest rate risk, the Bank's interest rate sensitivity analysis are as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	Change of net interest income	
	December 31, 2020	December 31, 2019
+ 100 basis points parallel move in all yield curves	(698,015)	54,578
- 100 basis points parallel move in all yield curves	698,015	(54,578)

(All amounts expressed in thousands of RMB unless otherwise stated)	Change of other comprehensive income	
	December 31, 2020	December 31, 2019
+ 100 basis points parallel move in all yield curves	(845,008)	(905,702)
- 100 basis points parallel move in all yield curves	877,627	945,105

7.7.3.2 Exchange rate risk

Exchange rate risk faced by the Group mainly relates to the impact on the position level and cash flow of foreign exchange exposure held by the Group due to changes in major foreign exchange rates. By setting limits on foreign exchange exposure and stop loss to reduce and control exchange rate risk, the Group seeks to ensure that the adverse impact of exchange rate fluctuations falls within an acceptable range.

The exposure to foreign exchange risk of the Group's financial assets and liabilities at carrying amounts in RMB, categorised by the original currency, is as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	RMB	US Dollar	HK Dollar	Others	Total
December 31, 2020					
Net position	29,852,769	5,372,015	3,441	12,364	35,240,589

(All amounts expressed in thousands of RMB unless otherwise stated)	RMB	US Dollar	HK Dollar	Others	Total
December 31, 2019					
Net position	27,255,739	5,607,627	9,614	5,310	32,878,290

Exchange rate sensitivity analysis

Assuming that overall market exchange rates move in parallel, and not taking into account of the risk management activities that may be carried out by the management to reduce exchange rate risk, the Bank's exchange rate sensitivity analysis are as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	Estimated profit/(loss) before income tax change	
	December 31, 2020	December 31, 2019
+1% upward change of foreign exchange rate	53,878	56,226
-1% downward change of foreign exchange rate	(53,878)	(56,226)

7.7.4 Liquidity risk management

Liquidity risk refers to the risk of failure to obtain adequate funds in time at a reasonable cost to cope with asset growth, repay due debts or perform other payment obligations. Our liquidity risk management has well accommodated to the current development stage of the Bank by adhering to the prudent, forward-looking and comprehensive principle.

Based on the principle of separation of policy-making, strategy implementation and supervision functions for liquidity risk management, the Bank established a liquidity risk management governance framework, which defined the duties and reporting routes of the Board of Directors, the Risk Management Committee, the Board of Supervisors, the senior management, special committees and relevant departments in liquidity risk management, thus forming into a liquidity risk management framework subject to division of labor, clear responsibilities, and efficient operation.

Management Discussions and Analysis

During the Reporting Period, The Group continued to improve liquidity risk management framework by streamlining the policy system for liquidity risk management, and upgraded our liquidity risk management capability and improved our capability in liquidity risk measurement and forecast by continuously implementing the coordination meeting mechanism for assets and liabilities, position management, quota management for liquidity indexes, duration mismatch management, management of liquidity reserve assets, dynamic management of liquidity risk. Meanwhile, the Group also promoted the accuracy and automation in liquidity risk monitoring and measurement by continuously improving the ability to apply information system of liquidity management through system construction and active application of scientific and technological means. The Group had liquidity risk measurement and monitoring mechanisms in place to conduct periodic audits over the Group's overall money-market balance, liquidity reserves, liquidity exposure and related supervisory indicators. At the same time, the Group's assets and liabilities were managed in accordance with factors such as liquidity exposure, liquidity reserves, moneymarket 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 the liquidity risk management and control capability of the Bank. The results of the quarterly stress tests in 2020 indicated that the liquidity risks remained within a controllable range even under stressful conditions. As at the end of 2020, all of the major regulatory indicators reflecting the Group's liquidity position met the regulatory requirements.

The Group uses liquidity gap analysis to assess liquidity risk. As at the the end of 2020, the 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)	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
	December 31, 2020	(88,661,738)	18,373,305	(23,104,005)	(76,044,259)	130,647,533	88,057,396	29,632,363	7,771,389
December 31, 2019	(80,486,487)	28,894,322	(20,882,397)	(59,590,234)	109,225,852	77,936,792	26,558,404	8,107,924	89,764,176

In 2020, the Group's cumulative gap for all maturities was RMB86,672 million, representing an decrease of RMB3,092 million as compared to the end of the previous year. Although there was a shortfall in on-demand repayment of RMB88,662 million, 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.

Liquidity coverage ratio

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 December 31, 2020, the Group's liquidity coverage ratio was 205.09%, which was in compliance with the regulatory requirements of the CBIRC.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2020	31 December 2019
Qualified high-quality liquid assets	38,740,874	39,136,754
Net cash outflow in the next 30 days	18,889,865	18,257,191
Liquidity coverage ratio (%)	205.09	214.36

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 at December 31, 2020, available and stable funds and required stable funds of the Group amounted to RMB328,872 million and RMB324,268 million, which meet the regulatory requirement with the net stable funding ratio standing at 101.42%.

7.7.5 Large-sum risk exposure management

In accordance with relevant requirements of the Administrative Measures for Large-Sum Risk Exposure of Commercial Banks issued by China Banking and Insurance Regulatory Commission, the Bank has established a large-sum risk exposure management system, carried out credit risk exposure measurement penetrating to the ultimate debtors, continuously monitored the large-sum risk exposures and changes, and effectively controlled the customer concentration risk. As at the end of the Reporting Period, all of our large-sum risk exposure indicators have satisfied the regulatory requirements.

7.7.6 Reputational risk management

Reputational risk refers to the risk that the stakeholders may have a negative view of the Bank as a result of our operation, management and other activities or external events. As an important part of the corporate governance and comprehensive risk management system, reputational risk management covers all behaviors, business activities and business fields of the Bank and its branches and subsidiaries. Through establishing and formulating relevant systems and requirements for reputational risk management, we have actively and effectively prevented reputational risks and coped with reputational event, so as to minimize loss and negative impact.

Management Discussions and Analysis

During the Reporting Period, the Bank incorporated reputational risk into the comprehensive risk management system, which cover all business lines as well as all branches and holding subsidiaries. The Bank upgraded the existing public opinion monitoring system iteratively, arranged special personnel to implement 24-hour public opinion monitoring during the important and sensitive periods, so as to strengthen investigation and analysis of reputational risks. We also continued to carry out special trainings on reputational risk, thereby further enhancing our awareness and management level of reputational risk.

7.7.7 Compliance risk management

Compliance risk refers to the risk of legal sanctions, regulatory penalties, significant financial losses and reputational losses that may result from the failure to comply with laws, rules and standards. Focusing on the compliance management objectives, we established a compliance management framework in line with the regulatory requirements and suitable for our business scope, corporate governance structure and business scale, which defines the compliance management duties of the Board of Directors, the Board of Supervisors, the senior management, the Internal Control and Compliance Department, all lines of management departments and the branches at all levels. We established three defense lines and two reporting routes for compliance risk management, and achieved effective control over compliance risks by means of continuously strengthening system construction, improving the management technology, intensifying compliance propaganda and training, supervision and inspection, and other approaches.

During the Reporting Period, the Bank positively adapted to the new regulatory requirements on “strong supervision and strict supervision”, correctly grasped the direction of compliance, ensured the proper transmission of regulatory requirements, and further improved the long-term internal control and compliance management mechanism. The following compliance management measures have been mainly adopted: Firstly, we formulated the implementation plan for further strengthening the compliance risk management, proposed the measures and plans for strengthening compliance management of the Bank, and promoted the coordination and linkage of various departments and operating institutions, so as to effectively control the compliance risk. Secondly, we revised the compliance management policy, improved the top-level design of our compliance management, and further optimized our compliance management mechanism. Thirdly, we revised the rules, regulations and management measures to further optimize the construction and management of our rules and systems, and improve the system formulation quality. Fourthly, we comprehensively completed the analysis and optimization of our rules, regulations and systems, so as to enhance their comprehensiveness, compliance, timeliness, applicability and operability. Fifthly, we made full use of scientific and technological approaches to electronize the whole process of system formulation and effectively improve the intelligent level of our system formulation. Sixthly, guided by the principle of “risk control and value creation by compliance”, we strengthened compliance review to ensure the sound development of all businesses under the premise of compliance according to law. Seventhly, we continued to strengthen compliance propaganda and education, promoted the construction of compliance culture, and created a soft compliance environment through various activities, such as carrying out a bank-wide knowledge test on compliance cases, organizing special trainings on compliance knowledge, and carrying out compliance culture construction activities of “I Speak for Compliance”.

7.7.8 Anti-money laundering management

The Bank has established a relatively perfect internal control system for anti-money laundering. In accordance with the anti-money laundering laws and regulations and according to our actual situation, we formulated a set of anti-money laundering management system, developed and launched a relatively perfect anti-money laundering system, established an anti-money laundering organization system, and set up a professional anti-money laundering team, all of which have provided guarantee for the stable operation of all of our businesses.

During the Reporting Period, the bank actively fulfilled its anti-money laundering obligations and took a number of measures to enhance its anti-money laundering compliance and effectiveness. Firstly, we further improve our internal control system of anti-money laundering in accordance with relevant regulatory documents such as the Guidelines for Money Laundering and Terrorist Financing Risk Management of Financial Institutions (Trial Implementation) and the Administrative Measures for Anti-Money Laundering and Anti-Terrorist Financing of Financial Institutions in the Banking Industry. Secondly, we strengthened the money laundering risk assessment on our businesses and products and the anti-money laundering compliance review of our business system, shared the money laundering risk rating data of customers, and integrated anti-money laundering compliance requirements into our business system and business process. Thirdly, we collected the suspicious transaction reports of our branches step by step, set up a centralized identification team, and conducted centralized identification, analysis and disposal of suspicious transactions, thereby improving the quality of suspicious transaction reports. Fourthly, we actively promoted the application of AI and other financial technologies in the anti-money laundering field, accurately and efficiently completed the collection and processing of anti-money laundering investigation information with the help of robot process automation (RPA) technology, and automatically launched system tasks to re-evaluate a customer's money laundering risk. Fifthly, we carried out in-depth risk review and case investigation activities to effectively prevent all kinds of money laundering risks. Sixthly, we carried out the identification of beneficiaries, control of suspicious transaction reports and subsequent risks, and management of high-risk customers in accordance with the Notice of the People's Bank of China on Strengthening the Identification of Anti-Money Laundering Customers and other regulatory requirements. Seventhly, in order to improve our anti-money laundering efficiency, we continued to optimize the anti-money laundering list monitoring function, transaction monitoring model and other system functions, and develop customer information quality management reports.

7.8 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.

Management Discussions and Analysis

7.8.1 Capital adequacy ratio

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.

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)》 as of the dates indicated:

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2020		December 31, 2019	
	The Group	The Bank	The Group	The Bank
Net capital:				
Core Tier I Capital, net	35,902,191	32,937,291	32,521,479	30,040,201
Tier I Capital, net	40,934,037	37,846,598	37,526,419	34,947,956
Net capital	53,672,813	50,048,091	49,674,469	46,672,770
Capital adequacy ratio (%) :				
Core Tier I Capital adequacy ratio	8.39	8.17	8.51	8.28
Tier I Capital adequacy ratio	9.57	9.39	9.82	9.64
Capital adequacy ratio	12.54	12.42	13.00	12.87

Management Discussions and Analysis

The following table sets forth the relevant information of the Group's capital adequacy ratio as of the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2020	December 31, 2019
Core capital:		
Share capital	3,127,055	3,127,055
Counted part of capital surplus	5,246,195	5,406,868
Surplus reserve and general risk reserves	9,753,867	8,543,207
Counted part of retained earnings	17,101,676	14,933,659
Eligible portion of minority interests	919,041	717,249
Core Tier I Capital deductibles items:		
Full deductibles items	(245,643)	(206,559)
Threshold deduction items	–	–
Core Tier I Capital, net	35,902,191	32,521,479
Other Tier I Capital, net	5,031,846	5,004,940
Tier II Capital, net	12,738,776	12,148,050
Net capital	53,672,813	49,674,469
On-balance sheet risk-weighted assets	397,595,492	350,151,257
Off-balance sheet risk-weighted assets	6,893,744	10,847,749
Risk-weighted assets for exposure to counterparty credit risk	345	439
Total credit risk-weighted assets	404,489,581	360,999,445
Total market risk-weighted assets	954,344	588,309
Total operational risk-weighted assets	22,502,901	20,551,480
Total risk-weighted assets before applying capital base	427,946,826	382,139,234
Total risk-weighted assets after applying capital base	427,946,826	382,139,234
Core Tier I Capital adequacy ratio (%)	8.39	8.51
Tier I Capital adequacy ratio (%)	9.57	9.82
Capital adequacy ratio (%)	12.54	13.00

Management Discussions and Analysis

As of December 31, 2020, the Group's capital adequacy ratio was 12.54%, representing a decrease of 0.46 percentage point as compared to the end of the previous year. Tier I Capital adequacy ratio was 9.57%, representing a decrease of 0.25 percentage point as compared to the end of the previous year. Core Tier I Capital adequacy ratio was 8.39%, representing a decrease of 0.12 percentage point as compared to the end of the previous year. The change in capital adequacy ratio during the Reporting Period was mainly because: (1) the accumulation of endogenous capital increased. In 2020, the total capital increased by RMB4 billion, of which the core tier I capital increased by RMB3.38 billion or 10.4%; (2) the capital adequacy ratio decreased as a result of growth in the total on – and off-balance sheet assets arising out of sound development of various operations.

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 Bank has disclosed its capital composition, relevant items, and capital tools, details of which are available at “Investors Relation – Financial Information – Capital Regulation” (“投資者關係 – 財務信息 – 監管資本”) on the official website of the Bank (www.cqcbank.com).

7.8.2 Leverage ratio

As of December 31, 2020, the Bank's leverage ratio was 6.84%, falling within regulatory requirements of the CBIRC.

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2020	December 31, 2019
Leverage ratio (%)	6.84	6.93
Tier I Capital	41,179,679	37,732,978
Deductions from Tier I Capital	245,642	206,559
Tier I Capital, net	40,934,037	37,526,419
On-balance sheet assets after adjustment	562,213,707	502,029,268
Off-balance sheet assets after adjustment	36,389,776	39,456,928
On – and off-balance sheet assets after adjustment	598,603,483	541,486,196

7.8.3 Capital financing management

On the basis of replenishing capital with retained profits, the Bank actively expanded the outsourced capital replenishment channels, continuously promoted the innovation of capital instruments, enhanced capital strength, optimized capital structure and reasonably controlled the cost of capital.

In February 2016, the Bank issued RMB1.5 billion Tier II capital bonds within the domestic inter-bank bond market of China. Such Tier II capital bonds have a maturity of 10 years, with a fixed coupon rate of 4.4% per annum before maturity. Subject to the applicable laws and the approvals by relevant the regulatory authorities, the proceeds from such issuance were all used to replenish the Bank's Tier II capital.

In March 2017, the Bank issued RMB6 billion Tier II capital bonds within the domestic inter-bank bond market of China. Such Tier II capital bonds have a maturity of 10 years, with a fixed coupon rate of 4.8% per annum before maturity. Subject to the applicable laws and the approvals by relevant the regulatory authorities, the proceeds from such issuance were all used to replenish the Bank's Tier II capital.

In December 2017, the Bank issued the offshore preference shares of US\$750 million (equivalent to RMB4.95 billion) in the offshore market at the indefinite floating interest rate. The first redemption date is 20 December 2022. Subject to the applicable laws and the approvals by relevant the regulatory authorities, the proceeds from such issuance were all used to replenish the Bank's additional Tier I capital. For more information, please refer to "9.4 Preference Shares" of the Annual Report.

7.8.4 Economic capital allocation and management

The Bank's economic capital management mainly consists of measurement, allocation and application. There are three kinds of economic capital indicators, namely Economic Capital (EC) occupancy, Risk-Adjusted Return on Capital (RAROC) and Economic Value added (EVA), whose application fields include credit resource allocation, quota management, performance assessment, cost allocation, product pricing, customer management, etc.

The Bank further improved the economic capital management system in terms of measurement, allocation and assessment, strengthened the economic capital constraint and incentive mechanism, and promoted capital-intensive development. Firstly, we further improved the economic capital measurement policy, optimized the economic capital measurement standard and system. Secondly, we strictly implemented the economic capital quota management measures, continuously improved the refined management level of economic capital, and comprehensively strengthened the capital constraints on branches and holding institutions. Thirdly, we continued to optimize the economic capital measurement and assessment policy in our credit business, and actively facilitated our credit structure adjustment. Fourthly, we strengthened the training of economic capital management for institutions at all levels, and vigorously promoted the application of economic capital in operation management and business frontier.

7.9 Environment and Outlook

2021 is the 100th anniversary of the founding of the Communist Party of China, a year of special importance in the process of China's modernization drive and also the first year of China's 14th Five-Year Plan. From the perspective of internal and external environments, the world economic situation is still complex and severe, the recovery is unstable and unbalanced, and the various types of derivative risks caused by the impact of the pandemic cannot be ignored, and the foundation of China's economic recovery is not yet solid. From the perspective of China's economic performance, facing the severe combined impact of the sudden outbreak of COVID-19 pandemic and the world economic downturn, under the strong leadership of the Central Committee of the Communist Party of China, we achieved major strategic success in our response to Covid-19 and attained a complete victory in the fight against poverty, and we scored decisive achievements in securing a full victory in building a moderately prosperous society in all respects. In 2020, China was the world's only major economy to achieve growth. China's economy has shown development and strong resilience, and the fundamentals of China's long-term economic development remain unchanged.

Management Discussions and Analysis

From the perspective of macroeconomic policies, the Central Economic Work Conference proposed that China will continue to implement proactive fiscal policies and prudent monetary policies to maintain the necessary support for economic recovery. China will enhance the quality, efficiency, and sustainability of its proactive fiscal policy and will keep its prudent monetary policy flexible and targeted and at a reasonable and appropriate level. Such continuous and stable macroeconomic policies have provided a good policy environment for domestic economic development and the development of banking financial institutions.

From the perspective of regional development, 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 same time, the construction of the Chengdu-Chongqing Economic Rim has become a national strategy, bringing new opportunities for the development of Chongqing. In 2020, Sichuan and Chongqing signed a total of 236 cooperation agreements and started 27 major cooperation projects. Benefited from the implementation of various regional policies, financial institutions in the region will also obtain new development opportunities.

In 2021, facing the complex and changeable internal and external environment, the Bank will accurately understand the new development stage, act on the new development philosophy, and actively integrate into the new development paradigm. The Bank will earnestly assume the new development mission, adhere to financial services' origin of serving the real economy, and grasp the strategic opportunities in the new era, such as promoting the Go West campaign and construction of the Chengdu-Chongqing Economic Rim. With the goal of achieving high-quality development, and with reform and innovation as the driving force, we will continue to enhance competitiveness, innovation, control, influence, and anti-risk capabilities.

Firstly, we will continue to strengthen overall planning. In 2021, the Bank will coordinate management of assets and liabilities, make overall planning and advance step by step, and form a benign pattern of linkage, coordination and mutual promotion, to improve comprehensive profitability, and achieve balanced development of assets and liabilities; being goal-oriented, we will make overall plans for broadening sources of income and expenditure reduction, and strengthen overall control and comprehensive balance of scale, quality, cost, and structure, to maximize overall value; we will coordinate management and development, maintain management level and development stage to upgrade simultaneously, and promote two-way coordination, ensuring stable development through management, and enhancing management efficiency through development.

Secondly, we will continue to promote characteristic development. Characteristic operation is the only way for the long-term development of city commercial banks, and it is also one of the key tasks of the Bank's 14th Five-Year Plan. In 2021, in terms of asset investment, the Bank will conduct accurate research and judgment on the market environment and interest rate trends, clarify investment priorities, strengthen policy guidance, and increase its efforts in promoting dual circulation, construction of the Chengdu-Chongqing Economic Rim, development of a digital economy, construction of the Western Science City, and the mixed ownership reform, mergers and acquisitions of State-owned enterprises, mixed reform and other areas to increase support. In terms of retail transformation, the Bank will continue to expand its customer base, build excellent retail infrastructure, establish a long-term mechanism for sustainable retail business development, actively develop consumer finance, and accelerate the development of online self-operated loans.

Thirdly, we will continue to promote digital transformation. The Bank's has clarified the key tasks of digital transformation in its 14th Five-Year Plan. In 2021, the Bank will promote the expansion of digital operations through building a good platform, building a powerful team, and innovative models; the Bank will enhance the value of data applications through building a customer master data system to supervise data marts and strengthen data interconnection and cross-validation; and the Bank will build sound technology infrastructure to enhance innovative research and development capabilities.

Fourthly, we will continue to improve service quality and efficiency. The Bank adheres to the principle of "being customer-centric", actively acquires customers, builds excellent channels, strengthens operations, continuously improves the level of comprehensive financial services, and continuously enhances market competitiveness. In 2021, the Bank will expand the source of traffic and optimize customer management to enhance customer acquisition capabilities; the Bank will strengthen channel construction by optimizing the layout of physical outlets and enriching electronic channels; and the Bank will enhance its operational efficiency by incorporating online business into centralized authorization, expanding paperless counter applications, and facilitating product innovation and service transformation.

Significant Events

8.1 Plans for Profit Distribution for Ordinary Shares or Conversion of Capital Reserve into Share Capital

8.1.1 Profit Distribution Plan for 2020

The Bank intends to set aside 10% of its audited net profit of RMB4,320 million for 2020, namely RMB432 million, as statutory surplus reserve; 1.5% of the balance of risk assets, namely RMB585 million, will be appropriated to the general reserve; a cash dividend of RMB0.373 per share inclusive of tax will be denominated in RMB, declared and paid to all registered shareholders in RMB in the case of A shareholders and HKD in the case of H shareholders, based on the total share capital of A shares and H Shares on the record date for the profit distribution. The retained earnings will be carried forward to the next year.

The capital reserve will not be converted by the Bank into share capital for 2020. The above profit distribution plan is subject to consideration and approval at the 2020 annual general meeting.

8.1.2 Profit Distribution of the Bank for the Last Three Years

Year of distribution	Number of bonus shares per share (share)	Dividend per share (inclusive of tax) (RMB)	Number of shares issued for each share upon the conversion (share)	Cash dividend (inclusive of tax) (RMB' 000)	Net profit attributable to the holders of the Company's ordinary shares in consolidated statements for the year of distribution (RMB' 000)	% of the net profit attributable to the holders of the Company's ordinary shares in consolidated statements
2018	–	0.154	–	481,566	3,459,686	13.91
2019	–	0.236	–	737,985	3,896,896	18.94
2020	–	0.373	–	1,295,990	4,116,662	31.48

Note: The profit distribution plan for 2020 is subject to consideration and approval at the 2020 annual general meeting.

8.1.3 Formulation and Implementation of the Cash Dividend Policy of the Bank

In accordance with relevant policies of the Bank such as the Articles of Association, the profit distribution policy for ordinary shares of the Bank is as follows:

- (1) The Bank may set aside a portion of the after-tax profit as the arbitrary reserve fund after setting aside a portion of the after-tax profit as the statutory common reserve fund and the general reserve and paying the dividend to preference shareholders out of the after-tax profit. The remaining after-tax profit is paid according to the classes of shares held by the shareholders and their shareholding percentages, after the Bank makes up for the losses, sets aside a portion of the after-tax profit as the statutory common reserve fund, the general reserve and the arbitrary reserve fund, and pays dividends to preference shareholders out of the after-tax profit.
- (2) No profit shall be distributed to investors if the capital adequacy ratio of the Bank fails to meet the requirements of relevant regulatory authorities. The Bank may distribute profits subject to the regulatory requirements on the capital adequacy ratio and if there are distributable profits.
- (3) The Bank may distribute dividends in cash, shares or a combination thereof. Any amount paid up in advance of calls on any of the Company's shares may carry interest, but shall not entitle the holder of such share(s) to participate in respect thereof in a dividend subsequently declared.
- (4) Cash profits are denominated, declared and paid in RMB by the Bank to A shareholders. Cash profits are denominated in RMB, declared and paid in HKD by the Bank to H shareholders.
- (5) The Bank shall disclose the implementation of the cash dividend policy and other relevant information in the periodic report in accordance with relevant regulations.

The implementation of the profit distribution policy of the Bank is as follows:

During the Reporting Period, the profit distribution plan of the Bank for 2019 with a specific dividend distribution standard and proportion was considered and approved at the 6th meeting of the sixth session of the Board of the Bank, and submitted for consideration and approved at the 2019 annual general meeting, and was implemented by the Board of the Bank in strict accordance with the relevant provisions of the Articles of Association of the Bank.

The profit distribution plan of the Bank for 2020 will also be implemented in strict accordance with the relevant provisions of the Articles of Association of the Bank, and the proposal on the plan has been considered and approved at the 24th meeting of the sixth session of the Board of the Company, and will be submitted for consideration at the 2020 annual general meeting. The independent directors of the Bank expressed their independent opinions on the profit distribution plans for 2019 and 2020 that the legitimate rights and interests of minority investors were fully protected in the profit distribution plan of the Bank and implementation process.

Significant Events

8.2 Performance of Undertakings

According to the Prospectus of Bank of Chongqing Co., Ltd. for Initial Public Offering of Shares (A Shares) disclosed by the Bank on December 30, 2020, the Bank, its shareholders, directors, supervisors and senior management have made and are performing the following undertakings:

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
Undertaking in relation to the initial public offering	Share lock up	Chongqing Yufu Capital Operation Group Co., Ltd. and Chongqing Road & Bridge Co., Ltd., both of which are domestic shareholders, holding more than 5% of the shares of the Bank before the offering of A shares.	Chongqing Yufu Capital Operation Group Co., Ltd. and Chongqing Road & Bridge Co., Ltd. undertake as follows: “1. Within 36 months following the date of listing on the stock exchange of A shares issued in the initial public offering of Bank of Chongqing, the company will not transfer or engage other persons to manage, or require Bank of Chongqing to repurchase, the shares issued prior to the initial public offering of A shares of Bank of Chongqing which are held by the company. The company undertakes that it will comply with relevant laws, regulations and normative documents (including the relevant regulations of China Securities Regulatory Commission and the stock exchange) on share lock-up. 2. If the closing price of A shares issued by Bank of Chongqing in the initial public offering is lower than the offering price for 20 consecutive trading days within 6 months following the listing on the stock exchange or at the end of 6 months after the listing (or the first trading date after the date if the date is not a trading day), the lock-up period for the shares of Bank of Chongqing held by the company will be automatically extended for 6 months from the expiry date of the lock-up period specified in Article 1 of the Letter of Undertaking.	February 5, 2021	36 months subject to extension as appropriate	Yes

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>3. If the company reduces its shareholding in Bank of Chongqing within 2 years following the expiry of the lock-up period, the price for the disposal of the shares shall not be lower than the price of the initial public offering of A shares of Bank of Chongqing.</p> <p>4. The company undertakes that the proceeds from the disposal of the shares held by it in Bank of Chongqing in violation of the above undertakings or the mandatory provisions of laws shall remain with Bank of Chongqing. If the company fails to pay Bank of Chongqing, the proceeds from the non-compliant disposal, Bank of Chongqing has the right to withhold and dispose of the cash dividends payable to the company equal to such proceeds payable by the company to Bank of Chongqing, so as to offset such proceeds. In case of dividend distribution, bonus issue, conversion of capital reserve into share capital, placement of shares and other ex-right and ex-dividend matters of Bank of Chongqing during the above period of undertaking, the above offering price will be adjusted accordingly."</p>			

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
Undertaking in relation to the initial public offering	Share lock up	Chongqing Water Conservancy Investment Group Co., Ltd., Chongqing Land Group, Lifan Technology (Group) Co., Ltd. ² , Peking University Founder Group Co., Ltd., Chongqing Development and Real Estate Management Co., Ltd. (重慶發展置業管理有限公司) ³ , Chongqing Expressway Co., Ltd. and Minsheng Industrial (Group) Co., Ltd., all of which are shareholders of the Bank	7 shareholders, namely the Chongqing Water Conservancy Investment Group Co., Ltd., Chongqing Land Group, Lifan Technology (Group) Co., Ltd., Peking University Founder Group Co., Ltd., Chongqing Development and Real Estate Management Co., Ltd. (重慶發展置業管理有限公司), Chongqing Expressway Co., Ltd. and Minsheng Industrial (Group) Co., Ltd., undertake as follows: “Within 36 months following the date of listing on the stock exchange of A shares issued in the initial public offering of Bank of Chongqing, the company will not transfer or engage other persons to manage, or require Bank of Chongqing to repurchase, the shares issued prior to the initial public offering of A shares of Bank of Chongqing which are directly or indirectly held by the company. Upon expiry of the lock-up period, relevant regulations of relevant regulatory authorities shall apply.”	February 5, 2021	36 months	Yes

² Formerly known as Lifan Industrial (Group) Co., Ltd., which was renamed as Lifan Technology (Group) Co., Ltd. on March 3, 2021, and the legal representative, registered capital and business scope were changed.

³ Formerly known as Chongqing Transport and Travel Investment Group Co., Ltd, which was renamed as Chongqing Development and Real Estate Management Co., Ltd. on April 30, 2020, and the investor, registered capital and business scope were changed.

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
Undertaking in relation to the initial public offering	Share lock up	Directors, supervisors and senior management holding shares of the Bank	<p>RAN Hailing, LIU Jianhua, YANG Yusong, YANG Shiyin, ZHOU Guohua and HUANG Ning, who serve as the directors and senior management members of the Bank and hold shares of the Bank, undertake as follows:</p> <p>“1. I will comply with the Provisions on Reduction of Shareholding by Shareholders, Directors, Supervisors and Senior Management of Listed Companies published by China Securities Regulatory Commission.</p> <p>“2. Within 36 months following the date of listing on the stock exchange of A shares issued in the initial public offering of Bank of Chongqing, I will not transfer or engage other persons to manage, or require Bank of Chongqing to repurchase, the shares issued prior to the initial public offering of A shares of Bank of Chongqing which are held by me.</p> <p>3. If the closing price of A shares issued by Bank of Chongqing in the initial public offering is lower than the offering price for 20 consecutive trading days within 6 months following the listing on the stock exchange or at the end of 6 months after the listing (or the first trading date after the date if the date is not a trading day), the lock-up period for the shares of Bank of Chongqing held by me will be automatically extended for 6 months from the expiry date of the lock-up period specified in Article 2 of the Letter of Undertaking. During the extension period, I will not transfer or engage other persons to manage, or require Bank of Chongqing to repurchase, the shares issued prior to the initial public offering of A shares of Bank of Chongqing which are held by me.</p>	February 5, 2021	36 months subject to extension as appropriate	Yes

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>4. If I reduce my shareholding in Bank of Chongqing within 2 years following the expiry of the lock-up period, the price for the disposal of the shares shall not be lower than the price of the initial public offering of A shares of Bank of Chongqing.</p> <p>5. Upon expiry of the above lock-up period, I will also report to Bank of Chongqing on my shareholding in Bank of Chongqing and its changes in a timely manner in accordance with law: (1) The number of shares transferred each year during my term of office will not exceed 25% of the total number of shares held by me in Bank of Chongqing, and I will not transfer the shares held by me in Bank of Chongqing within six months following my separation; (2) The number of shares transferred by me each year shall not exceed 15% of the total number of shares held by me in Bank of Chongqing, and the total number of shares transferred within 5 years will not exceed 50% of the total number of shares held by me in Bank of Chongqing; (3) I will not purchase the shares of Bank of Chongqing within six months after they are disposed of, or dispose of the shares of Bank of Chongqing within six months after they are purchased.</p>			

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>6. I undertake that the proceeds from the disposal of the shares held by me in Bank of Chongqing in violation of the above undertakings or the mandatory provisions of laws shall remain with Bank of Chongqing. If I fail to pay Bank of Chongqing, the proceeds from the non-compliant disposal, Bank of Chongqing has the right to withhold and dispose of the cash dividends payable to me equal to such proceeds payable by me to Bank of Chongqing, so as to offset such proceeds. I will not cease the performance of the above undertakings as a result of change of duty, separation and otherwise. In case of dividend distribution, bonus issue, conversion of capital reserve into share capital, placement of shares and other ex-right and ex-dividend matters of Bank of Chongqing during the above period of undertaking, the above offering price will be adjusted accordingly."</p> <p>HUANG Changsheng and WU Ping, who serve as supervisors of the Bank and hold shares of the Bank, undertake as follows:</p> <p>"1. I will comply with the Provisions on Reduction of Shareholding by Shareholders, Directors, Supervisors and Senior Management of Listed Companies published by China Securities Regulatory Commission.</p> <p>"2. Within 36 months following the date of listing on the stock exchange of A shares issued in the initial public offering of Bank of Chongqing, I will not transfer or engage other persons to manage, or require Bank of Chongqing to repurchase, the shares issued prior to the initial public offering of A shares of Bank of Chongqing which are held by me.</p>			

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>3. Upon expiry of the above lock-up period, I will also report to Bank of Chongqing on my shareholding in Bank of Chongqing and its changes in a timely manner in accordance with law: (1) The number of shares transferred each year during my term of office will not exceed 25% of the total number of shares held by me in Bank of Chongqing, and I will not transfer the shares held by me in Bank of Chongqing within six months following my separation; (2) The number of shares transferred by me each year shall not exceed 15% of the total number of shares held by me in Bank of Chongqing, and the total number of shares transferred within 5 years will not exceed 50% of the total number of shares held by me in Bank of Chongqing; (3) I will not purchase the shares of Bank of Chongqing within six months after they are disposed of, or dispose of the shares of Bank of Chongqing within six months after they are purchased.</p> <p>4. I undertake that the proceeds from the disposal of the shares held by me in Bank of Chongqing in violation of the above undertakings or the mandatory provisions of laws shall remain with Bank of Chongqing. If I fail to pay Bank of Chongqing, the proceeds from the non-compliant disposal, Bank of Chongqing has the right to withhold and dispose of the cash dividends payable to me equal to such proceeds payable by me to Bank of Chongqing, so as to offset such proceeds. I will not cease the performance of the above undertakings as a result of change of duty, separation and otherwise."</p>			

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
Undertaking in relation to the initial public offering	Share lock up	Employee shareholders of the Bank	220 natural persons who hold over 50 thousand employee shares of the Bank undertake as follows: “Within 36 months following the date of listing on the stock exchange of A shares issued in the initial public offering of Bank of Chongqing, I will not transfer the shares issued prior to the initial public offering of A shares of Bank of Chongqing which are held by me; upon expiry of the above lock-up period, the number of shares transferred by me each year shall not exceed 15% of the total number of shares held by me in Bank of Chongqing, and the number of shares transferred within 5 years will not exceed 50% of the total number of shares held by me in Bank of Chongqing.”	February 5, 2021	36 months	Yes

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
Undertaking in relation to the initial public offering	Others	The Bank	<p>With regard to the prospectus, the Bank undertakes as follows:</p> <p>“1. If there are false representations, misleading statements or material omissions in the prospectus of the Bank, which have a significant and substantial impact on the determination of whether the Bank meets the offering conditions specified by law, the Bank will, within 5 trading days after CSRC, the people’s court and other competent authorities make a final determination or effective judgment on the existence of the violation of the issuer, commence the share repurchase-related procedures to repurchase all new A shares issued by the Bank in the public offering, and the specific share repurchase plan will be subject to the internal approval procedures of the Bank and external approval procedures, in accordance with applicable laws, regulations, normative documents and the Articles of Association. The repurchase price shall not be lower than the offering price of the shares of the Bank plus the interest on bank demand deposits for the period from the share offering date to the repurchase date. In case of profit distribution, bonus issue, placement of shares, conversion of capital reserve into share capital and other ex-right matters of Bank of Chongqing after the offering and listing of shares of the Bank, the shares repurchased include all new A shares issued in the public offering and their derivative shares, and the offering price of the above shares will be subject to ex-right and ex-dividend adjustment accordingly.</p>	February 5, 2021	Long term	Yes

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>2. If there are false representations, misleading statements or material omissions in the prospectus of the Bank, which causes any losses to investors in securities transaction, the Bank will compensate the investors for the losses in full and in a timely manner, according to the final decision or effective judgment made by CSRC, the people's court and other competent authorities.</p> <p>3. The Bank will, in accordance with the provisions of relevant laws, regulations and normative documents and the requirements of regulatory authorities, be liable for its failure to perform the above undertakings."</p>			
Undertaking in relation to the initial public offering	Others	Chongqing Yufu Capital Operation Group Co., Ltd., the largest shareholder of the Bank	<p>With regard to the prospectus of the Bank, Chongqing Yufu Capital Operation Group Co., Ltd. undertakes as follows:</p> <p>"1. There are no false representations, misleading statements or material omissions in the prospectus for the offering of Bank of Chongqing, and it accepts responsibility for the authenticity, accuracy and completeness of the prospectus in accordance with law.</p> <p>2. If there are false representations, misleading statements or material omissions in the prospectus for the offering of Bank of Chongqing, which have a significant and substantial impact on the determination of whether Bank of Chongqing meets the offering conditions specified by law, the company will urge Bank of Chongqing to repurchase all the new shares issued in the offering and their derivative shares (in case of profit distribution, bonus issue, placement of shares, conversion of capital reserve into share capital and other ex-right matters of Bank of Chongqing after the offering and listing of shares of Bank of Chongqing).</p>	February 5, 2021	Long term	Yes

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>3. If there are false representations, misleading statements or material omissions in the prospectus for the offering of Bank of Chongqing, which causes any losses to investors in securities transaction, the company will compensate the investors for the losses by law.</p> <p>The company provides as the security for the performance of the above undertakings, the dividend to which the company is entitled under the profit distribution plan for the year in which A shares of Bank of Chongqing are listed and subsequent years, and the shares held by the company in Bank of Chongqing shall not be transferred after the incurrence of relevant obligations in the above undertakings of the company and prior to the performance of the obligations."</p>			

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
Undertaking in relation to the initial public offering	Others	All directors, supervisors and senior management of the Bank	<p>With regard to the prospectus, all directors, supervisors and senior management of the Bank undertake as follows:</p> <p>All directors, supervisors and senior management of the Bank hereby undertake as follows:</p> <p>“1. There are no false representations, misleading statements or material omissions in the prospectus published by Bank of Chongqing for its initial public offering of A shares and listing, and I jointly and severally accept responsibility for the authenticity, accuracy and completeness of the prospectus. If securities regulatory authorities or judiciary authorities hold that there are false representations, misleading statements or material omissions in the prospectus published by Bank of Chongqing, which causes any losses to investors in securities transaction, I will compensate the investors for the losses by law.</p> <p>2. I will, in accordance with the provisions of relevant laws, regulations and the requirements of regulatory authorities, be liable for my failure to perform the above undertakings.”</p>	February 5, 2021	Long term	Yes

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
Undertaking in relation to the initial public offering	Horizontal competition	Chongqing Yufu Capital Operation Group Co., Ltd., the largest shareholder of the Bank	Chongqing Yufu Capital Operation Group Co., Ltd. undertakes as follows: (I) The existing principal businesses of the company and its subsidiaries (including wholly-owned subsidiaries, majority-owned subsidiary and enterprises over which the company has actual control) do not involve commercial banking business, and are not in horizontal competition with the issuer. (II) During the period in which the company is the major shareholder of the issuer, the company and its subsidiaries (including wholly-owned subsidiaries, majority-owned subsidiary and enterprises over which the company has actual control) will not engage in any business activities that compete or may compete with the principal business of the issuer in any form. The company will supervise its subsidiaries in accordance with the undertakings and exercise necessary rights to urge them to comply with the undertakings.	February 5, 2021	Long term	Yes

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>(III) Notwithstanding Articles (I) and (II) above, considering that the company is a company whose establishment has been approved by Chongqing Municipal People's Government and engaged in comprehensive investment and management of state-owned asset and carries out businesses including financial businesses such as investment in securities companies, banks and insurance companies, and manages relevant financial assets, the company and the enterprises controlled by the company may invest in enterprises engaged in commercial banking business, to the extent authorized by Chongqing Municipal People's Government, in any form permitted by laws and regulations (including but not limited to sole proprietorship, joint venture, cooperative operation and direct or indirect ownership of shares or other interests in other companies or enterprises). As at the date of giving the undertakings, the company invested in Chongqing Rural Commercial Bank Co., Ltd. and held approximately 9.98% of shares of the bank, in addition to investment in the issuer.</p>			

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>(IV)The company undertakes to fairly treat the commercial banks in which the company and the enterprises controlled by the company invest, and will not grant or provide to any commercial banks, government approval, authorization, license or business opportunities obtained or possibly obtained by the company and the enterprises controlled by the company for carrying out commercial banking business, or use the status as a major shareholder of the issuer or the information obtained with such status, to make any decision or judgment which is adverse to the issuer but beneficial to other commercial banks in which the company or the enterprises controlled by the company invest, and will make efforts to avoid the occurrence of such event. In exercising the rights of a shareholder of the issuer, the company will act in the best interests of the issuer as if the issuer is the sole commercial bank in which the company invests, and the business judgment of the company as a shareholder of the issuer to seek the best interests for the issuer will not be affected as a result of the investment of the company and the enterprises controlled by the company in other commercial banks.</p>			
			<p>(V) The company warrants that it will strictly comply with relevant rules and regulations of China Securities Regulatory Commission and the stock exchange where the issuer is listed, the articles of association of the issuer, measures for management of related party transactions and other corporate management policies, exercise the rights of a shareholder and perform obligations of a shareholder equally with other shareholders, and will not use the status as a major shareholder to seek improper advantage, or damage the legitimate rights and interests of the issuer and other shareholders."</p>			

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
Undertaking in relation to the initial public offering	Others	The Bank	<p>With regard to the share price stabilization within three years following the initial public offering and listing of A shares, the Bank undertakes as follows:</p> <p>“I. Condition for taking the share price stabilization measures</p> <p>Subject to the provisions of laws, regulations and normative documents in relation to increase in shareholdings or repurchase, measures will be taken by the Bank and relevant entities to stabilize the share price of the Bank, according to the Plan for Stabilization of A Share Price, if the closing price of A Shares of the Bank is less than the latest audited net assets per share of the Bank (the net assets per share will be adjusted accordingly if there is any change in the net assets or the total number of shares of the Bank after the latest audit reference date due to profit distribution, conversion of capital reserve into share capital, follow-on offering, placement and otherwise, similarly hereinafter) for 20 consecutive trading days within three years following the offering of A shares of the Bank other than due to force majeure factors.</p>	February 5, 2021	36 months	Yes

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>II. Specific Measures for Stabilization of A Share Price</p> <p>(I) Repurchase of shares by the Bank</p> <p>1. If the closing price of A shares of the Bank is less than the latest audited net assets per share of the Bank for 20 consecutive trading days, the obligation of the Bank to take the share price stabilization measures is triggered. The Board of the Bank shall formulate and announce the share price stabilization plan of the Bank within 10 trading days from the date of triggering the above obligation. The share price stabilization plans of the Bank include but not limited to the plan to repurchase the shares of the Bank or other plans that comply with relevant laws, regulations and other normative documents (including the rules of the place where the shares of the Bank is listed). The specific plan will be subject to the internal approval procedures of the Bank and all applicable external approval procedures, in accordance with applicable laws, regulations, normative documents, the Articles of Association of the Bank and other provisions.</p> <p>2. The Bank will, immediately after the Board resolution is made, convene a general meeting and a shareholders' class meeting to consider the proposal on share repurchase (hereinafter referred to as "Repurchase Proposal"), according to the Articles of Association of the Bank, and the Repurchase Proposal is subject to approval by shareholders present at the meeting and representing at least two thirds of the voting rights.</p>			

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>3. If the Bank adopts the share repurchase plan, the share repurchase proposal will include but not limited to the number of shares to be repurchased, the repurchase price range, the source of funds for the repurchase, the impact of repurchase on the share price and the operation of the Bank. The Bank shall implement the share repurchase plan after completing the internal approval procedures of the Bank and other relevant procedures in accordance with applicable laws, regulations, normative documents, the Articles of Association of the Bank and other provisions, and obtaining required approvals, for the share repurchase plan. The Bank shall repurchase its shares through call auction, offer and/or other legal means on a securities exchange. The total funds used by the Bank to repurchase shares shall not be less than 5% of the net profit attributable to shareholders of the Bank in the previous year but shall not exceed the net proceeds from the public offering of shares of the Bank.</p>			

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>4. If the Bank adopts other share price stabilization plans that comply with relevant laws, regulations and other normative documents (including the rules of the place where the shares of the Bank is listed), the plans shall be implemented after the Bank completes corresponding approval and/or filing procedures in accordance with applicable laws, regulations, normative documents (including the rules of the place where the shares of the Bank is listed) and the Articles of Association of the Bank.</p> <p>5. In implementing the share price stabilization plan, the Bank may suspend the plan if (1) the closing price of A shares of the Bank exceeds the latest audited net assets per share of the Bank for 10 consecutive trading days; or (2) continued repurchase of shares causes the Bank to fail to satisfy the statutory listing conditions; or (3) the number of repurchased shares reaches 2% of the total number of A shares of the Bank existing before the repurchase. The Bank shall continue to implement the above share price stabilization plan if after the Bank suspends the share price stabilization plan, the closing price of A shares of the Bank remains below the latest audited net assets per share of the Bank for 20 consecutive trading days within 12 months following the date of triggering the above obligation to stabilize the share price.</p>			

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>6. The Bank shall continue to implement the above share price stabilization plan if after the Bank suspends the share price stabilization plan, the closing price of A shares of the Bank remains below the latest audited net assets per share of the Bank for 20 consecutive trading days within 12 months following the date of triggering the above obligation to stabilize the share price.</p> <p>7. The repurchase, information disclosure and disposal of shares after repurchase by the Bank shall comply with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, other relevant laws, administrative regulations and the Articles of Association of the Bank.</p> <p>(II) Restraints against the failure to perform the obligation to increase shareholdings or repurchase shares</p> <p>1. If the Bank fails to formulate and announce its share price stabilization plan within 10 trading days following the date of triggering the obligation of the Bank to stabilize its share price as indicated in the share price stabilization plan, or fails to act according to the plan announced, the Bank will, within 5 trading days, automatically freeze funds equal to 10% of the net profit attributable to its shareholders in the previous year, so as to perform the above undertakings to stabilize the share price. The Bank will, in accordance with law, compensate investors for losses arising out of its failure to perform the obligation to stabilize the share price.</p>			

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>2. If the directors and senior management of the Bank fail to propose a specific plan of increasing the shareholdings or act according to the disclosed plan within 10 trading days following the date of triggering the obligation to increase the shareholding, the Bank shall deduct 15% of the monthly salary of the parties concerned, as well as cash dividends (if any), from the month in which the agreed obligation is not performed, until the total amount of deductions reaches 15% of the total salary (after tax) obtained from the Company in the previous accounting year in which the obligation to stabilize the share price shall be performed, and the deductions shall remain with the Bank.</p> <p>III. In performing the above obligation, the Bank shall perform corresponding information disclosure obligations in accordance with the listing rules of the place where the shares of the Bank are listed and other applicable regulatory requirements, and shall comply with relevant regulations including those on the regulation of commercial banks."</p>			

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
Undertaking in relation to the initial public offering	Others	Chongqing Yufu Capital Operation Group Co., Ltd., the largest shareholder of the Bank	With regard to the share price stabilization within three years following the initial public offering and listing of A shares of the Bank, Chongqing Yufu Capital Operation Group Co., Ltd. undertakes as follows: “1. The company will actively take the following measure to stabilize the share price of Bank of Chongqing according to the specific share price stabilization plan in the Plan for Stabilization of A Share Price Within Three Years Following Initial Public Offering and Listing of Bank of Chongqing Co., Ltd. if the closing price of A Shares of Bank of Chongqing is less than the latest audited net assets per share of Bank of Chongqing (the net assets per share will be adjusted accordingly if there is any change in the net assets or the total number of shares of Bank of Chongqing after the latest audit reference date due to profit distribution, conversion of capital reserve into share capital, follow-on offering, placement and other matters, similarly hereinafter) for 20 consecutive trading days within three years following the initial public offering and listing of A Shares of Bank of Chongqing, other than due to force majeure factors.	February 5, 2021	36 months	Yes

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>II. If the closing price of A shares of Bank of Chongqing is less than the latest audited net assets per share of Bank of Chongqing for 20 consecutive trading days, and the share price stabilization plan is not announced by the Board of Bank of Chongqing as scheduled, or approved by competent authorities or departments, the obligation of the company to increase its shareholding in Bank of Chongqing is triggered, and the company will take the following measures:</p> <ol style="list-style-type: none"> 1. The company will, within 15 trading days following the date of triggering, submit to Bank of Chongqing, the plan of increasing its shareholding in Bank of Chongqing, which will be announced by Bank of Chongqing. The notice of acquisition of additional shares shall indicate the number of additional shares to be acquired, the price, period, target for and other information on the acquisition. 2. Within 6 months following the date of triggering the obligation to stabilize the share price, the company will increase its shareholding in the Bank, for a total consideration not less than 15% of the cash dividend of Bank of Chongqing in the latest year to which it is entitled upon the announcement of the plan of increasing its shareholding in Bank of Chongqing. 			

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective		Is It
				Date of the Undertaking	Term of the Undertaking	Performed Strictly in a Timely Manner
			<p>3. The company may suspend the plan of increasing its shareholding if the closing price of A shares of Bank of Chongqing exceeds the latest audited net assets per share of Bank of Chongqing for 10 consecutive trading days in implementing the plan. The company will continue to implement the above plan of increasing its shareholding if after the plan is suspended, the closing price of shares of Bank of Chongqing remains below the latest audited net assets per share of Bank of Chongqing for 20 consecutive trading days within 12 months following the date of triggering the above obligation to increase the shareholding.</p> <p>4. Within six months following the completion of the plan of increasing its shareholding, the company will not dispose of the additional shares acquired by it; and after the company increases its shareholding, the distribution of equity interests in Bank of Chongqing shall comply with the listing conditions, and the increase in the shareholding shall comply with relevant laws, regulations and normative documents.</p> <p>III. If the company fails to propose a specific plan of increasing the shareholding, within 15 trading days from the date of triggering the obligation to increase the shareholding, or fails to act according to the disclosed plan of increasing the shareholding, Chongqing Bank has the right to own the cash dividends payable to the company in the year and subsequent years which are equal to the amount paid by the company for the performance of such obligation, until the company performs such obligation; the company will, in accordance with law, compensate Bank of Chongqing and investors for any losses arising out of its failure to perform such obligation."</p>			

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
Undertaking in relation to the initial public offering	Others	Directors and senior management of the Bank	<p>With regard to the share price stabilization within three years following the initial public offering and listing of A shares of the Bank, directors (excluding independent directors, and directors who do not receive remuneration from the Bank) and senior management of the Bank undertake as follows:</p> <p>“I. Condition for taking the share price stabilization measures</p> <p>I will actively take the following measure to stabilize the share price of Bank of Chongqing according to the specific share price stabilization plan in the Plan for Stabilization of A Share Price if the closing price of A Shares of Bank of Chongqing is less than the latest audited net assets per share of Bank of Chongqing (the net assets per share will be adjusted accordingly if there is any change in the net assets or the total number of shares of Bank of Chongqing after the latest audit reference date due to profit distribution, conversion of capital reserve into share capital, follow-on offering, placement and other matters, similarly hereinafter) for 20 consecutive trading days within three years following the initial public offering and listing of A Shares of Bank of Chongqing, other than due to force majeure factors.</p>	February 5, 2021	36 months	Yes

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
II. Specific Measures for Stabilization of A Share Price						
			<p>1. If the closing price of A shares of Bank of Chongqing is less than the latest audited net assets per share of Bank of Chongqing for 20 consecutive trading days, and the share price stabilization plan of Bank of Chongqing is not approved at the general meeting and the shareholders' class meeting of Bank of Chongqing, or the shares cannot be repurchased for other legal reasons, I will increase my shareholding in Bank of Chongqing within 90 days from the date of triggering the share price stabilization measures, or within 90 days from the date on which a resolution not to implement the share repurchase plan is made at the general meeting and the shareholders' class meeting of Bank of Chongqing (whichever is earlier).</p>			
			<p>2. If Bank of Chongqing fails to satisfy the condition that "the closing price of A shares of Bank of Chongqing exceeds the latest audited net assets per share of the Bank for 10 consecutive trading days" even after it implements its share repurchase plan, I will start to increase my shareholding in Bank of Chongqing within 90 days following the completion of the implementation of the share repurchase plan of Bank of Chongqing, and will not dispose of the additional shares acquired, within 6 months following the completion of the implementation of the plan of increasing the shareholding. I undertake that the increase in my shareholding and information disclosure will comply with the Company Law, the Securities Law, other relevant laws and administrative regulations.</p>			

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>3. Subject to relevant laws, regulations and normative documents (including the rules of the place where the shares of Bank of Chongqing is listed), I will notify Bank of Chongqing in writing of the specific plan of increasing my shareholding in Bank of Chongqing within 10 trading days after triggering the obligation to increase my shareholding, including but not limited to the range of the number of additional shares to be acquired, price range, completion period and other information, which will be announced by Bank of Chongqing.</p> <p>4. In implementing the above plan of increasing the shareholding, I may suspend the plan if (1) the closing price of A shares of Bank of Chongqing exceeds the latest audited net assets per share of Bank of Chongqing for 10 consecutive trading days, after increasing the shareholding in Bank of Chongqing; or (2) continued increase in the shareholding causes Bank of Chongqing to fail to satisfy the statutory listing conditions; or (3) continued increase in the shareholding will lead to the obligation to offer to acquire while it has no plan to offer to acquire; or (4) the funds used to increase the shareholding reach 15% of the total salary receiving from Bank of Chongqing in the previous year.</p> <p>5. I will continue to implement the above plan of increasing my shareholding if after the plan is suspended, the closing price of shares of Bank of Chongqing remains below the latest audited net assets per share of Bank of Chongqing for 20 consecutive trading days within 12 months following the date of triggering the above obligation to increase the shareholding.</p>			

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>III. Restraints against the failure to perform the obligation to increase shareholdings or repurchase shares</p> <p>If I fail to propose a specific plan of increasing the shareholdings or act according to the disclosed plan within 10 trading days following the date of triggering the obligation to increase the shareholding, Bank of Chongqing shall deduct 15% of my monthly salary, as well as cash dividends (if any), from the month in which the agreed obligation is not performed, until the total amount of deductions reaches 15% of the total salary (after tax) obtained from Bank of Chongqing in the previous accounting year in which the obligation to stabilize the share price shall be performed, and the deductions shall remain with Bank of Chongqing; I will, in accordance with law, compensate Bank of Chongqing and investors for any losses arising out of my failure to perform such obligation.</p> <p>IV. In performing the above obligation, I shall perform corresponding information disclosure obligations in accordance with the listing rules of the place where the shares of the Bank are listed and other applicable regulatory requirements, and shall comply with relevant regulations including those on the regulation of commercial banks.”</p>			

Significant Events

8.3 Tie-up of Funds by Controlling Shareholders and Other Related Parties for Non-operating Purposes

During the Reporting Period, no funds of the Company were tied up by controlling shareholders of the Bank and other related parties for non-operating purposes, in respect of which PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership), auditor of the Bank, has issued audit opinions.

8.4 Material Related Party Transaction

8.4.1 Related Party Transaction in Relation to Daily Operation

During the Reporting Period, the Bank carried out related party transactions with fair prices and in the interests of the Bank and its shareholders as a whole, in strict accordance with relevant regulations of domestic and foreign regulatory authorities, and the Management Measures for Related Party Transactions of Bank of Chongqing Co., Ltd.

8.4.1.1 Balance of Material Related Party Transactions

In accordance with relevant regulations of CBIRC, during the Reporting Period, there were 13 resolutions on material related party transaction approved by the Board of the Bank, including 9 credit transactions and 4 non-credit transactions, involving Chongqing Yufu Holding Group Co., Ltd. (重慶渝富控股集團有限公司), Chongqing Lifan Holdings Co., Ltd. (重慶力帆控股有限公司), Chongqing Land Group Co., Ltd. (重慶市地產集團有限公司), Chongqing Foreign Trade (Group) Co., Ltd. (重慶對外經貿(集團)有限公司), Chongqing Three Gorges Bank Co., Ltd. (重慶三峽銀行股份有限公司), Chongqing Rural Commercial Bank Co., Ltd., Chongqing Xinyu Financial Leasing Co., Ltd. (重慶鈞渝金融租賃股份有限公司), Chongqing Xingnong Financing Guarantee Group Co., Ltd. (重慶興農融資擔保集團有限公司), Chongqing Sanxia Financing Guarantee Group Corporation (重慶三峽融資擔保集團股份有限公司), Chongqing Small&Mirco Business Financing Guarantee Co., Ltd. (重慶市小微企業融資擔保有限公司) and Chongqing Financing Re-guarantee Co., Ltd. (重慶市融資再擔保有限責任公司).

Significant Events

As at the end of the Reporting Period, the balance of transactions between the Bank and related parties which entered into material related party credit transactions with the Bank during the Reporting Period was RMB3.53 billion, and the details are as follows:

Name of Related Party	Type of Transaction	Credit Balance (RMB'000)	Percentage of Net Capital (%)
Chongqing Lifan Holdings Co., Ltd.	Credit	1,155,900	2.31
Chongqing Land Group Co., Ltd.	Credit	590,000	1.18
Chongqing Foreign Trade (Group) Co., Ltd.	Credit	651,434	1.30
Chongqing Yufu Holding Group Co., Ltd.	Credit	500,000	1.00
Chongqing Three Gorges Bank Co., Ltd.	Credit	330,770	0.66
Chongqing Rural Commercial Bank Co., Ltd.	Credit	301,690	0.60
Chongqing Xinyu Financial Leasing Co., Ltd.	Credit	–	–

As at the end of the Reporting Period, the balance of transactions between the Bank and related parties which entered into material related party non-credit transactions with the Bank during the Reporting Period was RMB843 million, and the details are as follows:

Name of Related Party	Type of Transaction	Balance (RMB'000)	Percentage of Net Capital (%)
Chongqing Xingnong Financing Guarantee Group Co., Ltd.	Guarantee	381,108	0.76
Chongqing Sanxia Financing Guarantee Group Corporation	Guarantee	316,320	0.63
Chongqing Financing Re-guarantee Co., Ltd.	Guarantee	121,627	0.24
Chongqing Small&Mirco Business Financing Guarantee Co., Ltd.	Guarantee	24,340	0.05

Significant Events

8.4.1.2 Amount of Material Related Party Transactions

During the Reporting Period, related party transactions of the Bank which, based on the transaction amounts, constitute material related party transactions defined by CBIRC, were as follows:

Name of Related Party	Type of Transaction	Amount of Transaction (RMB'000)	Percentage of Net Capital (%)
Chongqing Land Group Co., Ltd.	Credit	590,000	1.18%

8.4.2 Connected Transactions Relating to Assets or Equity Interest Acquisition and Disposal

During the Reporting Period, there was no connected transactions relating to assets or equity interest acquisition and disposal by the Bank.

8.4.3 Connected Transactions Relating to Joint External Investments

During the Reporting Period, there was no connected transactions relating to joint external investments by the Bank.

8.4.4 Claims and Liabilities among the Connected Transactions

During the Reporting Period, there was no non-operating claims and liabilities among the connected transactions by the Bank.

8.4.5 Other Material Connected Transactions

During the Reporting Period, there was no other material connected transactions by the Bank.

8.5 Engagement of Intermediaries

8.5.1 Engagement of Accounting Firms

PricewaterhouseCoopers Zhong Tian LLP is the domestic accounting firm for auditing the financial statements of the Bank for 2020, while PricewaterhouseCoopers is the international accounting firm for auditing the financial statements of the Bank for 2020. PricewaterhouseCoopers Zhong Tian LLP is the accounting firm for internal control audit of the Bank for 2020.

PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers have provided audit services for the Bank for eight consecutive years from 2013 to 2020.

During the Reporting Period, the total professional audit service fee paid by the Group to PricewaterhouseCoopers for auditing the financial statements (including subsidiaries) was RMB5.31 million. During the Reporting Period, the non-audit services provided by PricewaterhouseCoopers to the Group mainly included professional services provided for bond issuance projects, etc., and the total fees for the non-audit professional services were RMB0.4896 million.

PricewaterhouseCoopers Zhong Tian LLP has provided audit services for the Bank for 8 consecutive years. The Administrative Measures for the Selection and Engagement of Accounting Firms by State-owned Financial Enterprises published by the Ministry of Finance (Caijin [2020] No.6) specifies that a state-owned financial enterprise shall not continuously engage the same accounting firm for more than 8 years. According to such provision, in March 2021, the Proposal of Engagement and Remuneration of External Auditors in 2021 was considered and approved at the 24th meeting of the sixth session of the Board of the Bank, and it is proposed that Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young are engaged as the domestic auditors and international auditors of the Bank in 2021. The proposal is subject to consideration at the general meeting of the Bank.

8.5.2 Engagement of Financial Advisers and Sponsors

The Group has engaged China Merchants Securities Co., Ltd. as the sponsor of the Bank with regard to the initial public offering and listing of A shares, and paid the sponsor the remuneration of RMB45.79 million (exclusive of value-added tax) in January 2021 after the completion of the offering.

8.6 Material Contracts and Their Performance

Material Custody, Contracting and Lease

During the Reporting Period, no material contracts signed by the Bank involved custody, contracting and lease of assets between the Bank and other companies outside the ordinary course of business of the Bank.

Material Guarantee

Guarantee business is ordinary business of the Company. During the Reporting Period, except the financial guarantee business within the scope of business which is approved by CBIRC, there are no major guarantee matters that need to be disclosed by the Bank.

Significant Events

Special Statements and Independent Opinions of Independent Non-executive Directors on Outward Guarantee of Bank of Chongqing

According to relevant regulations of CSRC and the Shanghai Stock Exchange, the independent non-executive directors of the Bank carefully verified the outward guarantees of the Bank in 2020 based on the principles of openness, fairness and objectivity, and issued special verification opinions as follows:

After verification, it is confirmed that the outward guarantee business carried out by Bank of Chongqing is one of the regular businesses approved by CBIRC and in the ordinary course of business of the Bank. As of December 31, 2020, the balance of guarantees issued by Bank of Chongqing was RMB4,342 million.

Bank of Chongqing attaches great importance to the risk management of outward guarantee business, and has formulated relevant systems for the credit standards of the guaranteed objects, the operation and approval procedures of the guarantee business, and carried out relevant businesses in strict accordance with the rules.

8.7 Material Litigation and Arbitration

In the course of daily operation, the Bank involved several legal proceedings, most of which were initiated to recover non-performing loans. The Bank has 25 outstanding legal claims (including the Bank as a third party) of RMB315 million as of December 31, 2020. The Bank believes that the above legal proceedings and arbitrations would not have a material adverse impact on the financial position or operation results of the Bank.

8.8 Punishment and Rectification

During the Reporting Period, the Bank and all its directors, supervisors and senior management were not subject to investigation by competent authorities, compulsory measures by judiciary authorities or discipline inspection departments, or transfer to judicial organs, investigation for criminal liability, case filing by CSRC for investigation, administrative punishment by CSRC, ban from access to the market, identification as unqualified candidates, or public condemnation by stock exchanges. The Bank is not subject to any punishment by other regulatory authorities that has a significant impact on its operation.

8.9 Integrity

During the Reporting Period, there were no effective court judgments on material litigations with which the Bank failed to comply, nor were there any large debt of the Bank due and outstanding.

8.10 Changes in accounting policies

During the Reporting Period, there was no changes in accounting policies by the Bank.

8.11 Major Asset Purchases, Sales and Mergers

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

8.12 Social Responsibility

8.12.1 Performance of Social Responsibility

Please refer to the 2020 Social Responsibility (Environment, Society, Governance) Report of the Bank issued on March 31, 2021 for detailed information.

8.12.2 Consumer Protection

The Bank attaches great importance to consumer protection, and earnestly assumes the main responsibility to protect the legitimate rights and interests of financial consumers in line with the principles of voluntariness, equality, fairness, integrity and credibility. In order to fulfill our legal obligations in respect of protecting the rights and interests of financial consumers, we have incorporated them into our corporate governance, corporate culture building and business development strategies.

At the Board of Directors level, the Board of the Bank assumes the ultimate responsibility for consumer protection. The Board has set up the Consumer Protection Committee to guide and supervise the implementation of consumer protection, and monitor and evaluate the comprehensiveness, promptness and effectiveness of the Bank's consumer protection as well as the performance of relevant senior management. In 2020, the Consumer Protection Committee held two on-site meetings and one meeting by circulation of written resolutions, at which four matters were considered and three reports were heard. It also reported the Board consumer protection work for three times.

At the Organizational and Operation Guarantee level, the Bank established a special department for consumer protection at the head office in 2016. The special department is responsible for the planning, management, organization and coordination of consumer protection work, and sets up a leading work group for consumer protection at the operation and management level according to internal duties. The leading work group consists members from 19 relevant departments and offices, and comprises five professional teams including information disclosure coordination, knowledge publicity and education, consumer information protection, and consumer protection complaints coordination, so as to protect the legitimate rights and interests of consumers through more effective coordination and mobilization of the Bank's resources.

Significant Events

At the Strategy Formulation and Implementation Measures level, the Bank implements its annual consumer protection work plan in line with the working principles of “prevention first, focusing on education, law-based rights protection, and coordinated treatment”. In order to earnestly protect the legitimate rights and interests of consumers, the Bank has taken targeted measures in relation to fighting the battle against the COVID-19 outbreak through prevention and control, improving systems and mechanisms, building a brand to publicize financial knowledge, deepening normal training and optimize customer services, with a view to fulfilling the primary responsibility of consumer protection. Firstly, we strengthened financial support to help the fight against the COVID-19 outbreak. In our efforts to effectively help the overall battle against the COVID-19 outbreak through prevention and control, we have taken a series of measures, including protecting credit-related rights and interests customers, consolidating remote customer services, constantly improving convenient and benefit measures for the public, and providing special preferential financial services. Meantime, we continued to optimize “contactless” services to provide safe and convenient “in-home” financial services. Secondly, we further improved our systems and mechanisms according to regulatory requirements. According to the requirements of the Implementation Measures of the People’s Bank of China for Protecting Financial Consumers’ Rights and Interests and the Guiding Opinions of the China Banking and Insurance Regulatory Commission on Banking and Insurance Institutions Strengthening the Building of Working Systems and Mechanisms for Protection of Consumer Rights and Interests, we further improved our systems and mechanisms in relation to consumer protection through strengthening corporate governance, refining decision-making and implementation, intensifying supervision and inspection, and implementing information disclosure measures. Thirdly, we built a brand to publicize financial knowledge in line with rural revitalization. We formulated an overall plan for the financial knowledge publicity in 2020, with the theme of “finance publicity and education for consumer protection” (金融宣教心相伴，守護權益共成長). Through the combination of thematic and regular education as well as online and offline publicity and education, we have carried out a variety of diversified financial knowledge publicity and education activities based on consumers’ demands for financial knowledge. Fourthly, we further deepened normal trainings relying on our special advantages. In addition to constant regular trainings, we provided a full coverage of trainings for senior management, middle management, positions in relation to consumer protection, and front-line employees by way of professional lectures, animation micro-classes and interpretation of regulatory policies. Meantime, we also held internal training competitions, which laid a strong foundation for the Bank to fulfill the main responsibility of consumer protection and effectively prevent financial risks.

8.12.3 Targeted Poverty Alleviation Work

Planning of Targeted Poverty Alleviation

The Bank resolutely implemented the decisions and deployments of the Central Committee of the Communist Party of China and the State Council on poverty alleviation, and in accordance with the decisions and deployments of the Chongqing Municipal Committee and Chongqing Municipal People's Government, and the work requirements of the Chongqing Office of Poverty Alleviation and Development, the Bank fully implemented the spirits of the Notice of Actively Addressing the Impact of COVID-19 and Effectively Conducting the Micro-lending Work for Poverty Alleviation and the Notice of Further Improving Relevant Policies for Petty Loans for Poverty Alleviation, and defined the specific goal of targeted poverty alleviation for 2020: the branches and offices in 33 districts and counties of Chongqing with micro-lending task for poverty alleviation would provide new micro-lending for poverty alleviation of no less than RMB225 million.

Summary of Annual Targeted Poverty Alleviation

The Bank adheres to a high political position, high work requirements, and strict lending standards. Leveraging our advantages in geography, close relationship and people exchanges, we have taken integrated measures through professional product models, special promotions, special supporting mechanisms, special service channels, and special risk control models. We spared no effort in promoting micro-lending business for poverty alleviation, and exceeded the annual lending task of RMB225 million set by Chongqing Poverty Alleviation and Development Office in advance.

Firstly, we developed professional product models. To cope with general pain points of micro-lending for poverty alleviation including scattered regions, long distances and long processing cycles, we adopted "finance + technology" information-based intelligent means to provide "Zhi Kun Dai" (支困贷) through combining online and offline micro-lending for poverty alleviation and to develop a model of "online pre-application + online approval + manual approval + online contracting + self-help lending". Therefore, we can provide an online one-stop micro-lending services for poverty alleviation for low-income families covering "opening an account, application, contract, lending", thus solving the "last mile" problem in financial services for poverty alleviation.

Secondly, we set up a working group to promoting our work in a unified manner. We set up the Strategic Promotion Working Group for Financial Poverty Alleviation and Rural Revitalization, which is led by the head office and consists of 18 departments and offices of the head office. Meanwhile, we have formulated the Implementation Opinions on Financial Poverty Alleviation and Rural Revitalization, established a mechanism of "daily tracking, weekly reminder, monthly reporting", and adopted an approach of "one-to-one, point-to-point, person-to-person", so as to intensify the supervision of the targeted advancement of handling agencies, operation at the Group level and refined implementation. The handling agencies in Chongqing insisted on tackling tough difficulties in line with targets, wading through thick and thin, and working tirelessly to promoting the targeted provision of micro-lending for poverty alleviation.

Significant Events

Thirdly, we established special supporting mechanisms. We established a series of favorable mechanisms, including separate credit limits, favorable internal pricing, preferential capital cost, special expense budget, and the due diligence and liability exemption policy. The completion of micro-lending plan for poverty alleviation was incorporated into the evaluation systems for handling agencies, such as the annual performance evaluation, rating evaluation and selection of excellent business managers. We set the internal funds transfer for preferential micro-lending for poverty alleviation at the price of 150BP, and provided a special annual subsidy of up to RMB120,000 for handling agencies of micro-lending for poverty alleviation. Therefore, we can strengthen support for employees in relation to micro-lending for poverty alleviation, invigorate the internal development motivation of handling agencies, and enhance the willingness of handling employees to lending.

Fourthly, we built special service channels. We included the micro-lending for poverty alleviation into key supporting areas of our credit policy, set up special green service channels for micro-lending for poverty alleviation, and delegated the approval and authorization of micro-lending for poverty alleviation to handling agencies, so as to promote the quick handling of micro-lending for poverty alleviation. In our publicity efforts through multi-dimensional platforms through TV, radio, WeChat and branch outlets, we set up financial knowledge publicity stations at village level, and financial poverty alleviation publicity teams together with village and branch CPC committees and village officers, thus efficiently publicizing national poverty alleviation and preferential policies (such as micro-lending for poverty alleviation) in low-income regions.

Fifthly, we set up special risk control models. We strengthened the governance of work style and the discipline inspection and supervision, focused on preventing moral and operational risks, and resolutely prohibiting untruthful work and fraudulent activities. In order to strictly implement key policies of micro-lending for poverty alleviation, including “insisting on household borrowing, using and repaying, and prohibiting household lending for corporate use” and “not exceeding RMB50,000, within 3 years, by way of credit, at the benchmark interest rate”, we contacted low-income families village officers and assistance partners on a regular basis to learn of the production and operation of low-income families. In proper response to the impact of COVID-19, we provided a seamless enlending for low-income families with temporary difficulties in repayment, in which low-income families can renew loans without repayment of the principal, thus helping low-income families overcome difficulties.

Performance of targeted poverty alleviation work

Indicators	Quantity and Work Description
1. Overall conditions	
Among which: 1. Capital (RMB'0,000)	297,595
2. Itemized investment	
1. Industry development poverty alleviation	
Among which: 1.1 Types of industry development poverty alleviation projects	Agriculture and forestry development poverty alleviation; and others
1.2 Number of industry development poverty alleviation projects	76
1.3 Invested amount in industry development poverty alleviation projects (RMB'0,000)	84,553
1.4 Number of people alleviated out of poverty among those who have been put in records by the Company	430
2. Education poverty alleviation	
Among which: 2.1 Invested amount of education resources in poverty-stricken areas (RMB'0,000)	24,428
3. Ecological protection poverty alleviation	
Among which: 3.1 Project name	Ecological protection and construction
3.2 Invested amount (RMB'0,000)	2,210
4. Other projects	
Among which: 4.1 Number of projects	8
4.2 Invested amount (RMB'0,000)	49,630
4.3 Number of people alleviated out of poverty among those who have been put in records by the Company	3,001
4.4 Description of other projects	Transportation facilities, renovation of water conservancy facilities, infrastructure construction projects

Significant Events

Following targeted poverty alleviation plan

Firstly, we will continue to promote micro lending in a stable manner. According to relevant policies on micro-lending for poverty alleviation issued by relevant state ministries and commissions recently, we will increase efforts in rural revitalization, adjust and optimize some specific policies and regulations, to intensify the support for populations that have been lifted out of poverty and continuously promote micro-lending for poverty alleviation.

Secondly, we will consolidate and expand the achievements in financial poverty alleviation. We will continue to strengthen risk monitoring and loan management for poverty alleviation microcredit, and grant loan renewal or extension for poor households and marginal groups to offer timely support their production capital needs under the premise of meeting relevant regulations or conditions.

Thirdly, we will conscientiously summarize and comprehensively sort out for poverty alleviation microcredit. We will plan the microfinance programmes for poverty alleviation carefully in 2021, to fully implement the requirements of “scale, effect, and quality” for poverty alleviation microcredit, and strive to achieve the goal of “getting a loan, using it well, and paying for it”.

8.12.4 Environmental Protection

The Bank and its subsidiaries were not within the scope of key pollutant discharge units issued by environmental protection authorities. During the Reporting Period, the Bank and its subsidiaries have not been punished for violation of laws and regulations related to environmental protection. The Bank belongs to the monetary and financial services industry, and our main businesses do not generate pollutants as specified in the Provisions on the Management of the Directory of Major Pollutant Discharge Units (重點排污單位名錄管理規定). In the course of future production and operation activities, the Bank and its subsidiaries will earnestly implement relevant environmental protection laws and regulations such as the Environmental Protection Law of the People’s Republic of China.

8.13 Review of Annual Results

The Bank has engaged PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers respectively as external auditors to review the financial statements of the Bank prepared under the PRC GAAP (China Accounting Standards) and the IFRSs, and they issued auditor reports with no qualified opinions, respectively. The Board of Directors of the Bank and the Board Audit Committee have reviewed the 2020 Annual Report of the Bank.

8.14 Publication of Annual Report

The Annual Report in Chinese prepared by the Bank in accordance with PRC GAAP and the Rules on Preparation of Annual Reports is available at the websites of the SSE and the Bank.

The Annual Report, in Chinese and English, prepared by the Bank in accordance with the IFRS and Hong Kong Listing Rules are available at the websites of the HKSE and the Bank. In case of any discrepancy, the Chinese version shall prevail.

Change in Share Capital and Shareholders

9.1 Changes in the Ordinary Shares

At the end of the Reporting Period, 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.

	December 31, 2019		Increase/decrease (+, -)					31 December, 2020	
	Number	Percentage (%)	Issue of new shares	Bonus shares	Shares converted from capital reserve	Others	Subtotal	Number	Percentage (%)
1. Shares with selling restrictions	1,548,033,993	49.50	-	-	-	-	-	1,548,033,993	49.50
1. Shareholding of the State	5,529,998	0.18	-	-	-	-	-	5,529,998	0.18
2. Shareholding of state-owned legal persons	1,018,936,666	32.58	-	-	-	(720,142)	(720,142)	1,018,216,524	32.56
3. Other Domestic Shares	523,567,329	16.74	-	-	-	720,142	720,142	524,287,471	16.77
Of which: Shareholding of domestic non-state-owned legal persons	467,018,944	14.93	-	-	-	(267,712)	(267,712)	466,751,232	14.93
Shareholding of domestic legal persons	56,548,385	1.81	-	-	-	987,854	987,854	57,536,239	1.84
4. Foreign shares	-	-	-	-	-	-	-	-	-
Of which: Shareholding of offshore legal persons	-	-	-	-	-	-	-	-	-
Shareholding of offshore natural persons	-	-	-	-	-	-	-	-	-
2. Outstanding shares without selling restrictions	1,579,020,812	50.50	-	-	-	-	-	1,579,020,812	50.50
1. RMB ordinary shares	-	-	-	-	-	-	-	-	-
2. Foreign shares listed domestically	-	-	-	-	-	-	-	-	-
3. Foreign shares listed overseas	1,579,020,812	50.50	-	-	-	-	-	1,579,020,812	50.50
4. Others	-	-	-	-	-	-	-	-	-
3. Total number of ordinary shares	3,127,054,805	100	-	-	-	-	-	3,127,054,805	100

Note: Among the shares subject to selling restrictions, changes in the number of shares held by state-owned legal persons, domestic non-state-owned legal persons and domestic natural persons are due to changes in the nature of the account of the securities holders, and the shares in the special account of newly-recognized shareholders and unrecognized shares custody being incorporated into domestic non-state-owned legal persons.

Change in Share Capital and Shareholders

9.2 Securities Issuance and Listing

During the Reporting Period, the total number of the Bank's ordinary shares remained unchanged. On December 18, 2020, the Bank received the "Approval from the CSRC concerning the Initial Public Offering of Shares by Bank of Chongqing Co., Ltd." (Zheng Jian Xu Ke [2020] No. 3511), pursuant to which, the CSRC approved the Bank's issuance of up to 347,450,534 shares of A share. On February 5, 2021, the Bank has completed the Initial Public Offering of A Share, and the A Shares of the Bank were listed on the Shanghai Stock Exchange. The Bank issued 347,450,534 A Shares at the issue price of RMB10.83 per share.

For details on the issuance and listing of preferred shares of the Bank, please refer to the section titled "9.4 Preference Shares".

During the Reporting Period, the Bank did not launch a public offering of corporate bonds listed on stock exchanges. For details on the issuance of other bonds of the Bank and its subsidiaries, please refer to Note 28 to the Financial Report.

As at the end of the Reporting Period, the total number of internal employee shares of the Bank was 35,271,593, accounting for 1.13% of the total share capital of the Bank, which complies with the "Notice on Regulating the Internal Employee Shareholding of Financial Enterprises" (Caijin 2010 No. [97]). Shares held by internal employees are mainly obtained through the following methods: 1. at the time of the establishment of the Bank, the former 39 districts and counties' on-the-job full-time employees or short-term contract workers in the business category participated in the establishment of the Bank as promoters and shareholders; 2. shares obtained through the employee stock ownership plan in 1997 and transferred from previous dividends; and 3. the Bank's shares obtained through agreement transfer, gift, inheritance and judicial judgments. The Bank's existing internal employee shares resulted from the conversion of shares held by employees of original credit cooperative into shares of the Bank at its establishment, so that the issuance date and price of Shares held by internal employees cannot be accurately verified.

9.3 Particulars of Shareholders and Actual Controllers

9.3.1 Total number of shareholders

Total number of ordinary shareholders as at the end of the Reporting Period	4,353
Total number of ordinary shareholders as at the end of the previous month prior to the disclosure date of the Annual Report	135,031
The total number of shareholders of preference shares with restored voting rights as at the end of the Reporting Period	–
Total number of shareholders of preference shares with restored voting rights as at the end of the previous month prior to the disclosure date of the Annual Report	–

Change in Share Capital and Shareholders

9.3.2 Top ten shareholders and top ten shareholders holding outstanding shares (or shareholders without selling restrictions) as at the end of the Reporting Period *Particulars of Shareholdings of the Top Ten Shareholders*

S.N.	Name of shareholder	Nature of shareholder	Total number of shares held at the end of the Period (shares)	Shareholding percentage (%)	Type of share	Increase or decrease during the Reporting Period (shares)	Number of shares with selling restrictions (shares)	Pledged or frozen (shares)
1	HKSCC Nominees Limited	Offshore legal person	1,118,752,819	35.78	H Shares	-	0	-
2	Chongqing Yufu Capital Operation Co., Ltd.	State-owned legal person	462,179,748	14.78	Domestic Shares + H Shares	-	407,929,748	-
3	Dah Sing Bank, Limited	Offshore legal person	458,574,853	14.66	H Shares	-	0	-
4	Lifan Technology (Group) Co., Ltd.	Private legal person	294,818,932	9.43	Domestic Shares + H Shares	-	129,564,932	252,064,932
5	SAIC Motor Corporation Limited	State-owned legal person	240,463,650	7.69	H Shares	-	0	-
6	Funde Sino Life Insurance Co., Ltd.	Private legal person	217,570,150	6.96	H Shares	-	0	-
7	Chongqing Road & Bridge Co., Ltd.	Private legal person	171,339,698	5.48	Domestic Shares	-	171,339,698	-
8	Chongqing Land Group	State-owned legal person	139,838,675	4.47	Domestic Shares	-	139,838,675	-
9	Chongqing Water Conservancy Investment Group Co., Ltd.	State-owned legal person	139,838,675	4.47	Domestic Shares	-	139,838,675	-
10	Peking University Founder Group Co., Ltd.	State-owned legal person	94,506,878	3.02	Domestic Shares	-	94,506,878	-

Statement on the connected relations and concerted actions between the above shareholders: The Bank is not aware of connected relations or concerted actions exist between the above shareholders.

Statement on particulars of shareholdings of the top ten shareholders: As at the end of the Reporting Period, only H Shares of the Bank were listed and outstanding. The largest shareholder of outstanding shares is HKSCC Nominees Limited, which holds 1,118,752,819 shares of outstanding H Shares.

Statement on shareholders of preference shares with restored voting rights and the number of shares held: Not applicable

Change in Share Capital and Shareholders

Note:

- (1) *The number of shares held by HKSCC Nominees Limited refers to the total number of shares in the shareholders of H shares' account of the Bank in the trading system represented by HKSCC Nominees Limited.*
- (2) *Chongqing Yufu Capital Operation Co., Ltd. directly held 407,929,748 Domestic Shares and held 54,250,000 H Shares through its subsidiary Chongqing Yufu (Hong Kong) 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 shares.*
- (3) *Lifan Technology (Group) Co., Ltd. held 129,564,932 Domestic Shares and held 165,254,000 H Shares through its subsidiary Lifan International (Holdings) Limited. Lifan Technology (Group) Co., Ltd., together with persons acting in concert with it, held an aggregate of 294,818,932 Shares, representing 9.43% of the Bank's total share capital.*
- (4) *SAIC Motor Corporation Limited held 240,463,650 H Shares through its subsidiary SAIC Motor HK Investment Limited, representing 7.69% of the Bank's total share capital.*
- (5) *Funde Sino Life Insurance Co., Ltd. directly held 150,000,000 H Shares and held 67,570,150 H Shares through its subsidiary Fund Resources Investment Holding Group Company Limited. Funde Sino Life Insurance Co., Ltd., together with persons acting in concert with it, held an aggregate of 217,570,150 H Shares, representing 6.96% of the Bank's total share capital.*
- (6) *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 shares of the Bank's Domestic Shares. Chongqing Road & Bridge Co., Ltd., together with persons acting in concert with it, held an aggregate of 171,534,800 shares of the Bank's Domestic Shares, representing 5.49% of the Bank's total shares.*
- (7) *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 shares of the Bank's Domestic Shares, representing 4.79% of the Bank's total shares.*

Change in Share Capital and Shareholders

Number of Shares Held by and Selling Restriction of the Top Ten Shareholders with Selling Restrictions

S.N.	Name of shareholder with selling restrictions	Number of shares held with selling restrictions (shares)	Details of approved tradable shares with selling restrictions		Selling restrictions
			Time available for trading	Additional number of approved tradable shares	
1	Chongqing Yufu Capital Operation Co., Ltd.	407,929,748	February 2024	0	36 months from the date of the Bank's listing
2	Chongqing Road & Bridge Co., Ltd.	171,339,698	February 2024	0	36 months from the date of the Bank's listing
3	Chongqing Water Conservancy Investment Group Co., Ltd.	139,838,675	February 2024	0	36 months from the date of the Bank's listing
4	Chongqing Land Group	139,838,675	February 2024	0	36 months from the date of the Bank's listing
5	Lifan Technology (Group) Co., Ltd.	129,564,932	February 2024	0	36 months from the date of the Bank's listing
6	Peking University Founder Group Co., Ltd.	94,506,878	February 2024	0	36 months from the date of the Bank's listing
7	Chongqing South Group Limited	68,602,362	February 2024	0	36 months from the date of the Bank's listing
8	Chongqing Development and Real Estate Management Co., Ltd.	37,456,522	February 2024	0	36 months from the date of the Bank's listing
9	Chongqing Expressway Co., Ltd.	29,942,325	February 2024	0	36 months from the date of the Bank's listing
10	Minsheng Industrial (Group) Co., Ltd.	24,191,310	February 2024	0	36 months from the date of the Bank's listing

Statement on the connected relations and concerted actions between the above shareholders: The Bank is not aware of connected relations or concerted actions exist between the above shareholders.

Change in Share Capital and Shareholders

9.3.3 Particulars of Controlling Shareholders and De facto Controllers

During the Reporting Period, there was no controlling shareholders of the Bank. The Bank has no shareholder who may exercise more than 30% of the shares with voting rights of the Bank when acting alone or in concert with others, while any shareholder of the Bank cannot control the resolutions of the general meeting or the resolutions of the Board meeting by shares with voting rights he/she holds, and there is no shareholder who controls the conduct of the Bank through the general meeting or de facto controls the conduct of the Bank through the Board of Directors and senior management. At the same time, there is no shareholder de facto controls the Bank in any other manner when acting alone or in concert with others. Therefore, the Bank has no controlling shareholders.

During the Reporting Period, there was no de facto controllers of the Bank. There was no situation in which the Bank was under de facto control of investors due to their direct or indirect equity investment relationship, scheme of arrangement or other arrangements with the Bank. Therefore, there was no de facto controllers of the Bank.

9.3.4 Particulars of Major Shareholders Holding More than 5% of the Shares *Chongqing Yufu Capital Operation Co., Ltd.*

Chongqing Yufu Capital Operation Co., Ltd. was the first solely state-owned local comprehensive assets operation and management company in China, which was organised under the approval of Chongqing Municipal Government. Chongqing Yufu Holding Group Co., Ltd. is the controlling shareholder of Chongqing Yufu. Chongqing Yufu was established on February 27, 2004 with registered capital of RMB10 billion. Its legal representative is Li Jianming, and its registered address is located at No. 198, East Section of Huangshan Avenue, Liangjiang New District, Chongqing. Its business scope includes the acquisition and disposal of assets and relevant property investment, investment advisory, financial consultancy, consultancy and agency for corporate reorganizations and mergers, custody of enterprises and assets (businesses requiring pre-requisite approval under the laws and regulations of the country shall not be conducted before such approval is obtained) under the authority of the municipal government.

As at the end of the Reporting Period, Chongqing Yufu directly held 407,929,748 Domestic Shares and held 54,250,000 H Shares through its subsidiary Chongqing Yufu (Hong Kong) 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 shares.

Change in Share Capital and Shareholders

Dah Sing Bank, Limited

Dah Sing Banking Group Limited is the controlling shareholder of Dah Sing Bank, Limited. Dah Sing Bank, Limited was established on May 1, 1947 with the registered capital of HK\$6.2 billion. Its registered address is located at 36th Floor, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong (new address is started to use since March 29, 2021: 26th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong. Dah Sing Bank, Limited provides retail banking, commercial banking and other related financial services in Hong Kong, Macau and Mainland China.

As at the end of the Reporting Period, Dah Sing Bank, Limited held 458,574,853 H Shares, representing 14.66% of the Bank's total share capital.

Lifan Technology (Group) Co., Ltd.

Chongqing Manjianghong Equity Investment Fund Partnership (Limited Partnership) (重慶滿江紅股權投資基金合夥企業(有限合夥)) is the controlling shareholder of Lifan Technology (Group) Co., Ltd.. Lifan Technology (Group) Co., Ltd., formerly known as Lifan Industrial (Group) Co., Ltd., was renamed as Lifan Technology (Group) Co., Ltd. on March 3, 2021, and the legal representative was changed to Xu Zhihao, was established on December 1, 1997, and were listed on the Shanghai Stock Exchange in November 2010. As at the end of the Reporting Period, Lifan Group has a registered capital of RMB1.307 billion. Its legal representative is Mou Gang, and its registered address is located at No. 2, Huanghuan North Road, Jinshan Avenue, Liangjiang New District, Chongqing. Its business scope includes general items: the research, development, production and sales of automobiles, automobile engines, motorcycles, motorcycle engines, vehicle parts, motorcycle parts, small gasoline engines and parts, electric bicycles and parts, gasoline engine mopeds and parts; sales of non-ferrous metals (excluding precious metals), metal materials, metal products, silver jewelry, computers, sports (only car and motorcycle sports) and sports products (excluding development and production); provision of after-sales services for products developed, produced and sold by the company; the export business of technologies developed and produced by the company; the export business of technologies, raw and auxiliary materials, mechanical equipment, instrumentation, and spare parts required for its scientific research and production, and the processing imported goods and "Three-plus-one" business of the company; consulting services on economic information; wholesale and retail of lubricants and greases; and ordinary freight (except for items that are subject to approval in accordance with the laws, the business activities should be conducted independently with the business licence(s) in accordance with the laws)

Change in Share Capital and Shareholders

As at the end of the Reporting Period, Lifan Technology (Group) Co., Ltd. held 129,564,932 Domestic Shares and held 165,254,000 H Shares through its wholly-owned subsidiary Lifan International (Holdings) Limited. Lifan Group, together with persons acting in concert with it, held an aggregate of 294,818,932 Shares, representing 9.43% of the Bank's total share capital. 129,564,932 Domestic Shares⁴ held by Lifan Technology (Group) Co., Ltd. were pledged and frozen, and 122,500,000 H Shares held by it were pledged.

SAIC Motor Corporation Limited

Shanghai Automotive Industry Corporation (Group) is the controlling shareholder of SAIC Motor Corporation Limited. SAIC Motor Corporation Limited was established on April 16, 1984 with registered capital of RMB11.683 billion. It was listed on the Shanghai Stock Exchange since November 1997. Its legal representative is Chen Hong, and its registered address is located at Room 509, No.1 Tower, No. 563 Songtao Road, Pilot Free Trade Zone, Shanghai, China. Its business scope includes manufacturing and sales of automobiles, motorcycles, tractors and other motor vehicles, and machinery equipment, assembly and automobile parts, domestic trading (except those under special provisions), advisory services, sale of vehicle, assembly and components and parts in an e-commerce manner, technical service in the field of science and technology, export of self-manufactured products and technology, import of machinery and equipment, spare parts, raw and supplementary materials, and technology needed in the business operating (except goods and technology forbidden to import and export by Chinese government), rental of cars and machinery and equipment, industrial investment, periodical publishing, advertisements in the Company's own media, import and export business of goods and technology (Any item that requires to be approved by law can only be carried out after approval by relevant authorities).

As at the end of the Reporting Period, SAIC Motor Corporation Limited held 240,463,650 H Shares through its wholly-owned subsidiary SAIC Motor HK Investment Limited, representing 7.69% of the Bank's total share capital.

Funde Sino Life Insurance Co., Ltd.

Funde Sino Life Insurance Co., Ltd. has no controlling shareholders. Funde Sino Life Insurance Co., Ltd. was established on March 4, 2002 with registered capital of RMB11.752 billion. Its legal representative is Fang Li, and its registered address is located at 27F, 28F, 29F, 30F, Life Insurance Building, 1001 Fuzhong No.1 Road, Futian District, Shenzhen City. Its business scope includes personal accident injury insurance, personal periodic death insurance, personal life insurance, personal annuity insurance, personal short-term health insurance, personal long-term health insurance, group accident injury insurance, group term life insurance, group annuity insurance, group short-term health insurance, group long-term health insurance, other life insurance activities approved by the CBIRC; reinsurance of the above-mentioned insurance activities; concurrent insurance agency business (licensed operations); and use of funds approved by the CBIRC.

⁴ The 129,564,932 domestic shares that were frozen at the end of the Reporting Period were lifted on March 11, 2021.

Change in Share Capital and Shareholders

As at the end of the Reporting Period, Funde Sino Life Insurance Co., Ltd. directly held 150,000,000 H Shares and held 67,570,150 H Shares through its wholly-owned subsidiary Fund Resources Investment Holding Group Company Limited. Funde Sino Life Insurance Co., Ltd., together with persons acting in concert with it, held an aggregate of 217,570,150 H Shares, representing 6.96% of the Bank's total share capital.

Chongqing Road & Bridge Co., Ltd.

Tsinghua Tongfang Guoxin Investment Holding Co., Ltd. is the controlling shareholder of Chongqing Road & Bridge Co., Ltd.. Chongqing Road & Bridge Co., Ltd. was established on June 13, 1997 with registered capital of RMB1.208 billion. It was listed on the Shanghai Stock Exchange since June 1997. Its legal representative is Jiang Jin, and its registered address is located at Room 10-1, No. 9 Heping Road, Yuzhong District, Chongqing. Its business scope includes the operation and maintenance of Jialing River Shimen Bridge, Jiahua Jialing River Bridge, and Changshou Lake Tourist Highway (the above scope of business excludes those as prohibited by laws and administrative regulations; those as restricted by laws and administrative regulations shall be operated after obtaining the relevant permits), general contracting of municipal public works and construction (Grade I), housing and building works (Grade II); and sales of building materials and decorative materials (excluding hazardous chemicals), hardware, metal materials (excluding rare and precious metals), wood, and construction machinery. (Any item that requires to be approved by law can only be carried out after approval by relevant authorities). As at the end of the Reporting Period, 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 Chongqing International Trust Co., Ltd., held an aggregate of 171,534,800 Domestic Shares, representing 5.49% of the Bank's total share capital.

Save as disclosed above, 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.

Change in Share Capital and Shareholders

9.3.5 Other major shareholders under regulations

Chongqing Land Group

Chongqing Real Estate Group Co., Ltd. is the controlling shareholder of Chongqing Land Group. Chongqing Land Group was established on February 28, 2003 with the registered capital of RMB5 billion. Its legal representative is Li Shichuan, and its registered address is located at No.2 Jiayuan Road, Yubei District, Chongqing. Its business scope includes general items: investment activities with free funds, land remediation services, and engineering management services (except for items that are subject to approval in accordance with the laws, the business activities should be conducted independently with the business licence(s) in accordance with the laws).

As at the end of the Reporting Period, Chongqing Land Group held 139,838,675 Domestic Shares, representing 4.47% of the Bank's total share capital. Pursuant to the requirements of the CBIRC, Chongqing Land Group has assigned Supervisors to the Bank. Therefore, it is a substantial shareholder of the Bank.

As of the disclosure date of the annual report, Chongqing Land Group has transferred all its shares of the Bank to Chongqing Real Estate Group Co., Ltd. at nil consideration.

Chongqing Beiheng Investment & Development Limited

Chongqing Liang Jiang New Area Industrial Development Group Co., Ltd. is the controlling shareholder of Chongqing Beiheng Investment & Development Limited. Chongqing Beiheng Investment & Development Limited was established on November 19, 2012 with the registered capital of RMB1.1 billion. Its legal representative is Chen Zhenming, and its registered address is located at B, C & D Towers, No. 1 Xingguang Avenue, Gaoxin Park, Beibu New District, Chongqing. Its business scope includes: engaging in investment business with its own funds; investment consultation; financial consultation; asset management (the above scope of business excludes banking, insurance, securities and other financial services that require permits or approvals); real estate development; real estate brokerage; landscape greening design and maintenance; landscaping design; property management (the business activities should be conducted with the business licence(s)); hotel management; and construction-related business (the business activities shall be operated after obtaining the relevant qualifications). (Any item that requires to be approved by law can only be carried out after approval by relevant authorities).

As at the end of the Reporting Period, Chongqing Beiheng Investment & Development Limited held 84,823,500 H Shares, representing 2.71% of the Bank's total share capital. Pursuant to the requirements of the CBIRC, Chongqing Beiheng Investment & Development Limited has assigned Supervisors to the Bank. Therefore, it is a substantial shareholder of the Bank.

Change in Share Capital and Shareholders

9.3.6 Interests and Short Positions of Substantial Shareholders and Other Persons under Hong Kong Laws and Regulations

At the end of the Reporting Period, 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:

Name of shareholder	Class of shares	long position/ short position	Capacity	Number of Shares held	Percentage of relevant share class (%)	Percentage of the total share capital of the Bank (%)
Dah Sing Bank, Limited ⁽¹⁾	H Share	long position	Beneficial owner	458,574,853	29.04	14.66
Dah Sing Banking Group Limited ⁽¹⁾	H Share	long position	Interest of a controlled corporation	458,574,853	29.04	14.66
Dah Sing Financial Holdings Limited ⁽¹⁾	H Share	long position	Interest of a controlled corporation	458,574,853	29.04	14.66
David Shou-Yeh WONG ⁽¹⁾	H Share	long position	Settlor of a discretionary trust/interest of the beneficiary of a trust	458,574,853	29.04	14.66
Christine Yen WONG ⁽¹⁾	H Share	long position	Interest of spouse	458,574,853	29.04	14.66
Harold Tsu-Hing WONG ⁽¹⁾	H Share	long position	Deemed interest	458,574,853	29.04	14.66
HSBC International Trustee Limited ⁽²⁾	H Share	long position	Interest of a trustee	458,574,853	29.04	14.66
Lifan International (Holdings) Limited ⁽³⁾	H Share	long position	Beneficial owner	165,254,000	10.47	5.28
		short position	Beneficial owner	122,500,000	7.75	3.91
Chongqing Lifan Industry (Group) Import and Export Co., Ltd. ⁽³⁾	H Share	long position	Interest of a controlled corporation	165,254,000	10.47	5.28
		short position	Interest of a controlled corporation	122,500,000	7.75	3.91

Change in Share Capital and Shareholders

Name of shareholder	Class of shares	long position/ short position	Capacity	Number of Shares held	Percentage of relevant share class (%)	Percentage of the total share capital of the Bank (%)
Lifan Technology (Group) Co., Ltd. ⁽³⁾	H Share	long position	Interest of a controlled corporation	165,254,000	10.47	5.28
		short position	Interest of a controlled corporation	122,500,000	7.75	3.91
SAIC Motor HK Investment Limited ⁽⁴⁾	H Share	long position	Beneficial owner	240,463,650	15.23	7.69
SAIC Motor Corporation Limited ⁽⁴⁾	H Share	long position	Interest of a controlled corporation	240,463,650	15.23	7.69
Funde Sino Life Insurance Co., Ltd. ⁽⁵⁾	H Share	long position	Beneficial owner	150,000,000	9.50	4.80
		long position	Interest of a controlled corporation	67,570,150	4.28	2.16
Fund Resources Investment Holding Group Company Limited ⁽⁵⁾	H Share	long position	Beneficial owner	67,570,150	4.28	2.16
Chongqing Beiheng Investment & Development Limited	H Share	long position	Beneficial owner	84,823,500	5.37	2.71
CITIC Securities Co., Ltd. ⁽⁶⁾	H Share	long position	Interest of a controlled corporation	94,385,503	5.98	3.02
		short position	Interest of a controlled corporation	80,798,338	5.12	2.58
CITIC Securities International Company Limited ⁽⁶⁾	H Share	long position	Interest of a controlled corporation	94,385,503	5.98	3.02
		short position	Interest of a controlled corporation	80,798,338	5.12	2.58
CLSA B.V. ⁽⁶⁾	H Share	long position	Interest of a controlled corporation	94,385,503	5.98	3.02

Change in Share Capital and Shareholders

Name of shareholder	Class of shares	long position/ short position	Capacity	Number of Shares held	Percentage of relevant share class (%)	Percentage of the total share capital of the Bank (%)
		short position	Interest of a controlled corporation	80,798,338	5.12	2.58
CITIC CLSA Global Markets Holdings Limited ⁽⁶⁾	H Share	long position	Interest of a controlled corporation	94,385,503	5.98	3.02
		short position	Interest of a controlled corporation	80,798,338	5.12	2.58
CSI Capital Management Limited ⁽⁶⁾	H Share	long position	Beneficial owner	94,385,503	5.98	3.02
CSI Financial Products Limited ⁽⁶⁾	H Share	short position	Beneficial owner	80,798,338	5.12	2.58
DBS Group Holdings Ltd.	H Share	long position	Beneficial owner	86,414,366	5.47	2.76
		short position	Beneficial owner	86,414,366	5.47	2.76

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) 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).
- (3) As confirmed by Chongqing Lifan Technology (Group) Import and Export Co., Ltd., Lifan Technology (Group) Co., Ltd., Chongqing Lifan Holdings Co., Ltd., Chongqing Huiyang Holdings Co., Ltd., Mr. YIN Mingshan and Ms. CHEN Qiaofeng, since December 23, 2020, Lifan Technology (Group) Co., Ltd. will no longer be a controlled corporation of Chongqing Lifan Holdings Co., Ltd., Chongqing Huiyang Holdings Co., Ltd. and Mr. YIN Mingshan; as at December 31, 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 Technology (Group) Co., Ltd.. For the purpose of the SFO, Chongqing Lifan Industry (Group) Import and Export Co., Ltd., Lifan Technology (Group) Co., Ltd. are deemed to be interested in the Shares of the Bank held by Lifan International (Holdings) Limited.

Change in Share Capital and Shareholders

- (4) 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.
- (5) 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.
- (6) CSI Capital Management Limited and CSI Financial Products Limited are wholly owned by CITIC CLSA Global Markets Holdings Limited. CITIC CLSA Global Markets Holdings Limited is wholly-owned by CLSA BV. CLSA B.V. is wholly-owned by CITIC Securities International Company Limited, and CITIC Securities International Company Limited is wholly-owned by CITIC Securities Company Limited.

9.4 Preference Shares

Issuance and Listing of Preference Shares in the Last Three Years

With the approval by the Chongqing Bureau of former 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 December 20, 2017 (see table below for details). The Offshore Preference Shares issued were listed on the Hong Kong Stock Exchange on December 21, 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 placees 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 December 20, 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 regulatory authorities, the proceeds from the issuance of the Offshore Preference Shares was used to replenish the Bank'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%	750,000,000	U.S.\$20	37,500,000 shares

Change in Share Capital and Shareholders

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. The details are as follows:

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 (shares)	Shareholding	Number of shares 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.
- (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 Top 10 ordinary shareholders.
- (5) "Shareholding" means the proportion of offshore preference shares held by preferred shareholders to the total number of offshore preference shares.

Dividend Distribution of Preference Shares

According to the resolution and authorization of shareholders' meeting, the Bank considered and approved the Resolution on Proposal of Dividend Distribution of Offshore Preference Shares at the Board meeting dated November 20, 2020. The Bank paid dividends in cash to shareholders of Offshore Preference Shares once a year. Non-cumulative dividend payment method was adopted for Offshore Preference Shares, and shareholders of Offshore Preference Shares shall not participate in the distribution of residual profits with the ordinary shareholders after distribution according to the agreed dividend rate.

In accordance with the relevant laws and regulations, the Bank shall withhold and pay income tax at a rate of 10% when distributing dividends on Offshore Preference Shares. The relevant taxes and fees shall be borne by the Bank, and listed into dividends of Offshore Preference Shares. According to the issuance terms of Offshore Preference Shares, as at December 21, 2020, the Bank distributed US\$45,000,000 of dividends of Offshore Preference Shares, among which: US\$40,500,000 was actually paid to shareholders of Offshore Preference Shares, and income tax of US\$4,500,000 was withheld.

Change in Share Capital and Shareholders

The following table sets forth the Bank's recent distribution of dividends of preference shares:

Type of Offshore Preference Shares	2020	
	Dividend rate	Total dividends (tax inclusive)
Offshore Preference Shares	5.4%	US\$45,000,000

The above dividend distribution plan has been implemented. For details, please refer to the announcement published on the website of the Hong Kong Stock Exchange and the website of the Bank.

Redemption or Conversion of Preference Shares

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

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.

Accounting Policy Adopted for Preference Shares and its Reasons

Pursuant to the requirements of International Accounting Standard 39 – Recognition and Measurement 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.

Directors, Supervisors, Senior Management

10.1 Directors, Supervisors and Senior Management

10.1.1 Basic Information of Directors, Supervisors and Senior Management

10.1.1.1 Directors

Name	Gender	Month and year of birth	Position	Time in role	Number of shares held at the beginning of the period (shares)	Number of shares held at the end of the period (shares)
LIN Jun	Female	August 1963	Secretary to the Party Committee Chairman Executive Director	Since June 2017 Since March 2018 Since March 2018	–	–
RAN Hailing	Male	May 1963	Deputy Secretary of the Party Committee Executive Director President	Since December 2013 Since February 2011 Since April 2013	45,374	45,374
LIU Jianhua	Male	December 1965	Member of the Party Committee Executive Director Vice President	Since February 2013 Since August 2016 Since October 2014	167,975	167,975
WONG Wah Sing	Male	July 1960	Executive Director Chief Risk Officer Chief Anti-money Laundering Officer	Since September 2016 Since September 2016 Since December 2019	–	–
WONG Hon Hing	Male	August 1952	Vice Chairman Non-executive Director	Since July 2007	–	–
DENG Yong	Male	January 1960	Non-executive Director	February 2013 to February 2021	–	–
YANG Yusong	Male	June 1972	Non-executive Director	Since December 2018	1,033	1,033
TANG Xiaodong	Male	April 1970	Non-executive Director	December 2018 to March 2021	–	–
WU Heng	Male	August 1976	Non-executive Director	Since April 2019	–	–

Directors, Supervisors, Senior Management

Name	Gender	Month and year of birth	Position	Time in role	Number of shares held at the beginning of the period (shares)	Number of shares held at the end of the period (shares)
LIU Ying	Female	June 1974	Non-executive Director	Since March 2020	–	–
LIU Xing	Male	September 1956	Independent Non-executive Director	Since March 2020	–	–
WANG Rong	Male	March 1956	Independent Non-executive Director	Since March 2020	–	–
ZOU Hong	Male	October 1969	Independent Non-executive Director	Since March 2020	–	–
FUNG Don Hau	Male	December 1952	Independent Non-executive Director	Since March 2020	–	–
YUAN Xiaobin	Male	August 1969	Independent Non-executive Director	Since May 2020	–	–
<i>Outgoing Directors During The Reporting Period</i>						
LI He	Male	November 1953	Independent Non-executive Director	September 2013 to March 2020	–	–
KONG Xiangbin	Male	February 1970	Independent Non-executive Director	April 2014 to March 2020	–	–
WANG Pengguo	Male	May 1971	Independent Non-executive Director	April 2014 to March 2020	–	–
JIN Jingyu	Male	July 1965	Independent Non-executive Director	April 2014 to May 2020	–	–

Directors, Supervisors, Senior Management

10.1.1.2 Supervisors

Name	Gender	Month and year of birth	Position	Time in role	Number of shares held at the beginning of the period (shares)	Number of shares held at the end of the period (shares)
YANG Xiaotao	Male	August 1963	Member of the Party Committee Chairperson of the Board of Supervisors Employee Supervisor	Since March 2015	–	–
HUANG Changsheng	Male	February 1964	Deputy Secretary of the Party Committee Employee Supervisor Chairman of the Labor Union	Since April 2013	123,451	123,451
YIN Jun	Male	September 1979	Employee Supervisor	Since May 2019	–	–
WU Ping	Male	October 1967	Employee Supervisor	Since December 2019	65,625	65,625
ZENG Xiangming	Male	October 1974	Shareholder Supervisor	Since August 2019	–	–
QI Jun	Male	December 1978	Shareholder Supervisor	Since December 2019	–	–
CHEN Zhong	Male	April 1956	External Supervisor	Since June 2016	–	–
PENG Daihui	Male	October 1954	External Supervisor	Since May 2018	–	–
HOU Guoyue	Male	May 1974	External Supervisor	Since December 2019	–	–

Directors, Supervisors, Senior Management

10.1.1.3 Senior Management

Name	Gender	Month and year of birth	Position	Time in role	Number of shares held at the beginning of the period (shares)	Number of shares held at the end of the period (shares)
RAN Hailing	Male	May 1963	Deputy Secretary of the Party Committee Executive Director President	Since December 2013 Since February 2011 Since April 2013	45,374	45,374
SUI Jun	Male	January 1968	Member of the Party Committee Vice President	Since April 2016 Since June 2017	–	–
LIU Jianhua	Male	December 1965	Member of the Party Committee Executive Director Vice President	Since February 2013 Since August 2016 Since October 2014	167,975	167,975
YANG Shiyin	Female	September 1965	Member of the Party Committee Vice President	Since February 2013 Since October 2014	134,947	134,947
ZHOU Guohua	Male	December 1965	Member of the Party Committee Vice President	Since February 2013 Since October 2014	68,723	68,723
PENG Yanxi	Female	June 1976	Member of the Party Committee Vice President Secretary to the Board	Since October 2015 Since March 2016 Since August 2018	–	–
HUANG Ning	Male	June 1974	Member of the Party Committee Vice President	Since October 2014 Since March 2016	62,162	62,162
WONG Wah Sing	Male	July 1960	Executive Director Chief Risk Officer Chief Anti-money Laundering Officer	Since September 2016 Since September 2016 Since December 2019	–	–

10.1.2 Biographies of Directors, Supervisors and Senior Management

10.1.2.1 *Biographies of Directors*

LIN Jun

Secretary to the Party Committee, Chairman and Executive Director

Ms. LIN Jun has been the Secretary to the Party Committee of the Bank since June 2017 and the chairman and an executive Director of the Bank since March 2018. Ms. LIN is also the chairman of the Strategy and Innovation Committee, a member of each of the Remuneration and Appraisal Committee and Nomination Committee of the Bank.

Ms. LIN served successively as a credit officer of Shipingqiao sub-branch of the People's Bank of China in Jiulongpo district, office officer, deputy chief, senior staff, deputy secretary and deputy director of Chongqing branch of Industrial and Commercial Bank of China Limited, office deputy director, deputy chief of the second banking department, deputy director (in charge of work) and director of non-banking department and director of cooperative department of Chongqing business management department of the People's Bank of China, director of cooperative financial institution regulation department of the Chongqing Bureau of the China Banking Regulatory Commission, deputy director of financial office of Chongqing municipal government, deputy party secretary and deputy director (leading roles of departments or equivalents) of Chongqing State-owned Assets Supervision and Administration Commission.

Ms. LIN obtained an Executive Master of Business Administration degree from Chongqing University in December 2011. Ms. LIN is a senior economist.

RAN Hailing

Deputy Secretary of the Party Committee, President and Executive Director

Mr. RAN Hailing has been an executive Director of the Bank since February 2011, the president of the Bank since April 2013 and the Deputy Secretary of the Party Committee of the Bank since December 2013. Mr. RAN is also the chairman of the Information Technology Guidance Committee, and a member of each of the Strategy and Innovation Committee and the Risk Management Committee of the Bank.

Mr. RAN joined the Bank in March 2003 and served as a member of the Party Committee and vice president of the Bank. Before joining the Bank, Mr. RAN worked as assistant to the president of Southwest Securities Company Limited (西南證券有限責任公司) from December 2002 to March 2003, Party secretary and vice general manager of Fuling office (涪陵辦事處), general manager of Fuling Securities Business Department (涪陵證券營業部) of Sichuan Trust and Investment Corporation (四川省信託投資公司) from March 1993 to December 2002, Party committee member and deputy director of Chongqing Fuling Canned Food Plant (重慶涪陵地區罐頭食品廠) from March 1992 to March 1993, and secretary to the general office and section chief of Chongqing Fuling District Administrative Office (重慶涪陵地區行政公署) from February 1990 to March 1992.

Mr. RAN obtained a diploma in the special basic courses for party and government cadres from Sichuan Radio and TV University in December 1989, a completion certificate of postgraduate class for advanced studies in civil and commercial laws from Southwest University of Political Science and Law in October 2000, and an Executive Master of Business Administration degree from Chongqing University in June 2007. Mr. Ran is an economist.

Directors, Supervisors, Senior Management

LIU Jianhua

Member of the Party Committee, Executive Director and Vice President

Mr. LIU Jianhua has been a member of Party Committee since February 2013, the vice president since October 2014 and an executive Director of the Bank since August 2016. Mr. LIU is also a member of each of the Consumer Protection Committee, the Information Technology Guidance Committee and the Connected Transactions Control Committee of the Bank.

Mr. LIU joined the Bank in December 1996. He had served as deputy manager and manager of Shangqingsi sub-branch of the Bank, manager of Renhe Street sub-branch, employee Supervisor of the second, third and fourth session of the Board of Supervisors, general manager of the corporate banking department and chief executive officer for retail banking business of the Bank. He is currently responsible for management and development of small and micro enterprise banking business, Sannong banking business, retail banking business and credit card business of the Bank.

Prior to joining the Bank, Mr. LIU served as deputy director of Chongqing Chujin Urban Credit Cooperative (重慶儲金城市信用社) from June 1993 to December 1996, and served as a clerk at the Transmission Department and the Savings Office of Chongqing Post Office (重慶市郵政局轉運處及儲匯局) from December 1984 to June 1993.

Mr. LIU obtained an Executive Master of Business Administration degree from Chongqing University in December 2011, and obtained a graduation certificate from the postgraduate course in law of Chongqing Party School of the Chinese Communist Party in June 2001. Mr. LIU is a senior economist. In 2009, he was awarded the title of “Model Worker in Chongqing of the 3rd Session” in the evaluation by Chongqing Municipality People’s Government.

WONG Wah Sing

Executive Director, Chief Risk Officer and Chief Anti-money Laundering Officer

Mr. WONG Wah Sing has been an executive Director and the chief risk officer of the Bank since September 2016 and the chief anti-money laundering officer of the Bank since December 2019. Mr. WONG is also a member of each of the Information Technology Guidance Committee and Consumer Protection Committee of the Bank.

Mr. WONG has served as chief risk supervisor and vice president of Dah Sing Bank (China) Limited from June 2014 to May 2016. Mr. WONG began his career in 1982 and served successively as staff of the credit department, remittance department and export department, deputy manager of the special asset management department, and manager and senior manager of the credit risk department of The Hong Kong and Shanghai Banking Corporation Limited, senior vice president of the special asset management (Greater China region) department of DBS Bank (Hong Kong) Limited, chief supervisor of the special asset management department, chief credit supervisor of the corporate business (East China) department and retail business (North China) department of Standard Chartered Bank (China) Limited, and chief credit officer of Dah Sing Bank (China) Limited.

Mr. WONG obtained membership of The Hong Kong Institute of Bankers in October 2003 and a master degree of Business Administration from the Open University of Hong Kong in June 2011 and completed an advanced course for senior management regarding the bond market in March 2016.

WONG Hon Hing

Vice Chairman and Non-executive Director

Mr. WONG Hon Hing, nominated by Dah Sing Bank, a Shareholder of the Bank, has been the vice chairman and non-executive Director of the Bank since July 2007. Mr. WONG is also the chairman of the Consumer Protection Committee, and a member of the Strategy and Innovation Committee and the Risk Management Committee of the Bank.

Mr. WONG joined Dah Sing Bank in 1977 and currently serves as vice chairman of its board of directors. Between 1977 and 1989, Mr. WONG served as heads of various departments at Dah Sing Bank. He was appointed as an executive director in 1989, promoted to managing director in 2000 and then appointed as vice chairman of the board of directors of Dah Sing Bank in April 2011. He is currently a director of Banco Commercial De Macau, an executive director of Dah Sing Insurance Company (1976) Ltd. (大新保險(1976)有限公司) and the chairman of Dah Sing Bank (China) Co., Ltd. (大新銀行(中國)有限公司).

Mr. WONG is the vice chairman of the board of directors, the managing director and chief executive officer of Dah Sing Banking Group Limited (listed on the Hong Kong Stock Exchange, stock code: 2356), the holding company of Dah Sing Bank. He is also the managing director and chief executive officer of Dah Sing Financial Holdings Limited (listed on the Hong Kong Stock Exchange, stock code: 0440).

Mr. WONG obtained a higher diploma in business studies from the Hong Kong Polytechnic College (now known as Hong Kong Polytechnic University) in October 1977. Mr. WONG is also an associate of The Institute of Bankers (U.K.) and a founding member of The Hong Kong Institute of Bankers and The International Retail Banking Council of the U.K. He has over 40 years of banking experience.

DENG Yong (鄧勇)

Non-executive Directors

Mr. DENG Yong, nominated by Chongqing Yufu, a Shareholder of the Bank, has been a non-executive Director of the Bank from February 2013 to February 2021. Mr. DENG is also a member of each of the Audit Committee and Risk Management Committee of the Bank.

Mr. DENG has been the chief financial officer of Chongqing Yufu from April 2012 to April 2020. Mr. DENG commenced his career in December 1982. He served as a director, the assistant to president and the general manager of the financial asset department of Southwest Securities Company Limited from November 2008 to April 2012, the assistant to president and general manager of the planning and finance department of Southwest Securities Company Limited from August 2008 to November 2008, the assistant to general manager of Yufu from March 2004 to August 2008 (during July 2005, he also served as the manager of finance department), the deputy general manager of the Chongqing Hanwei Road Securities Branch of China Galaxy Securities Co., Ltd. from October 2000 to March 2004, the deputy general manager of the Chongqing Hanwei Road Securities Trading Branch of China Cinda Trust and Investment Co., Ltd. from November 1997 to October 2000, a clerk of Chongqing Securities Business Department of China Cinda Trust and Investment Co., Ltd. From July 1996 to November 1997, a clerk and associate chief officer of China Construction Bank Chongqing Trust and Investment Company (中國建設銀行重慶信託投資公司) from September 1992 to July 1996, a clerk and associate chief officer of Chongqing Branch of China Construction Bank from July 1988 to September 1992, and a teacher of Chongqing No. 31 Middle School from December 1982 to September 1986.

Directors, Supervisors, Senior Management

Mr. DENG served as a director of Chongqing Chuanyi Automation Co., Ltd. (a listed company on the Shanghai Stock Exchange, stock code: 603100) since April 28, 2013 to December 21, 2018, as well as a non-executive director of Chongqing Machinery & Electric Co., Ltd. (a listed company on the Hong Kong Stock Exchange, stock code: 2722) from April 10, 2013 to December 27, 2018.

Mr. DENG obtained a graduation certificate from the Applied Mathematics Department of Chongqing University in July 1982 and obtained a postgraduate certificate from the Applied Mathematics Department of Chongqing University in 1988. Mr. DENG is a senior economist.

YANG Yusong (楊雨松)

Non-executive Directors

Mr. YANG Yusong, nominated by Chongqing Yufu, a Shareholder of the Bank, has served as a non-executive Director of the Bank since December 2018. Mr. YANG is also a member of the Strategy and Innovation Committee of the Bank.

Mr. YANG has been serving as deputy general manager and member of the Party committee of Chongqing Yufu from January 2016 to now. Mr. YANG commenced his career in September 1992. Mr. YANG served as an employee director of Chongqing Yufu from June 2015 to December 2019 (during the period from January 2016 to July 2016, he also served as the head of financial business department). Mr. YANG served as the assistant manager, deputy manager and manager of the investment department, head of the investment management department, head of industrial business department and head of financial business department of Chongqing Yufu from April 2006 to January 2016, the deputy manager of the finance department, the manager of the investment department and assistant general manager of Chongqing Gangjiu Co., Ltd. from October 2003 to April 2006, general manager of Guiyang Hequn Road Office of Huaxia Securities Co., Ltd. from May 2002 to October 2003, the deputy general manager of Chongqing Linjiang Road Office of Huaxia Securities Co., Ltd. from March 2000 to May 2002, the deputy manager of investment banking of Chongqing branch of Huaxia Securities Co., Ltd. from October 1993 to March 2000, and a staff of the finance department of Chongqing Municipal Federation of Trade Unions from September 1992 to October 1993.

Mr. YANG graduated from Chongqing Industry Management College with an associate's degree of accounting in 1992, and from Chongqing University with a master's degree of technological economy and management in 1999. Mr. YANG is a senior economist.

Directors, Supervisors, Senior Management

TANG Xiaodong (湯曉東)

Non-executive Directors

Mr. TANG Xiaodong, nominated by Lifan Industrial (Group) Co., Ltd., a Shareholder of the Bank, has been a non-executive Director of the Bank from December 2018 to March 2021.

As at the end of the reporting period, Mr. TANG served as the president of Chongqing Lifan Holdings Co. Ltd., a director of Lifan Industry (Group) Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 601777), a director of Chongqing Lifan Finance Co., Ltd., a director of Chengdu Mobo Network Technology Co., Ltd., a director of Shanghai Zhongke Lifan Electric Vehicle Co., Ltd. and a director of Hiboridd (Chongqing) Automotive Power Control System Co., Ltd.. Mr. TANG had served as the representative of the Chongqing Commodity Exchange from April 1994 to May 1997. He had served as the department head of Investment Securities Department of Lifan Industrial (Group) Co., Ltd. from January 2000 to December 2003, the general manager of Guangdong Nanjin Futures Brokerage Co., Ltd. from February 2002 to May 2004, the general manager of Bulgarian LEVEE Electric Co., Ltd. from June 2004 to January 2007, and the secretary of the board of directors of Lifan Industrial (Group) Co., Ltd. from February 2007 to October 2017.

Mr. TANG has obtained bachelor degree in economic management from the Logistics College of the People's Liberation Army in June 2014.

WU Heng (吳珩)

Non-executive Directors

Mr. WU Heng, nominated by SAIC Motor Corporation Limited, a Shareholder of the Bank, has been a non-executive Director of the Bank since April 2019. Mr. WU is also a member of the Remuneration and Appraisal Committee and Nomination Committee of the Bank.

Mr. WU currently serves as a general manager of the financial affairs department of SAIC Motor Corporation Limited, and concurrently as a general manager of SAIC Motor Financial Holding Management Co., Ltd.. Mr. WU served successively as a deputy manager and a manager of the planning and finance department as well as a manager of fixed income department of Shanghai Automotive Group Finance Company, Ltd. from March 2000 to March 2005. Mr. WU served successively as a division head, assistant to executive controller and concurrently a manager of the financial accounting division of the finance department of SAIC Motor Corporation Limited from March 2005 to April 2009, the chief financial officer of Huayu Automotive Systems Co., Ltd. (a listed company on the Shanghai Stock Exchange, stock code: 600741) from April 2009 to May 2015, during which he concurrently served as a director and general manager of Huayu Automotive Systems (Shanghai) Co., Ltd. from May 2014 to May 2015.

Mr. WU obtained a bachelor's degree in economics from the department of business administration of Shanghai University of Finance and Economics in June 1997, and a master's degree in management from the department of accounting of Shanghai University of Finance and Economics in January 2000. Mr. WU is a senior accountant.

Directors, Supervisors, Senior Management

LIU Ying (劉影)

Non-executive Directors

Ms. LIU Ying, nominated by Chongqing Road & Bridge Co., Ltd., a Shareholder of the Bank, has been a non-executive Director of the Bank since March 2020. Ms. LIU is also a member of each of the Audit Committee and Consumer Protection Committee of the Bank.

Ms. LIU is currently the president of the general financial management department of Chongqing International Trust Inc. (重慶國際信託股份有限公司), director of Hefei Science & Technology Rural Commercial Bank Company Limited (合肥科技農村商業銀行), Yimin Asset Management Co., Ltd. (益民基金管理有限公司) and Chongqing Three Gorges Asset Management Co., Ltd. (重慶三峽資產管理有限公司). Ms. LIU served successively as deputy business manager, business manager, deputy general manager and general manager of planning and finance department of Chongqing International Trust Inc. from August 2002 to April 2018.

Ms. LIU is a shareholder director of Chongqing Road & Bridge Co., Ltd. (重慶路橋股份有限公司) (a listed company on the Shanghai Stock Exchange, stock code: 600106).

Ms. LIU obtained a bachelor's degree of economics from Dongbei University of Finance & Economics in July 1995. She is a senior accountant and certified public accountant.

LIU Xing (劉星)

Independent Non-executive Directors

Dr. LIU Xing has been an independent non-executive Director of the Bank since March 2020. Dr. LIU is also the chairman of the Audit Committee and a member of each of the Connected Transactions Control Committee, the Remuneration and Appraisal Committee and the Nomination Committee of the Bank.

Dr. LIU is currently a professor and doctoral supervisor at the School of Economics and Business Administration of Chongqing University. Dr. LIU served as head of the Accounting Department of the School of Economics and Business Administration of Chongqing University from June 1993 to August 1998, dean of the School of Economics and Business Administration of Chongqing University from February 2005 to July 2017, and Chinese director of Chongqing University – Wharton Joint Financial Research Center from May 2012 to May 2018. He served as the president of Educational Panel of China Accounting Society from July 2013 to June 2015. He has been a director of Finance and Accounting Research Center of Chongqing University since June 2012, expert of the review panel of the National Social Science Fund Project since November 2013, expert of the review panel of the National Natural Science Foundation Project since July 2014, and the deputy director of the Overseas Academic Exchange Committee of the Accounting Society of China since September 2017. Dr. LIU was a member of the seventh business administration discipline review panel of the Academic Degrees Committee of the State Council, member of the fifth steering committee for education of business administration degree of the Ministry of Education and the member of fourth steering committee for education of business administration degree (accounting) of Ministry of Education.

Dr. LIU is currently an independent director of Chongqing New Dazheng Property Group Co., Ltd. (重慶新大正物業集團股份有限公司), which is a listed company on the SME Board of Shenzhen Stock Exchange (Stock Code: 002968).

Directors, Supervisors, Senior Management

Dr. LIU graduated from Chongqing University in July 1983 with a bachelor's degree in engineering, graduated from Xi'an Jiaotong University in July 1990 with a master's degree in management, and graduated from Chongqing University in July 1997 with a doctorate degree in management. Dr. LIU is a non-practicing certified public accountant and an expert entitled to the special allowances awarded by the State Council.

WANG Rong (王榮)

Independent Non-executive Directors

Mr. WANG Rong has been an independent non-executive Director of the Bank since March 2020. Mr. WANG is also the chairman of the Remuneration and Appraisal Committee, and a member of each of the Nomination Committee, Connected Transactions Control Committee and Risk Management Committee of the Bank.

Mr. Wang served in the army before August 1994. He served as leader of the Discipline Inspection Commission in the Jiulongpo Branch of Chongqing Branch of the Agricultural Bank of China from August 1994 to October 1996. From October 1996 to March 2004, he served as director general and director of Jiulongpo Credit Cooperatives in Chongqing. From March 2004 to June 2008, he served as party committee member and deputy director of Association of Rural Credit Cooperatives in Chongqing. From June 2008 to April 2015, he served as vice president and party committee member of Chongqing Rural Commercial Bank Co., Ltd. From April 2015 to April 2016, he served as first-level senior manager of Chongqing Rural Commercial Bank Co., Ltd.

Mr. Wang graduated from Chongqing Municipal Party School with a bachelor's degree in finance in December 1998. Mr. WANG is a senior economist.

ZOU Hong (鄒宏)

Independent Non-executive Directors

Dr. ZOU Hong has been an independent non-executive Director of the Bank since March 2020. Dr. ZOU is also the chairman of the Connected Transactions Control Committee and a member of the Information Technology Guidance Committee of the Bank.

Dr. ZOU currently serves as a professor of finance at the Faculty of Business and Economics of the University of Hong Kong. Dr. ZOU worked in Chengdu Municipal People's Government Statistics Bureau from August 1991 to July 1995, and the investment banking department of Chengdu Securities Co., Ltd. (now known as Sinolink Securities Co., Ltd.) from May 1998 to January 2000. He was a lecturer of finance in the Department of Accounting and Finance at Cardiff University Business School, the United Kingdom from August 2002 to July 2003. From August 2003 to July 2007, he served as an assistant professor in the department of finance and insurance at Lingnan University in Hong Kong. From August 2007 to July 2013, he worked as an associate professor in the department of economics and finance at City University of Hong Kong. From August 2013 to February 2020, he is an associate professor of finance at the Faculty of Business and Economics of the University of Hong Kong. From March 2020 to now, he is a professor of finance at the Faculty of Business and Economics of the University of Hong Kong.

Dr. ZOU obtained a bachelor's degree in statistics from the School of Management of Fudan University in July 1991, a master's degree in currency banking from Southwestern University of Finance and Economics in June 1998, and a Ph.D. degree in Finance from the European Business Management School of the University of Wales (Swansea) in July 2003.

Directors, Supervisors, Senior Management

FUNG Don Hau (馮敦孝)

Independent Non-executive Directors

Dr. FUNG Don Hau has been an independent non-executive Director of the Bank since March 2020. Dr. FUNG is also the chairman of the Risk Management Committee and a member of each of the Audit Committee, Strategy and Innovation Committee and Information Technology Guidance Committee of the Bank.

Dr. FUNG is currently a senior advisor of China Banking Association, a senior advisor of The Hong Kong Institute of Bankers, an adjunct professor of China Banking and Insurance Regulatory Commission and a contact research fellow of Asian Financial Think Tank under Asian Financial Cooperation Association. Dr. FUNG now also serves as an independent director of Changan Bank. Dr. FUNG served as the manager of the Banking Supervision Department and the Office of the Exchange Fund in the former Banking Supervision Division of the Hong Kong Government from October 1978 to March 1993, and served as senior manager of the former Banking Supervision Department and External Department of the Hong Kong Monetary Authority from March 1993 to December 2012 (during which he was seconded by the Hong Kong Monetary Authority to Bank of England responsible for the banking supervision work from November 1994 to December 1995), and as chairman (2006-2008) of the Advisory Group for Bank Supervisors of Financial Regulators Training Initiative under the former Asia Pacific Economic Cooperation from January 2006 to January 2008 and as member (2008-2012) of the Advisory Group for Bank Supervisors of Financial Regulators Training Initiative under the former Asia Pacific Economic Cooperation. In addition, he also served as adjunct professor of the College of Business and adjunct professor of the College of Economics and Finance of City University of Hong Kong from September 2005 to August 2019.

Dr. FUNG graduated from The Hong Kong Polytechnic University with an advanced diploma in banking in November 1983. He obtained the professional diploma and membership of the Chartered Institute of Bankers in London, United Kingdom in December 1984. He graduated from the Department of Economics and Finance of City University of Hong Kong with a master's degree in banking in November 2004. He graduated from Bulacan State University in Philippines with a Ph.D. in business administration in November 2011.

YUAN Xiaobin (袁小彬)

Independent Non-executive Directors

Mr. YUAN Xiaobin has been an independent non-executive Director of the Bank since May 2020. Mr. YUAN is also the chairman of the Nomination Committee and a member of each of the Audit Committee, Remuneration and Appraisal Committee, Connected Transactions Control Committee and Consumer Protection Committee of the Bank.

Mr. Yuan is currently the chairman of the board of directors of Zhonghao Law Firm, member of the Standing Committee of the Revolutionary Committee of the Chinese Kuomintang, deputy chairman of the Revolutionary Committee of the Chinese Kuomintang Chongqing Municipal Committee, member of the Standing Committee of Chongqing Committee of the Chinese People's Political Consultative Conference (CPPCC), and president of Chongqing Lawyers Association. Mr. Yuan served as a staff member of the Party Committee of the People's Congress of Luzhou City, Sichuan Province from September 1987 to November 1992, a lawyer at Wudu Law Firm from November 1992 to July 1993, deputy director of Sichuan Industry and Commerce Law Firm (四川工商律師事務所) from July 1993 to July 1996, and deputy director of Sichuan Zhonghao Law Firm from July 1996 to April 1997. In addition, he also served as a legal adviser to Chongqing Municipal Committee of the Communist Party of China, decision-making consultant of Chongqing Municipal People's Government, part-time professor of Southwest University of Political Science and Law, and arbitrator of Shanghai International Arbitration Center and China International Economic and Trade Arbitration Commission.

Mr. Yuan graduated from Southwest University of Political Science and Law in July 1991, and graduated from Chongqing University in June 2013 with an Executive Master of Business Administration degree. Mr. Yuan is a first-grade lawyer.

10.1.2. Biographies of Supervisors

YANG Xiaotao (楊小濤)

Member of the Party Committee, Chairperson of the Board of Supervisors and Employee Supervisor

Mr. YANG Xiaotao has joined the Bank since March 2015 and served as a party committee member, chairperson of the Board of Supervisors and employee Supervisor of the Bank.

Mr. YANG Xiaotao worked at Wulong sub-branch of Agricultural Bank of China since November 1979 and held a number of positions including credit officer and chief accountant at Huolu Office, director at Xiangkou Office, chief of industrial and commercial credit section, vice president, party committee secretary and president of the sub-branch. He served as party committee member, vice president and union chairman at Chongqing Fuling Branch of Agricultural Bank of China from August 1998 to July 2002. He was deputy chief of the Corporate Division of Chongqing branch of Agricultural Bank of China from July 2002 to July 2003, and served as party committee secretary and chairman of Chongqing Changshou District Rural Credit Cooperative Union from July 2003 to November 2006. He was a party committee member and deputy director of Chongqing Rural Credit Cooperative Union from November 2006 to June 2008, and party committee member and vice president of Chongqing Rural Commercial Bank Co., Ltd. from June 2008 to February 2015.

Mr. YANG Xiaotao obtained an executive master degree in business administration from Xiamen University in June 2013. Mr. YANG is a senior economist.

Directors, Supervisors, Senior Management

HUANG Changsheng (黃常勝)

Deputy Secretary of the Party Committee, Employee Supervisor and Chairman of the Labor Union

Mr. HUANG Changsheng has been the deputy secretary of the party committee, an employee Supervisor and chairman of the labor union of the Bank since April 2013. Mr. HUANG joined the Bank in September 1996. Mr. HUANG previously served as director of the banking department, director of the credit department and director of the general office of Xiaolongkan sub-branch of the Bank, assistant to manager of Guanyinqiao sub-branch of the Bank, assistant to director, deputy director and director of the general office of the Bank, secretary to the Board and deputy director of the Board's office (in charge), general manager of the human resources department of the Bank, head of the preparation group of Guiyang Branch, secretary of the party committee and president of Guiyang Branch of the Bank and secretary of the commission for discipline inspection of Bank of Chongqing. Prior to joining the Bank, Mr. HUANG worked as director of the credit department of Shapingba Urban Credit Cooperative in Chongqing from February 1994 to September 1996.

Mr. HUANG obtained an Executive Master of Business Administration degree from Chongqing University in December 2012. Mr. HUANG is an economist and a senior political engineer.

YIN Jun (尹軍)

Employee Supervisor

Mr. YIN Jun has been an employee Supervisor of the Bank since May 2019. Mr. Yin joined the Bank in February 2016 and currently serves in the discipline inspection and the deputy leader supervision group of Bank of Chongqing under the Chongqing Commission for Discipline Inspection and Chongqing Supervisory Commission. Prior to that, Mr. Yin served as the Assistant to the Director of the Party Group Work and Supervision Office, Assistant to the Director of the Discipline Inspection and Supervision Department, and Deputy Director, Deputy Director (presiding) and Director of the Discipline Inspection and Supervision Department of the Bank. Prior to joining the Bank, Mr. Yin served as a member of the Secretary of the Office of the Standing Committee of Jiangbei District People's Congress in Chongqing, a member, deputy director and director of the Fourth Inspection Team of the Chongqing Municipal Committee, a director of the Fifth Discipline Inspection and Supervision Office of the Chongqing Municipal Commission for Discipline Inspection, and a deputy director of the Fifth Discipline Inspection and Supervision Office of the Chongqing Municipal Commission for Discipline Inspection.

Mr. Yin obtained a bachelor's degree in international economic law from Southwest University of Political Science and Law in July 2002, and a master's degree in regional economics from Chongqing Party School in July 2007.

WU Ping (吳平)

Employee Supervisor

Mr. WU Ping has been an employee Supervisor of the Bank since December 2019. Mr. Wu is currently the secretary of the party committee and the president of the Liangjiang Branch of the Bank. He served successively as the director of the office and assistant to general manager of the credit card department of Chongqing branch, and president assistant and the secretary member of the party committee of Jiulongpo sub-branch of Agricultural Bank of China from November 1992 to May 2003, and the assistant to the director of office of personal finance of Chongqing branch and the president assistant of Yuzhong sub-branch of Huaxia Bank from June 2003 to April 2004, the deputy general manager of the personal banking department and the president of the Lianglukou sub-branch of Chongqing Commercial Bank from May 2004 to December 2007, and the deputy general manager and general manager of the business department of head office of the Bank from January 2008 to December 2018.

Mr. Wu obtained a bachelor's degree of science from Nanjing Aeronautics Institute (currently the Nanjing University of Aeronautics and Astronautics) in July 1989, and obtained an Executive Master of Business Administration degree from Chongqing University in 2012. Mr. Wu is an economist.

ZENG Xiangming (曾祥鳴)

Shareholder Supervisors

Mr. ZENG Xiangming, nominated by Chongqing Land Group, a Shareholder of the Bank, has been a shareholder Supervisor of the Bank since August 2019.

Mr. ZENG currently serves as the general manager of Chongqing Real Estate Equity Investment Fund Management Co., Ltd. Prior to that, from July 1997 to November 2011, Mr. ZENG served in the Chongqing Branch of the People's Bank of China as the officer of the Foreign Exchange Management Department, the deputy director of the export verification and cancellation section of current account of Chongqing business management department of the People's Bank of China, the deputy director of the International Balance of Payments Department, deputy director of the Foreign Capital Debt Section of the Capital Project Management Office, director of the Foreign Investment Management Section of the Capital Project Management Office, director of the Capital Flow Monitoring Section of the Capital Project Management Office, and the deputy director of the Capital Project Management Office. From November 2011 to December 2013, he served as the deputy director of the Financial Markets Department of the Chongqing Financial Work Office; in December 2013, he served as the compliance manager of the Chongqing Branch of

Standard Chartered Bank; since January 2014, he has been serving as the deputy general manager of Chongqing Real Estate Equity Investment Fund Management Co., Ltd. From October 2020 to now, he served as the general manager of Chongqing Real Estate Equity Investment Fund Management Co., Ltd.

Mr. ZENG obtained a bachelor's degree in international finance from Zhejiang University in June 1997 and a master's degree in business administration from Chongqing University in June 2004.

Directors, Supervisors, Senior Management

QI Jun (漆軍)

Shareholder Supervisors

Mr. QI Jun, jointly nominated by Chongqing Beiheng Investment and Development Co., Ltd. and Chongqing Chuanyi Automation Co., Ltd., Shareholders of the Bank, has been a shareholder Supervisor of the Bank since December 2019.

Mr. QI is currently the deputy manager of the financial department of Chongqing Liang Jiang New Area Industrial Development Group Co., Ltd. (重慶兩江新區產業發展集團有限公司). Mr. QI served as the accountant manager of Chongqing Zhongke Construction Group Co., Ltd. (重慶中科建設集團有限公司) from March 2011 to July 2012, investment accountant of Chongqing Xinghong Education Investment Co., Ltd. (重慶星宏教育投資有限公司) from August 2012 to April 2015, the deputy manager of the audit department of Chongqing Guangtai Investment Group Co., Ltd. (重慶廣泰投資集團有限公司) from May 2015 to December 2016, and since January 2017, he has been serving as the deputy manager of the financial department of Chongqing Liang Jiang New Area Industrial Development Group Co., Ltd. (重慶兩江新區產業發展集團有限公司), as well as the supervisor of Chongqing Beiheng Investment and Development Co., Ltd. (重慶北恒投資發展有限公司), Chongqing Jutai Minsheng Investment and Development Co., Ltd. (重慶聚泰民生投資發展有限公司) and Chongqing Shale Gas Industry Investment Fund Co., Ltd. (重慶頁岩氣產業投資基金有限責任公司).

Mr. Qi obtained a bachelor's degree of infrastructure finance from Military Economics Academy of The Chinese People's Liberation Army in June 2002. He is a senior accountant, auditor and Grade I constructor.

CHEN Zhong (陳重)

External Supervisors

Mr. CHEN Zhong has been an external Supervisor of the Bank since June 2016.

Mr. CHEN has been the deputy chairman of board of directors of Brighstone Investment and Management Co., Ltd. since May 2019, and served as the chairman of board of directors of New China Fund Management Co., Ltd from April 2008 to April 2019. Prior to that, Mr. CHEN served as deputy director and director of the research division of China Enterprise Management Association, director and vice president of China Commerce Association, deputy secretary general of Chongqing Municipal People's Government, and standing deputy president of China Commerce Association.

Mr. CHEN graduated from Jilin University with a bachelor's degree of economics in August 1979, and a master's degree of economics in March 1985. He graduated from Peking University with a doctoral degree of economics in June 2000.

Directors, Supervisors, Senior Management

PENG Daihui (彭代輝)

External Supervisors

Mr. PENG Daihui has been an external Supervisor of the Bank since May 2018.

Mr. PENG successively served as the special member and the deputy chairman of the Ethnic and Religious Affairs Commission of Chongqing Municipal Political Consultative Conference from January 2008 to December 2017. Mr. PENG worked as director of asset liability management department, and vice president and party committee member of Chongqing branch of Agricultural Bank of China from February 2000 to November 2014. Mr. PENG served successively as office deputy director and section chief of agricultural credit section in Nanchong Central Sub-branch, president and party committee secretary of Yuechi sub-branch, vice president and party member of Fuling branch, president and secretary of party committee of Fuling branch of Agricultural Bank of China from January 1984 to January 2000. He served as cashier, accountant and director of Leshan Credit Cooperatives and Yihe Credit Cooperatives in Wusheng County from December 1976 to December 1983. Mr. PENG also served as adjunct professor of School of Civil and Commercial Law, Southwest University of Political Science and Law from January 2007 to December 2010.

Mr. PENG graduated from an undergraduate program, majoring in economics and management, through Correspondence School of Sichuan Provincial Communist Party School in December 1996. He graduated from a postgraduate program in market economics from Chinese Academy of Social Sciences in September 2000. Mr. PENG is a senior economist.

HOU Guoyue (侯國躍)

External Supervisors

Mr. HOU Guoyue has been an external Supervisor of the Bank since December 2019.

Mr. HOU currently is a professor and doctoral supervisor of the Civil and Commercial Law School of Southwest University of Political Science and Law, a research scholar of the Supreme People's Court (2019-2020) and a council member of China Health Law Society (中國衛生法學會), China Behavior Law Association (中國行為法學會理事) and Chongqing Construction and Real Estate Law Research Board (重慶市建築房地產法研究會). Mr. HOU has served successively as a lecturer, associate professor and professor of Southwest University of Political Science and Law since 2003. He served as part-time lawyer of Xinli Law Office in Chongqing (重慶欣力律師事務所) from January 2001 to April 2006 and part-time lawyer of Z&Z Attorneys At Law in Chongqing (重慶志和智律師事務所) from April 2006 to May 2014. He has been a part-time lawyer of K&H Law Firm in Chongqing (重慶坤源衡泰律師事務所) since May 2014.

Mr. HOU graduated from Chongqing University with a bachelor's degree in engineering in 1996, obtained a master of law degree in civil and commercial law from Southwest University of Political Science and Law in July 2002 and a doctor of law degree in civil and commercial law from Southwest University of Political Science and Law in July 2006.

Directors, Supervisors, Senior Management

10.1.2.3 Biographies of Senior Management

For the biographies of Mr. RAN Hailing (冉海陵), Mr. LIU Jianhua (劉建華) and Mr. WONG WahSing (黃華盛), please refer to the section headed“Biographies of Directors” in this annual report.

SUI Jun (隋軍)

Member of the Party Committee and Vice President

Mr. SUI Jun has joined the Bank and been a member of the Party Committee of the Bank since April 2016 and the Vice President of the Bank since June 2017. Mr. SUI currently is responsible for asset preservation, information technology, internet finance, the office work and other business management and development.

Prior to joining the Bank, Mr. SUI was the president and secretary to the Party committee of Chongqing Automotive Finance Co., Ltd. from September 2013 to April 2016. Mr. SUI held several positions at Chongqing Rural Commercial Bank Co., Ltd. from August 2008 to September 2013, including the president of Jiangjin sub-branch, general manager of the sales department of head office, vice president of head office, a member of the Party committee, the secretary to the board of directors and executive director. Mr. SUI was the director-general and secretary to the Party committee of Jiangjin Rural Credit Cooperatives Union of Chongqing from July 2004 to August 2008. Mr. Sui held several positions at China Construction Bank Nanchong branch from September 1994 to July 2004, including general manager and deputy general manager of the sales department.

Mr. Sui attended the Southwestern University of Finance and Economics and obtained a bachelor's degree in Agricultural Finance and Economics in July 1990, and an Executive Master of Business Administration (EMBA) degree from Chongqing University in June 2010. Mr. Sui is currently a senior economist.

YANG Shiyin (楊世銀)

Member of the Party Committee and Vice President

Ms. YANG Shiyin has been a member of the Party Committee since February 2013 and the Vice President of the Bank since October 2014. Ms. YANG joined the Bank in September 2001. She had served as manager of Yangjiaping Sub-branch and manager of Jiefangbei Sub-branch of the Bank. She served as the chief corporate business officer of the Bank from January 2011 to August 2014, responsible for the corporate, trade finance, real estate finance and other businesses of the Bank. During such period, Ms. YANG worked on secondment as deputy director in the Market and Investment Bureau of China Development Bank from March 2011 to December 2011. Ms. YANG is currently responsible for the financial management and credit review management. Prior to joining the Bank, Ms. YANG served as deputy section chief of cashier and currency exchange section and director of banking department of Jiulongpo Sub-branch of Bank of China in Chongqing from May 1989 to September 2001.

Ms. YANG obtained a bachelor's degree in economics from Anhui College of Finance and Economics (now known as Anhui University of Finance & Economics) in August 1987. Ms. YANG obtained an EMBA degree from Economics and Business Administration of Chongqing University in December 2012. Mr. YANG is a senior economist.

Directors, Supervisors, Senior Management

ZHOU Guohua (周國華)

Member of the Party Committee and Vice President

Mr. ZHOU Guohua has been a member of the party committee of the Bank since February 2013 and the Vice President of the Bank since October 2014. Mr. ZHOU joined the Bank in September 2003. He had served as chief and assistant to the director of the office of the Board of Supervisors, deputy manager of Yubei Sub-branch (in charge), and manager of Chongqing Hi-tech Industrial Development Zone Branch, chief and manager of Great Hall Sub-branch and chief operations officer of the Bank. Mr. ZHOU is currently responsible for the management and development of the corporate, trade finance, real estate finance and green financial businesses of the Bank.

Prior to joining the Bank, Mr. ZHOU served as section member and deputy section chief of finance management section (金管科) of Changshou sub-branch of the People's Bank of China from January 1998 to September 2003, and director of banking department of Changshou sub-branch of Agricultural Bank of China from December 1996 to December 1997.

Mr. ZHOU obtained an undergraduate diploma majoring in agriculture and animal husbandry economic management from Sichuan Agricultural University in July 1991. Mr. ZHOU is an assistant economist.

PENG Yanxi (彭彥曦)

Member of the Party Committee, Vice President and Secretary to the Board

Ms. PENG Yanxi has joined the Bank and been a member of the party committee since October 2015, the vice president since March 2016 and the secretary to the Board of Bank since August 2018. Ms. PENG is currently responsible for the management and development of the related work such as the office of the Board, corporate culture and public relations, the Financial Research Institute, institutional development and settlement operations.

Prior to joining the Bank, Ms. PENG served successively as deputy general manager of the human resources department (in charge), general manager of the human resources department, head of the listing office, director of the general office, chief of the board of directors' office and the board of supervisors' office, secretary to the board of directors and party committee member of Chongqing Rural Commercial Bank Co., Ltd. from August 2008 to October 2015. Prior to that, Ms. PENG served successively as an officer in the human resources and education division, deputy division chief of retail banking department and deputy director of the office of Chongqing Rural Credit Cooperative Union from January 2003 to August 2008, during which from January 2006 to July 2006, she served as a part-time deputy general manager of retail business department of Chongqing Branch of China Merchants Bank. She worked as an accountant in business department and a staff in the general office of Chongqing Rural Credit Cooperative Union (Nan'an Branch) from July 1998 to January 2003.

Ms. PENG graduated from Southwest China Normal University with a bachelor's degree in economics in July 1998. Ms. PENG is a senior economist.

Directors, Supervisors, Senior Management

HUANG Ning (黃寧)

Member of the Party Committee and Vice President

Mr. HUANG Ning has been a member of the party committee of the Bank since October 2014 and the vice president of the Bank since March 2016. Mr. HUANG is currently responsible for the management and development of the financial market business, the asset management business, and the administrative and security work.

Mr. HUANG Ning joined the Bank in July 1997 and had successively held various positions, including accountant and client manager of the business department of Daxigou Sub-branch, client manager and assistant to the director of the credit management department, deputy director and director of the general office, manager of the Great Hall Sub-branch, general manager of the organization department of the CPC party committee and human resources department of the Bank from July 1997 to October 2014.

Mr. HUANG obtained an Executive Master of Business Administration degree from Chongqing University in December 2014. Mr. HUANG is an economist.

10.1.3 Changes in Directors, Supervisors and Senior Management

10.1.3.1 Changes in Directors

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.

Directors, Supervisors, Senior Management

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.

On February 22, 2021, Mr. DENG Yong voluntarily resigned from his positions as a non-executive director of the Bank, and a member of each of the risk management committee and the audit committee under the board of directors of the Bank due to retirement.

On March 12, 2021, Mr. TANG Xiaodong voluntarily resigned from his positions as a non-executive director of the Bank due to job redesignation.

During the Reporting Period, the Bank failed to continuously comply with Rule 3.10A of the Hong Kong Listing Rules, which stipulates that the independent non-executive directors shall represent one-third of the board of directors. After the qualification of directorship of Dr. ZOU Hong and Dr. FUNG Don Hau became effective on March 30, 2020, independent non-executive Directors of the Bank represents one-third of the Board, and therefore the Bank has complied with the requirement of Rule 3.10A of the Hong Kong Listing Rules as of the end of the Reporting Period.

10.1.3.2 Changes in Supervisors

During the Reporting Period, there was no changes in supervisors by the Bank.

10.1.3.3 Changes in Senior Management

During the Reporting Period, there was no changes in senior management by the Bank.

Directors, Supervisors, Senior Management

10.1.4 Emolument of Directors, Supervisors and Senior Management

10.1.4.1 Emolument of Directors, Supervisors and Senior Management

Emolument of Directors

(Unit: RMB10,000)

Name	Salaries, allowances and benefits	Prepayment for performance	Discretionary bonuses of previous years	Contribution to pension schemes	Remunerations	Total	Whether to receive remuneration from related parties	Notes
	(Allowances and official vehicle subsidies)	(Pre-assessment of performance of the year)	(Performance of previous years)	(Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the Company)				
<i>Executive directors</i>								
Lin Jun	19.12	19.12	26.00	7.86	–	72.10	No	Approved as Chairman of the Board by Chongqing CBIRC on 9 March 2018, paid since April 2018
Ran Hailing	19.12	19.12	34.67	8.18	–	81.09	No	
Liu Jianhua	19.14	15.30	30.35	8.00	–	72.79	No	
Wong Wah Sing	15.30	15.30	29.78	0.30	–	60.68	Yes	
<i>Non-executive directors</i>								
Wong Hon Hing	–	–	–	–	14.05	14.05	Yes	
Deng Yong	–	–	–	–	8.40	8.40	Yes	No longer served as Non-executive director since 22 February 2021
Yang Yusong	–	–	–	–	9.60	9.60	Yes	
Tang Xiaodong	–	–	–	–	7.05	7.05	Yes	No longer served as Non-executive director since 12 March 2021
Wu Heng	–	–	–	–	–	–	Yes	According to the requirement of SAIC Motor Corporation Limited, the nominating shareholder, no emolument will be paid.
Liu Ying	–	–	–	–	8.83	8.83	Yes	Approved as Non-executive director by Chongqing CBIRC on 3 March 2020

Directors, Supervisors, Senior Management

(Unit: RMB10,000)

Name	Salaries, allowances and benefits	Prepayment for performance	Discretionary bonuses of previous years	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the Company)	Remunerations	Total	Whether to receive remuneration from related parties	Notes
	(Allowances and official vehicle subsidies)	(Pre-assessment of performance of the year)	(Performance of previous years)					
<i>Independent Non-executive directors</i>								
Liu Xing	-	-	-	-	15.63	15.63	Yes	Approved as Independent Non-executive director by Chongqing CBIRC on 3 March 2020
Wang Rong	-	-	-	-	15.45	15.45	No	Approved as Independent Non-executive director by Chongqing CBIRC on 3 March 2020
Zou Hong	-	-	-	-	12.28	12.28	No	Approved as Non-executive director by Chongqing CBIRC on 30 March 2020
Fung Don Hau	-	-	-	-	15.43	15.43	Yes	Approved as Non-executive director by Chongqing CBIRC on 30 March 2020
Yuan Xiaobin	-	-	-	-	12.27	12.27	Yes	Approved as Non-executive director by Chongqing CBIRC on 9 May 2020
<i>Outgoing directors during the reporting period</i>								
Li He	-	-	-	-	2.90	2.90	Yes	No longer served as Independent Non-executive director since 3 March 2020
Wang Pengguo	-	-	-	-	3.07	3.07	Yes	No longer served as Independent Non-executive director since 3 March 2020
Kong Xiangbin	-	-	-	-	3.63	3.63	Yes	No longer served as Independent Non-executive director since 30 March 2020
Jin Jingyu	-	-	-	-	6.43	6.43	Yes	No longer served as Independent Non-executive director since 9 May 2020

Directors, Supervisors, Senior Management

Emolument of Supervisors

(Unit: RMB10,000)

Name	Salaries, allowances and benefits (Allowances and official vehicle subsidies)	Prepayment for performance (Pre-assessment of performance of the year)	Discretionary bonuses of previous years (Performance of previous years)	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the Company)	Remunerations	Total	Whether to receive remuneration from related parties	Notes
<i>Employee supervisor</i>								
Yang Xiaotao	23.92	19.12	32.91	8.18	-	84.13	No	-
Huang Changsheng	19.14	15.30	30.29	8.00	-	72.73	No	-
Yin Jun	21.71	45.12	28.23	7.66	-	102.72	No	Served as Supervisor since 23 May 2019
Wu Ping	25.31	49.77	73.81	7.74	-	156.63	No	Served as Supervisor since 9 December 2019
<i>Shareholder supervisor</i>								
Zeng Xiangming	-	-	-	-	-	6.20	Yes	-
Qi Jun	-	-	-	-	-	6.10	No	-
<i>External supervisor</i>								
Chen Zhong	-	-	-	-	-	7.90	Yes	-
Peng Daihui	-	-	-	-	-	10.40	No	-
Hou Guoyue	-	-	-	-	-	8.40	Yes	-

Directors, Supervisors, Senior Management

Emolument of Senior Management

(Unit: RMB10,000)

Name	Salaries, allowances and benefits	Prepayment for performance	Discretionary bonuses of previous years	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the Company)	Remunerations	Total	Whether to receive remuneration from related parties	Notes
	(Allowances and official vehicle subsidies)	(Pre-assessment of performance of the year)	(Performance of previous years)					
Ran Hailing	19.12	19.12	34.67	8.18	-	81.09	No	-
Sui Jun	19.14	15.30	30.68	7.98	-	73.10	No	-
Liu Jianhua	19.14	15.30	30.35	8.00	-	72.79	No	-
Yang Shiyin	19.14	15.30	30.21	8.00	-	72.65	No	-
Zhou Guohua	19.14	15.30	30.31	8.00	-	72.75	No	-
Peng Yanxi	19.14	15.30	30.35	7.96	-	72.75	No	-
Huang Ning	19.14	15.30	30.38	7.96	-	72.78	No	-
Wong Wah Sing	15.30	15.30	29.78	0.30	-	60.68	Yes	-

- Note:
1. The total remuneration packages (including discretionary bonus) for some of the above directors, supervisors and officers for the year ended December 31, 2020 have not yet been finalised in accordance with relevant regulations of the relevant authorities in PRC. The amount of the remuneration not provided for is not expected to have any significant impact on the Group's consolidated financial statements for the year ended December 31, 2020.
 2. According to relevant requirements of SAIC Motor Corporation Limited on part-time jobs of leaders, and as confirmed by Mr. WU Heng, he will not receive any remuneration for acting as a non-executive Director of the Bank. Also, there is no arrangement in which other Directors of the Bank have waived or agreed to waive any emoluments.
 3. The employee representative supervisors of the Bank do not receive remuneration as employee representative supervisors.

The Board authorized the Remuneration and Appraisal Committee of the Board to formulate the remuneration criteria for the shareholders' directors and independent non-executive directors of the Bank and to arrange detailed implementation. The remuneration of the non-executive directors and independent non-executive directors was determined pursuant to the Resolution on the Remuneration Criteria of the Fourth Session of Non-Executive Directors and Non-Employee Supervisors as considered and approved at the 2010 Annual General Meeting convened on April 29, 2011 and the Resolution on the Payment of Variable Remuneration of the External Directors and Shareholders' Supervisors of the Bank as considered and approved at the 2015 Annual General Meeting convened on June 17, 2016.

Directors, Supervisors, Senior Management

The remuneration policy of non-employee Supervisors of the Bank is subject to the consideration and approval at the general meetings. The remuneration of the non-employee Supervisors was determined pursuant to the Resolution on the Remuneration Criteria of the Fourth Session of Non-Executive Directors and Non-Employee Supervisors as considered and approved at the 2010 Annual General Meeting convened on April 29, 2011 and the Resolution on the Payment of Variable Remuneration of the External Directors and Shareholders' Supervisors of the Bank as considered and approved at the 2015 Annual General Meeting convened on June 17, 2016.

The Board authorized the Remuneration and Appraisal Committee of the Board to formulate the appraisal standards for the Directors and senior management of the Bank and to arrange detailed implementation. The remuneration of the senior management of the Bank was determined pursuant to the Assessment Measures on the Performance of Duties of the Senior Management of the Board of Bank of Chongqing Co., Ltd., the Administrative Measures on Remuneration for Leading Team of Bank of Chongqing (Interim Measures) and other systems.

10.2 Details of employees

10.2.1 Number and composition of employees

As of December 31, 2020, the Bank had a total of 4,401 regular employees, 3385 of whom held bachelor's degree or above, representing 76.92% of all the Bank's regular employees. In addition, the Bank had 349 dispatch workers, 62 internally retired employees and 243 retired employees. Furthermore, our subsidiaries had 144 regular employees, including 76 employees in Xinyu Financial Leasing and 68 employees in Xingyi Wanfeng.

The following table sets forth the composition of the Bank's regular employees.

Item	Number of employees	Percentage (%)
<i>Composition of professions</i>		
Supporting	644	14.63
Risk control	362	8.23
Operation	857	19.47
Business development	1,270	28.86
Information Technology	133	3.02
Management	1,135	25.79
<i>Educational background</i>		
Master's degree or above	640	14.54
Bachelor's degree	3,385	76.92
College's degree or below	376	8.54
<i>Range of ages</i>		
30 and below	1,040	23.63
31-40	2,298	52.22
41-50	856	19.45
51 and above	207	4.70
Total	4,401	100.00

10.2.2 Overall management of human resources

The Bank proactively improved its relationship with employees to reduce the exposure to labor 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 motivate its employees and protect their interests in a proactive way. Meanwhile, the Bank sticks to the principle of fixed position, fixed schedule, fixed staff, 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 in turn, promoting enhancement through management.

10.2.3 Employee Remuneration Policy

In order to enhance and improve its incentive and restraint mechanisms, achieve corporate strategies, enhance organizational performance, and restrain operating risks, the Bank follows the remuneration management principles of “sticking to strategic orientation, reflecting performance, restraining risks, maintaining internal fairness, and adapting to markets”, and insists on the remuneration concept of “position and labour-based salary”.

10.2.4 Training and development of employees

Closely focusing on its strategic development plan, the Bank established the College of Bank of Chongqing, which provided an intellectual platform for managing knowledge, training talents and enhancing market competitiveness. The Bank adheres to the mission of serving the development strategy of the Bank, the vision of promoting high-quality development, and the target of training high-quality talents. With 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. With two core resources of courses and teachers as the starting point, the Bank introduced a variety of mixed training techniques by building online training and learning platforms. Through constantly enriching the training resources and innovating training mechanisms, the Bank has preliminarily set up a multiple dimension and level-and-category based employee training and development system, to keep promoting the overall standard of all the employees, thus building the Bank’s advantages in talent competition.

Directors, Supervisors, Senior Management

10.3 Branch Outlets

Item	Number of branches	Number of employees	Asset scale (RMB100 million)	Business address
Head Office	–	978	2,910.97	No. 6 Yongpingmen Street, Jiangbei District, Chongqing
Liangjiang Branch	8	217	230.38	No. 52 Middle Section of Huangshan Avenue, Yubei District, Chongqing
Other institutions in Chongqing Region:	110	2,228	1,883.69	Please refer to Chapter XVI “List of Branch Outlets” for details.
Chengdu Branch	12	393	185.22	North Building, New Tianfu International Centre, No. 99 Tianfu Second Street, Hi-Tech District, Chengdu
Xi’an Branch	9	283	209.60	1/F to 3/F, Building 2, Yinhe Xinzubiao Building, No. 25 Tangyan Road, Xi’an
Guiyang Branch	6	302	196.55	1/F to 3/F, Building II, Shengshi Huating, No.51 Jiefang Road, Nanming District, Guiyang
Total	145	4,401	5,616.41	–

Corporate Governance Report

The Bank is committed to building a high-level corporate governance. In strict accordance with relevant laws and regulations, including the Company Law of the People's Republic of China, the Law of the People's Republic of China on Commercial Banks, and the Securities Law of the People's Republic of China, the listing rules of stock exchanges on which the Bank was listed as well as the corporate governance practices of the Bank, we continued to optimize our corporate governance structure and improve our corporate governance system.

During the Reporting Period, the Bank strove to improve the transparency of corporate governance to safeguard shareholders' interests and enhance its enterprise value and commitment. The Bank also strictly complied with the provisions of relevant laws and regulations and the Listing Rules governing management of insider information, amended the Articles of Association, adjusted the composition of the Board and its special committees, and conducted performance appraisals on the Board, senior management and their members. The Bank further upgraded its standards of information disclosure and standardized its work on management of investor relations to enhance the transparency and corporate governance standards of the Bank.

Save as disclosed in the section headed "Directors, Supervisors and Senior Management – Changes in Directors, Supervisors and Senior Management", during the Reporting Period, the Bank strictly complied with the code provisions in the Corporate Governance Code (the "Code") set out in Appendix 14 to the Hong Kong Listing Rules, and adopted the recommended best practices as specified therein where appropriate.

11.1 General Meeting

11.1.1 Duties and Responsibility of the Board

The general meeting of shareholders is an organ of power in the Bank which performs the following functions and powers according to law:

- (1) to decide the Bank's business policy and investment plans;
- (2) to elect and replace directors and decide on matters related to the remuneration of such directors;
- (3) to elect and replace supervisors served by representatives of shareholders, and decide on matters related to the remuneration of supervisors;
- (4) to examine and approve the report of the Board of Directors;
- (5) to examine and approve the report of the Board of Supervisors;
- (6) to examine and approve the Bank's annual financial budget and its final accounts;
- (7) to examine and approve the Bank's plans for profit allocation and loss recovery;
- (8) to adopt a resolution on increase or decrease in the Bank's registered capital;
- (9) to adopt resolutions on matters involving merger, separation, dissolution and liquidation of the Bank;
- (10) to make a resolution on the issuance of the Bank's bonds;

Corporate Governance Report

- (11) to adopt resolutions on the hiring or firing or discontinuing the appointment of an accounting firm;
- (12) to amend the Articles of Association;
- (13) to examine and approve proposals made by the shareholders representing more than 3% of the voting shares in the Bank;
- (14) to examine and approve the matters of providing guarantee for shareholders and de facto controllers;
- (15) to examine and approve the purchase or sale of material assets or guarantee amounts for financing accounting of or more than 30% of the Bank's latest audited total assets;
- (16) to examine and approve financing guarantees provided to any guaranteed party whose debt to assets ratio is higher than 70%;
- (17) to examine and approve any single financing guarantee with an amount exceeding 10% of the latest audited net assets value of the Bank;
- (18) to examine and approve connected transactions which shall be approved by the shareholders general meeting in accordance with laws, administrative regulations, rules and provisions of the securities regulatory authority of the places where the shares of the Bank are listed.
- (19) to examine and approve changes in the use of proceeds;
- (20) to examine and approve the equity incentive plan;
- (21) to determine the issuance of preference shares; to determine or authorize the Board of Directors to determine the matters relating to the issuance of preference shares by the Bank, including but without limitation to redemption, conversion and dividend distribution etc.;
- (22) other matters which should be determined by the general meeting of shareholders in accordance with the laws, administrative regulations as well as the Articles of Association.

11.1.2 Information of General Meetings

In 2020, the Bank held one annual general meeting and one Shareholders' class meeting, details of which are set out below:

On May 13, 2020, the Bank held the 2019 Annual General Meeting, the first domestic shareholders' class meeting of 2020 and the first H shareholders' class meeting of 2020, respectively. The 2019 Annual General Meeting mainly considered and approved the 7 ordinary resolutions, including the report of the Board of Directors of the Bank for 2019, the report of the Board of Supervisors of the Bank for 2019, the annual report of the Bank for 2019, the financial budget proposal of the Bank for 2020, the final financial accounts of the Bank for 2019, the profit distribution plan of the Bank for 2019, the re-appointment of external auditors of the Bank for 2020, and 3 special resolutions, including the extension of validity period of the resolution relating to A shares offering and the authorization to the board of directors of the Bank, amendments to the Articles of Association of the Bank and amendments to the Articles of Association and formulation of the draft Articles of Association which shall be applicable and effective upon A Share Listing, and amendments to the Procedural Rules for General Meetings of the Bank

The 2020 first Shareholders' class meeting was divided into H Shareholders' class meeting and domestic Shareholders' class meeting, each of which considered and approved special resolutions of the extension of validity period of the resolution relating to A shares offering and the authorization to the board of directors of the Bank

The above general meeting and class meetings were convened in compliance with the relevant legal procedures pursuant to the relevant laws and regulations.

11.2 The Board of Directors

11.2.1 Responsibilities of the Board

The responsibilities of the Board mainly include, but not limited to, the following:

- (1) convening general meetings and reporting its performance to general meetings;
- (2) implementing the resolutions adopted by the shareholders' general meetings;
- (3) deciding on operational plans, investment proposals and development strategy of the Bank;
- (4) formulating the proposed annual preliminary and final financial budgets of the Bank;
- (5) formulating profit distribution plans and plans for recovery of losses of the Bank;

Corporate Governance Report

- (6) formulating proposals for increase in, or reduction of the Bank's registered capital, issuance of bonds or other securities and listing plans;
- (7) formulating proposals for major acquisitions, share purchase, mergers, separation, dissolution or change in corporate form of the Bank;
- (8) deciding on external investments, acquisition and disposal of assets, pledges of assets, trust asset management and material connected transactions of the Bank within the authorities authorized by the general meeting;
- (9) examining and approving any financial guarantee to be provided by the Bank when the total amount of external financing guarantees of the Bank is greater than 10% but less than or equal to 30% of the Bank's latest audited total assets;
- (10) deciding on establishment, dissolution and merger of the Bank's internal management departments and branches. The Board may delegate the rights of setting up, dismantling and merging the internal management organs of the Bank to the Strategy and Innovation Committee of the Bank;
- (11) appointing or removing the president and the secretary to the Board; appointing or removing vice presidents, the chief financial officer, the chief executive officer and other senior management based on the recommendations of the president, and deciding on matters relating to their emoluments and their rewards and punishments;
- (12) supervising the senior management's performance of their duties to ensure that senior management are effectively fulfilling their management responsibilities;
- (13) establishing the Bank's basic management system, and conducting regular evaluations to improve corporate governance of the Bank;
- (14) formulating the Bank's policies on risk management and internal control;
- (15) formulating proposals for any amendments to the Articles of Association of the Bank;

- (16) managing information disclosure matters and assuming ultimate responsibility for completeness and accuracy of the accounting and financial reporting system of the Bank;
- (17) proposing appointment or change of auditors of the Bank at the shareholders' general meetings;
- (18) reviewing the work report of the president and assessing his performance;
- (19) reviewing the Bank's development strategy on a regular basis and supervising its implementation, managing the Bank's capital base, and assuming ultimate responsibility for the capital adequacy ratio management;
- (20) making decisions on matters relating to external donations;
- (21) exercising other duties and powers prescribed by the laws, administrative regulations, department rules or the Articles of Association of the Bank or conferred by the general meetings.

11.2.2 Implementation of Resolutions of General Meetings by the Board

During the Reporting Period, the Board of the Bank strictly implemented the resolutions of general meetings and the matters entrusted by general meetings, and earnestly implemented the proposals considered and approved at the general meeting regarding the 2019 profit distribution plan, the re-appointment of external auditors for the year of 2020 and the amendments to the Articles of Association.

11.2.3 Chairman and President

The roles and functions of the Chairman and the President of the Bank are carried out by different persons to comply with the suggestions of the Listing Rules. The roles of the Chairman and the President are separated with a clear division of responsibilities.

The Chairman of the Bank is the legal representative of the Bank and responsible for presiding over the Board and formulating development strategic planning, to ensure that the Board works effectively and timely considers all significant matters.

The President of the Bank is responsible for business development and overall operation and management of the Bank. The President is appointed by and accountable to the Board, and shall perform his duties in accordance with the Articles of Association and authorization of the Board. The senior management led by the President is responsible for day-to-day operation and management.

Corporate Governance Report

11.2.4 Composition of the Board

As at the end of the Reporting Period, the Board of the Bank comprised a total of 15 Directors, including 4 executive Directors, namely, Ms. LIN Jun (Chairman), Mr. RAN Hailing (President), Mr. LIU Jianhua and Mr. WONG Wah Sing; 6 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 5 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 the Bank has set up eight special committees. Please refer to “11.2.15 Special Committees under the Board” for details.

The diversity policy of the Board is summarized as follows:

The Board believes that a Board of Directors with a diverse composition will enable the Bank to, in a more efficient manner, improve the work quality of the Board, understand and meet customers’ needs and enhance decision-making ability of the Board. In selecting candidates, the Board and the Nomination Committee consider a large number of factors including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge and years of service, in order to achieve the diversity of members of the Board. The Nomination Committee reports annually on the composition of the Board from the perspective of diversity, and monitors the implementation of this policy.

As at the end of the Reporting Period, the Board comprises 15 Directors, including 2 females, 3 persons who are ordinarily resident in Hong Kong, 2 persons who have expertise in finance, 2 professors from renowned colleges and universities, and one senior lawyer. The Board is diverse in terms of gender, nationality, professional background and skills of its members.

The list of Directors (by category of Directors) was disclosed in all corporate communications issued by the Bank in accordance with the Listing Rules.

The Board is responsible for developing the management system and monitoring the decisions on business and financial strategies, results and other matters of the Bank, and reports to the general meeting. Meanwhile, the Board has delegated to the management the powers and duties for management of the Bank. In addition, the Board has also defined respective terms of reference of the Special Committees. Details of such committees are set out in this report.

The Board is also responsible for performing corporate governance functions. During the Reporting Period, the Board performed the corporate governance functions as set out in code provision D.3.1 of the Code.

11.2.5 Changes in Directors

Please refer to the section headed “Directors, Supervisors and Senior Management – Changes in Directors, Supervisors and Senior Management” of this annual report for details of changes in Directors.

11.2.6 Operation of the Board

The Board of the Bank shall convene regular board meetings at least once for every quarter. Board meetings may be convened by way of on-site meetings or written resolutions. Agenda for a regular meeting of the Board is prepared after consulting Directors and the Board paper and relevant materials for such meeting are usually circulated to all Directors and Supervisors 14 days prior to the date of such meeting. All Directors maintain communication with the secretary to the Board and the secretary to the Bank to ensure compliance with the procedures of Board and all applicable rules and regulations.

Directors can express their opinions freely at board meetings, and major decisions are made after detailed discussions. A Director shall abstain from discussion and voting at a Board meeting on any proposal in which he is materially interested, and shall not be counted in the quorum for such proposal. Detailed minutes of Board meetings are maintained, and minutes are circulated to all attending directors for review after the meeting. Directors that have attended the meetings will provide comments for modification after receiving the minutes, and sign for confirmation. The minutes will be circulated by the secretary to the Board to all directors as soon as it is finalised. The minutes of Board meetings are kept by the secretary to the Board of Directors and are available for inspection by Directors at any time.

A communication and reporting mechanism has been established among the Board, Directors and senior management of the Bank. The President reports regularly to and is overseen by the Board. Members of senior management attend board meetings to provide explanations and answers to inquiries.

The Board has set up an office as its working body, which is responsible for preparation and implementation of general meetings, Board meetings and meetings of the special committees under the Board as well as strategic planning, corporate governance, foreign investment management, connected transaction management, equity management, investor relations management, information disclosure and other routine matters.

11.2.7 Appointment of Directors

The Directors (including non-executive Directors) are appointed for a term of three years, and are eligible for re-election upon expiry of their term of office. Independent non-executive Directors are appointed for a term of three years, and shall handle the service matters as required by the relevant banking regulatory authorities in PRC upon expiry of terms. Independent non-executive Directors shall not serve for over six years in aggregate at the same commercial bank.

Corporate Governance Report

11.2.8 Board Meetings

During the Reporting Period, the Board convened 19 meetings in total (including 10 written resolutions and 9 on-site/video meetings), at which 105 proposals were considered and approved, including amendments to relevant corporate governance documents, financial reports and profit distribution, 56 reports were considered and 3 matters were reported.

Attendance records of the Directors at the Board meetings, meetings of the special committees under the Board and general meetings held in 2020 (Directors who were involved in connected transactions and required to abstain from voting at the relevant meetings are deemed as present) are set out below:

Members of the Board	Attendance in person/by proxy/required (number of times)									
	The Board	Audit Committee	Nomination Committee	Remuneration and Appraisal Committee	Strategy and Innovation Committee	Risk Management Committee	Connected Transactions Control Committee	Information Technology Guidance Committee	Consumer Protection Committee	General Meeting
Executive Directors										
LIN Jun	19/0/19		2/0/2	5/0/5	12/0/12					2/0/2
RAN Hailing	19/0/19				12/0/12	11/0/11		4/0/4		2/0/2
LIU Jianhua	16/3/19						12/0/12	4/0/4	3/0/3	2/0/2
WONG Wah Sing	19/0/19							4/0/4	3/0/3	2/0/2
Non-executive Directors										
WONG Hon Hing	19/0/19				12/0/12	11/0/11			3/0/3	2/0/2
DENG Yong	10/8/19	10/0/10				11/0/11				2/0/2
YANG Yusong	17/2/19				12/0/12					2/0/2
TANG Xiaodong	15/0/19									2/0/2
WU Heng	19/0/19		2/0/2	5/0/5						2/0/2
LIU Ying	15/1/16	9/0/9							3/0/3	
Independent non-executive Directors										
LIU Xing	16/0/16	9/0/9	2/0/2	4/0/4			11/0/11			2/0/2
WANG Rong	16/0/16		2/0/2	4/0/4		9/0/9	11/0/11			2/0/2
ZOU Hong	14/0/14						10/0/10	4/0/4		2/0/2
FUNG Don Hau	14/0/14	8/0/8			10/0/10	9/0/9		4/0/4		2/0/2
YUAN Xiaobin	10/1/11	6/0/6	2/0/2	3/0/3			8/0/8		3/0/3	2/0/2
Resigned directors during the Reporting Period										
LI He	3/0/3	1/0/1			1/0/1	2/0/2	1/0/1			0/0/0
WANG Pengguo	3/0/3	1/0/1		1/0/1		2/0/2	1/0/1			0/0/0
KONG Xiangbin	5/0/5			1/0/1			2/0/2			0/0/0
JIN Jingyu	8/0/8	4/0/4		2/0/2			4/0/4			2/0/2

Notes:

- For details of changes in Directors, please refer to "Changes in Directors" above.
- Attendance in person includes participation by way of on-site attendance as well as electronic means such as telephone and online video conference.

11.2.9 Independent Non-executive Directors

During the Reporting Period, the composition of the Board at all times met the requirements of Hong Kong Stock Exchange regarding the appointment of at least three independent non-executive Directors, with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

On March 3, March 30, May 9, 2020, the Chongqing CBIRC approved the qualification of Dr. LIU Xing, Mr. WANG Rong, Dr. ZOU Hong, Dr. FUNG Don Hau and Mr. YUAN Xiaobin respectively for serving as independent non-executive Directors of the Bank. The term of office of the five independent non-executive Directors commenced from the date of such approval, and will end upon the expiry of the Sixth Session of the Board. Therefore, independent non-executive Directors of the Bank represent one-third of the Board, in effective compliance with the requirement of Rule 3.10A of the Listing Rules.

The independent non-executive Directors of the Bank do not have any business or financial interests, or hold any management positions, in the Bank. All the current independent non-executive Directors are elected and appointed for a term of three years, and shall handle the service matters as required by the relevant banking regulatory authorities in PRC upon expiry of terms. Independent non-executive Directors shall not serve at the same commercial bank for over six years in aggregate.

The Bank has received the annual confirmation from each independent non-executive Director confirming his/her independence. The Bank considers that all independent non-executive Directors are independent.

The Bank valued the opinions and suggestions from independent non-executive Directors and held a symposium between Chairman and independent non-executive Directors during the year to communicate on the business development of the Bank.

For information on the performance of independent non-executive directors' duties, please refer to the Duty Performance and Mutual Evaluation Report of Independent Director for 2020 issued on March 31, 2021 by the Bank.

11.2.10 Directors' Responsibility for Preparation of Financial Statements

The Directors have acknowledged their responsibility for preparing the financial statements of the Bank for the year ended December 31, 2020.

The Directors are responsible for overseeing the preparation of financial statements for each accounting period to make sure that such financial statements give a true and fair view of the financial conditions, operating results and cash flows of the Bank. In preparing the financial statements for the year ended December 31, 2020, the Directors have adopted and consistently applied applicable accounting policies, and exercised prudent and reasonable judgment.

Corporate Governance Report

11.2.11 Continuous Professional Development Program for Directors

Each newly appointed Director should receive a comprehensive, formal and tailored induction upon his/her first appointment, to ensure that he/she has a proper understanding of the operations and business of the Bank and that he/she is fully aware of his/her duties and responsibilities under the Listing Rules, applicable laws and regulatory rules.

Training for the Directors shall be carried out on an ongoing basis. The Bank encourages all Directors to participate in continuous professional development, to develop and update their knowledge and skills. During the Reporting Period, the Board of Directors of the Bank arranged all directors to participate in trainings on the latest compliance and management requirements in relation to anti-money laundering, and the liability insurance for directors, supervisors and senior management in the A-share capital market. The Bank provided the Directors with updates on the Listing Rules and other applicable regulatory requirements from time to time, to ensure that the Directors will make their contribution to the Board with informed and relevant information, abide by the Code and enhance their awareness of sound corporate governance practices.

During the Reporting Period, the Board of Directors of the Bank organized directors to participate in the following training and research activities.

On October 29, 2020, the Bank organized directors to participate in the training on “New Requirements for Anti-Money Laundering Compliance and Management in the New Trend”;

On October 29, 2020, the Bank organized directors to participate in the training on “Regulatory Trends of A-Share Capital Market and Stock Trading Regulations for Directors, Supervisors, and Senior Management”; and

On October 29, 2020, the Bank organized directors to participate in the training on “Liability Insurance for Directors, Supervisors, and Senior Management”.

11.2.12 Delegation of Power by the Board

The Board and the senior management led by the President exercise their respective powers in accordance with their responsibilities as set out in the Articles of Association.

Apart from implementing resolutions of the Board, the senior management takes charge of the daily operation and management of the Bank. Major capital expenditure projects should be approved by the Board through the annual budget proposal and then be implemented. Any projects that are either not included in the budget proposal, or included in the budget proposal but without detailed expenditures, will be decided by the President with the authorization by the Board. Such other matters delegated by the Board to the management include non-inter-bank self-operated business, inter-bank self-operated business, intermediary business, acquisition of fixed assets, commodity and service purchase, disposal of assets, write-off of assets, transfer of assets, mortgage of assets, external financing guarantee, related party transactions, donations to external bodies, mobilization and use of funds and establishment of departments, provided that the amount of such transaction does not exceed a certain limit. For details, please refer to the section headed “Responsibilities of the Board” in the Corporate Governance Report of this annual report.

11.2.13 Corporate Governance Functions of the Board

The Board is responsible for ensuring the Bank to establish sound corporate governance practices and procedures. During the Reporting Period, the Board has:

1. formulated and reviewed the Bank's corporate governance policies and practices, and made recommendations;
2. reviewed and monitored the training and continuous professional development of Directors and senior management members;
3. reviewed and monitored the Bank's policies and practices in respect of compliance with laws, regulations and regulatory requirements;
4. formulated, reviewed and monitored the codes of conduct for Directors and employees;
5. reviewed compliance with the Code and the disclosures in the Corporate Governance Report of the Bank.

11.2.14 Company Secretary

The Bank appointed Ms. HO Wing Tsz Wendy from Tricor Services Limited, an external service provider, as the company secretary of the Bank, and Mr. Wong Wah Sing (executive director) was the chief contact person for the external company secretary. Ms. HO Wing Tsz Wendy complied with the requirements under Rule 3.29 of the Listing Rules by receiving relevant professional training for not less than 15 hours for the year ended December 31, 2020.

11.2.15 Special Committees under the Board

The Board of the Bank has set up eight special committees: Strategy and Innovation Committee, Audit Committee, Remuneration and Appraisal Committee, Nomination Committee, Risk Management Committee, Information Technology Guidance Committee, Connected Transactions Control Committee and Consumer Protection Committee. The special committees under the Board have operated in accordance with their respective terms of reference defined by the Board and the working rules of each special committee.

Strategy and Innovation Committee

As at the end of the Reporting Period, the Bank's Strategy and Innovation Committee consisted of 5 Directors, including Ms. LIN Jun as chairman; Mr. RAN Hailing, Mr. WONG Hon Hing, Mr. YANG Yusong and Dr. FUNG Don Hau as members.

The primary duties of the Strategy and Innovation Committee include:

1. to conduct real-time analysis on domestic and international macro economy and financial situation, interpret the domestic and international systems and policies which have significant influence on the Bank's strategic direction and business decisions, conduct real-time analysis on the Bank's core competitiveness and conduct prospective study on the new trend in the development of banking industry, in order to provide decision-making reference and basis for the strategic management of the Board;

Corporate Governance Report

2. to review the mid- to long-term development strategy of the Bank, including but not limited to:
 - (1) to review the mid- to long-term strategic objectives of the Bank;
 - (2) to review the model of the Bank's operation, development direction and business structure;
 - (3) to review the plan of establishment and dissolution and merger of the Bank's internal organizational structure;
 - (4) to review the optimization plans of establishment, elimination, dissolution and merger and relocation of branches and independent accounting sub-branches within Chongqing;
 - (5) to review the mid- to long-term business development plans of the branches of the Bank;
3. to review and adjust the annual business plan submitted by the management, and put forward suggestions or opinions;
4. to review the relevant systems and implementation plans of the Bank's foreign investment, mergers and acquisitions, examine major investments, for example, fixed assets investments and equity investments, and put forward suggestions or opinions;
5. to oversee and inspect the implementation of the Bank's strategic planning, annual business plans and investment schemes;
6. to review the Bank's financial innovation strategies, including but not limited to, through introducing new technologies, adopting new methods, discovering new markets and setting-up new bodies, conduct new activities in areas such as strategic decision-making, institutional arrangements, organizational structure, personnel, management model, operation flow and financial products;
7. to study the major matters which have influence on the development of the Bank and make recommendations;
8. to exercise other duties prescribed in the laws, administrative regulations and rules, required by applicable securities regulatory authorities in the jurisdiction where the Bank's Shares are listed and as delegated by the Board.

During the Reporting Period, the Strategic Committee held 12 meetings in total to report and consider 49 matters including profitability analysis reports, market value management report, the development plan of outlets, and the budget proposal.

Audit Committee

As at the end of the Reporting Period, the Bank's Audit Committee consisted of 4 Directors, including Dr. LIU Xing as chairman, and Ms. LIU Ying, Dr. FUNG Don Hau, and Mr. YUAN Xiaobin as members. The establishment of the Audit Committee is in compliance with Rules 3.10(2) and 3.21 of the Listing Rules and paragraph C3 of the Code set out in Appendix 14 to the Listing Rules.

The primary duties of the Audit Committee include:

1. to conduct audit analysis and monitoring assessment on significant matters of the Bank including implementation of strategic planning, corporate governance, risk management, internal control, business operation and development and information technology and the overall risks that may arise;
2. to provide guidance to and carry out special audits on risk management, connected transactions management, compliance management, financial management, treasury management, remuneration management, information technology management and other aspects;
3. duties with respect to external auditors:
 - (1) to make recommendations to the Board on appointment and removal of the external auditors (including handling of any issues on resignation or dismissal of such auditors), and give review opinions on the qualification, expenses and terms of engagement of the proposed auditors;
 - (2) to review and monitor whether the external auditors are independent and objective and the audit procedures are effective in accordance with appropriate criteria, and discuss with the external auditors on the nature and scope of the audit and reporting obligations before the audit commences;
 - (3) to develop and implement policies on the engagement of an external auditor to provide non-audit services;
 - (4) to review the letter in respect of the auditing issued by the external auditor to the management, any material queries raised by the auditor to the management in respect of the accounting records, financial accounts or systems of control and the management's response;
 - (5) to ensure that the Board will provide a timely response to the issues raised in the letter in respect of the auditing issued by the external auditor to the management;

Corporate Governance Report

4. to monitor accounting policies, financial position and financial reporting procedures, examine financial information and its disclosure including the integrity of financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports of the Bank, and to review significant financial reporting judgments contained therein. Before submitting the relevant statements and reports to the Board, the committee shall focus particularly on receiving:
 - (1) any changes in the accounting policies and practices;
 - (2) areas involving major judgment calls;
 - (3) significant adjustments resulting from audit;
 - (4) the going concern assumptions and any qualified opinions;
 - (5) compliance with accounting standards;
 - (6) compliance with the Listing Rules and other legal or regulatory requirements in relation to financial reporting;

With regard to the aforesaid duties, the Audit Committee shall liaise with the Board and senior management, and must meet, at least twice a year, with the auditors. The Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Bank's staff responsible for the accounting and financial reporting functions, compliance officer or auditors;

5. to be in charge of the Bank's annual audits, and supervise the senior management to remedy the problems identified in audit and implement the auditing recommendations;
6. to act as the key representative body for overseeing the Bank's relationship with the external auditor; and to serve as a bridge between the internal audit department and external auditors, and ensure coordination between the internal and external auditors;
7. to propose to the Board on establishment of internal audit department, staffing, appointment and dismissal of the person in charge, audit project budget and remuneration of internal auditors, and ensure that the internal audit department is adequately resourced in the Bank;
8. to examine the internal audit regulations such as internal audit rules, mid- to long-term audit plans and annual work plans, and monitor their implementation;

9. to regularly examine the Bank's internal audit work and assess the working procedures and effectiveness of the internal audit department;
10. duties with respect to internal control matters:
 - (1) to review and monitor financial control, internal control and risk management systems of the Bank, review relevant rules and regulations and their implementation, and examine and evaluate the compliance and effectiveness of major business activities of the Bank;
 - (2) to discuss with the management on the internal control system, and conduct continuous inspection and supervision to ensure that the management has discharged its duty to establish an effective internal control system, including the adequacy of resources, qualifications and experience of staff of the Bank in respect of its accounting and financial reporting function, and their training programs and budget;
 - (3) to ensure that appropriate arrangements are made to enable employees to raise concerns in strict confidence on potential misconduct in respect of financial reporting, internal control or other aspects, and enable the Bank to conduct a fair and independent investigation and take proper measures;
 - (4) to consider any findings of major investigations of internal control matters and the management's response on its own initiative or as delegated by the Board;
11. to keep track of the trends, research and analysis of internal audit, guide and promote the internal audit department to update and improve audit techniques, methods and tools;
12. to exercise other duties prescribed in the laws, administrative regulations and rules, required by applicable securities regulatory authorities in the jurisdiction where the Bank's Shares are listed and as delegated by the Board.

During the Reporting Period, the Audit Committee held a total of 10 meetings, at which 26 proposals were considered including the annual results of 2019, quarterly results of 2020, profit distribution plan and the final financial accounts. Meanwhile, the Audit Committee held 2 meetings with the auditors in accordance with the newly amended code provisions of the Code.

Corporate Governance Report

Remuneration and Appraisal Committee

As of the end of the Reporting Period, the Bank's Remuneration and Appraisal Committee consisted of 5 Directors, including Mr. WANG Rong as chairman, Ms. LIN Jun, Mr. WU Heng, Dr. LIU Xing and Mr. YUAN Xiaobin as members, with a majority of the members being independent non-executive Directors. The establishment of the Remuneration and Appraisal Committee is in compliance with Rule 3.25 of the Listing Rules.

The primary duties of the Remuneration and Appraisal Committee include:

1. to propose the remuneration management measures or plans for Directors and senior management to the Board according to their scope of duties, importance, complexity of work, scarcity on market and the remuneration level for comparable positions in the same industry in accordance with relevant policies and regulations, which should mainly include, but not limited to: the basis, basic criteria, appraisal procedures and key indicators for basic salary and performance-based salary, specific steps of implementation and incentives;
2. to review and approve the management's remuneration proposals with reference to the corporate policies and objectives established by the Board;
3. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
4. to make recommendations to the Board on the remuneration of non-executive Directors;
5. to propose employment conditions elsewhere in the Bank to be determined by the Board considering salaries paid by comparable companies, time commitment and responsibilities;
6. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
7. to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
8. to review duty performance of the Directors and senior management and make annual performance assessment on them; and
9. to make recommendations to the Board on the Bank's policies and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration, and to supervise the execution of and amendments to the Bank's remuneration system;
10. to ensure that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his own remuneration;

11. to exercise other duties prescribed in the laws, administrative regulations and rules, required by applicable securities regulatory authorities in the jurisdiction where the Bank's Shares are listed and as delegated by the Board.

During the Reporting Period, the Remuneration and Appraisal Committee held 5 meetings in total, at which 8 proposals were considered on the matters including the appraisal report on performance of Directors, the duty performance and cross-evaluation reports of independent non-executive directors, and the work performance and remuneration payment of the leadership of Bank of Chongqing for 2019.

Nomination Committee

As of the end of the Reporting Period, the Bank's Nomination Committee consisted of 5 Directors, including Mr. YUAN Xiaobin as chairman, Ms. LIN Jun, Mr. WU Heng, Dr. LIU Xing and Mr. WANG Rong as members, with a majority of the members being independent non-executive Directors. The establishment of the Nomination Committee is in compliance with paragraph A5 of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules.

The primary duties of the Nomination Committee include:

1. to review the structure, size and composition (including skills, knowledge and experience) of the Board and the management annually with reference to the Bank's business management, asset scale and share capital structure, and make recommendations regarding any proposed changes in the Board in line with the Bank's corporate strategy;
2. to research and establish criteria and procedures for selection of Directors and senior management members, and make specific recommendations to the Board;
3. to search for qualified candidates for Director and senior management posts;
4. to conduct preliminary review of the candidates for Director and senior management posts and make recommendations to the Board on their appointments;
5. to assess the independence of independent non-executive Directors;
6. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the President;
7. to perform other duties prescribed in the laws, administrative regulations and rules, required by applicable securities regulatory authorities in the jurisdiction where the Bank's Shares are listed and as delegated by the Board.

During the Reporting Period, the Nomination Committee held 2 meetings in total, and considered 2 proposals including the adjustment the chairmen of some special committees and the appointment of securities affairs representatives.

Corporate Governance Report

Risk Management Committee

As of the end of the Reporting Period, the Bank's Risk Management Committee consisted of 4 Directors, including Dr. FUNG Don Hau as chairman, and Mr. RAN Hailing, Mr. WONG Hon Hing and Mr. WANG Rong as members.

The primary duties of the Risk Management Committee include:

1. business strategies and plans:
 - (1) to consider the Bank's risk strategy, preferences, and tolerance, and make recommendations and suggestions to the Board;
 - (2) to consider or make recommendations on the risk management function division of the Board and senior management, and report to the Board for approval;
 - (3) to consider the Bank's risk limit management framework and the limit, and report to the Board for approval;
 - (4) to consider the Bank's overall policy of risk management, and report to the Board for approval;
 - (5) to consider the Bank's overall policy of compliance management, and report to the Board for approval;
 - (6) ; to consider the Bank's overall policy of security work and anti-money laundering work, and report to the Board for approval;
 - (7) to consider and approve the risk organization structure and its function, and report to the Board for approval;
 - (8) to consider and approve the Bank's risk management standard, important risk measurement methods and tools;
 - (9) to consider and approve the risk class policy, including credit risk, operational risk and market risk;

2. operation and implementation:

- (1) to consider the power of the president delegated by the Board and risk-taking activities that go beyond the scope of authority of the management, and report to the Board for approval;
- (2) to receive and consider the report of the Bank's management on the implementation of risk policy, put forward suggestions and measures for improvement and report the result to the Board;
- (3) to receive and consider the risk monitoring report, compliance risk report, asset and liability management analysis report of the Bank, put forward suggestions and measures for improvement and report the result to the Board;
- (4) to receive and consider security work report of the Bank, put forward suggestions and measures for improvement and report the result to the Board;
- (5) to receive and consider the anti-money laundering work report of the Bank, put forward suggestions and measures for improvement and report the result to the Board;

3. monitoring and evaluating:

- (1) to evaluate whether the Bank establishes a complete system of risk management organization, personnel, procedures, systems and internal control;
- (2) to oversee the implementation of the management on the Bank's risk management principles, standards and policies;
- (3) to receive the report of Risk Management and Internal Control Committee on considering and approving matters, monitor and evaluate the effectiveness of the risk management operation of the management level;
- (4) to examine and evaluate the effectiveness of the Bank's security work;
- (5) to examine and evaluate the effectiveness of the Bank's anti-money laundering work.

During the Reporting Period, the Risk Management Committee held 11 meetings in total to consider 38 matters including the 2021 risk strategies, the measures for the administration of the large risk exposures and the disposal of non-performing loans.

Corporate Governance Report

Connected Transactions Control Committee

As of the end of the Reporting Period, the Bank's Connected Transactions Control Committee consisted of 5 Directors, including Dr. ZOU Hong as chairman, and Mr. LIU Jianhua, Dr. LIU Xing, Mr. WANG Rong and Mr. YUAN Xiaobin as members.

The primary duties of the Connected Transactions Control Committee include:

1. to draft the management system of connected transactions, monitor and examine the implementation of the connected transactions system of the Bank's Directors, senior management and connected persons;
2. to control the amount of connected transactions and regulate connected transactions to ensure the transactions comply with regulations;
3. to accept the filing of general connected transactions;
4. to conduct first review of the connected transaction proposals required of being submitted to the Board for consideration and approval, put forward professional review opinions before submitting to the Board for approval;
5. to collect, sort and confirm the list and information of the Bank's connected parties;
6. to exercise other duties prescribed in the laws, administrative regulations and rules, required by applicable securities regulatory authorities in the jurisdiction where the Bank's shares are listed and as delegated by the Board.

During the Reporting Period, the Connected Transactions Control Committee held 12 meetings in total, at which 21 proposals were considered including material connected transactions, changes in the list of connected persons and the amendments to administrative measures for connected transactions.

Information Technology Guidance Committee

As of the end of the Reporting Period, the Bank's Information Technology Guidance Committee consisted of 5 Directors, including Mr. RAN Hailing as chairman, and Mr. LIU Jianhua, Mr. WONG Wah Sing, Dr. ZOU Hong and Dr. FUNG Don Hau as members.

The primary duties of the Information Technology Guidance Committee include:

1. to examine the Bank's information technology strategic planning, organization structure of information technology governance and major information technology projects which go beyond the authority of the senior management and budgets, to ensure their consistency with the overall business strategy and major policies;
2. to regularly assess the overall performance of information technology work as well as the implementation progress of information technology strategic planning and major projects on an annual basis, and continue to promote the implementation of information technology strategies;
3. to coordinate the Risk Management Committee to master the major information technology risk and formulate the acceptable risk level; guide and supervise the senior management and relevant management departments to carry out activities for identification, measurement, monitoring and control of information technology risk;
4. to coordinate the Audit Committee and internal audit departments to carry out information technology risk audits, and supervise the rectification;
5. to guide the work of the Information technology Management Committee, and conduct a first review of its annual report on information technology risk before submitting to the Board;
6. to receive the reports of relevant business lines or departments on information technology situation, put forward improvement measures or suggestions and monitor their implementation;
7. to exercise other duties prescribed in the laws, administrative regulations and rules, required by applicable securities regulatory authorities in the jurisdiction where the Bank's Shares are listed and as delegated by the Board.

During the Reporting Period, the Information Technology Guidance Committee held 4 meetings in total, at which 3 matters were considered including the data management outline and information technology work report, and 1 report was received.

Corporate Governance Report

Consumer Protection Committee

As of the end of the Reporting Period, the Bank's Consumer Protection Committee consisted of 5 Directors, including Mr. WONG Hon Hing as chairman, Mr. LIU Jianhua, Mr. WONG Wah Sing, Ms. LIU Ying and Mr. YUAN Xiaobin as members.

The primary duties of the Consumer Protection Committee include:

1. to formulate the Bank's strategic planning of consumer protection, review the Bank's relevant policies and the periodical work targets of consumer protection, and ensure their consistency with the Bank's overall business strategy and major policies;
2. to review and approve the Bank's organization structure of consumer protection, and urge the senior management and the leading group of the head office of consumer protection to effectively implement relevant work of consumer protection;
3. to listen to the special report from the senior management on consumer protection on a regular basis, and evaluate the overall effectiveness of consumer protection as well as the implementation progress of consumer protection strategic planning and major projects;
4. to oversee and assess the Bank's consumer protection regarding its comprehensiveness, timeliness and effectiveness, and the senior management's performance of their duties;
5. to guide the work of the leading group of consumer protection, and conduct a preliminary review on its annual report on consumer protection before submitting to the Board;
6. to listen to the reports of relevant business lines or departments on consumer protection work, put forward improvement measures or suggestions and monitor their implementation;
7. to exercise other duties as delegated by the Board.

During the Reporting Period, the Consumer Protection Committee held 3 meetings in total, at which 4 proposals were considered on the matters including the 2019 Consumer Protection Work Report and the 2020 Consumer Protection Work Plan, and 3 reports were heard.

11.3 Board of Supervisors

11.3.1 Duties of the Board of Supervisors

The primary duties of the Bank's Board of Supervisors include, but are not limited to:

1. the Board of Supervisors shall supervise the Board of Directors and directors regarding the following important matters: compliance with applicable laws, regulations, rules and other regulatory documents; compliance with the Articles of Association of the Bank, rules of procedure for shareholders' general meetings, and rules of procedure for meetings of the Board of Directors; implementation of resolutions adopted by shareholders' general meetings and meetings of the Board of Supervisors and performance of powers and duties in accordance with laws in making significant decisions on operations and management; determination of major business management and strategy decisions; continued improvement in corporate governance, development strategy, business strategy, capital management, remuneration management, disclosure, and protection of deposit holders and other interested stakeholders; effective operation of the Board of Directors' specialized committees; the directors' attendance, comments and proposals at meetings; independent directors' independent advices on material connected transaction, profit distribution, matters potential to damage the interests of depositors or minority shareholders of the Bank, and matters potential to cause the Bank's material loss;
2. the Board of Supervisors shall supervise the senior management and its members regarding the following important matters: compliance with applicable laws, regulations, rules and other regulatory documents; compliance with the Articles of Association of the Bank and authorization of the Board of Directors; implementation of resolutions adopted by shareholders' general meetings, meetings of the Board of Directors, and meetings of the Board of Supervisors; performance of business management within their terms of reference, and continued improvement in business management, risk management, and internal control;
3. when finding that a director or senior management has breached any applicable laws, regulations, rules, or the Articles of Association, the Board of Supervisors may demand him to rectify his conduct and recommend investigations regarding liability for those responsible for such breaches;
4. the Board of Supervisors shall establish and improve a performance appraisal system with clearly defined performance criteria and standards, for the evaluation of all directors and senior management in the performance of their duties, and carry out resignation audit for directors and senior management;
5. the Board of Supervisors shall establish a record-keeping system to deposit performance reviews of directors and senior management to make the files of performance reviews complete;

Corporate Governance Report

6. to review and present written opinions on the regular reports prepared by the Board of Directors;
7. to examine and supervise the Bank's financial affairs;
8. to review financial information including financial reports, business reports, and profit distribution plan, which the Board of Directors intends to submit to the shareholders' general meeting. Where abnormalities arise, a certified public accountant or certified auditor may be entrusted to assist in re-auditing such financial information in the name of the Bank;
9. to propose the convening of extraordinary shareholders' general meetings, and, if the Board of Directors fails to call such a meeting as required under the PRC Company Law, to convene and host the shareholders' general meetings;
10. to present proposals to shareholders' general meetings;
11. to bring actions against directors and senior management according to the relevant provisions of the PRC Company Law;
12. to investigate any irregularities in the operations of the Bank, and if necessary, engage accounting firms, law firms, or other professional firms to assist its work with costs borne by the Bank;
13. to conduct audits relating to operation and decision-making, risk management, and internal control of the Bank when necessary;
14. to inquire into directors and senior management;
15. to draft remuneration plans for supervisors, and submit them to the shareholders' general meeting for approval; and
16. other powers prescribed by applicable laws, administrative regulations, and departmental rules, as well as any other powers conferred by the Articles of Association.

11.3.2 Composition of the Board of Supervisors

The Bank's Board of Supervisors consisted of 9 Supervisors, among which 4 were employee Supervisors, namely, Mr. YANG Xiaotao, Mr. HUANG Changsheng, Mr. YIN Jun and Mr. WU Ping; 2 were shareholder Supervisors, namely, Mr. ZENG Xiangming and Mr. QI Jun; 3 were external Supervisors, namely, Mr. CHEN Zhong, Mr. PENG Daihui and Mr. HOU Guoyue. The proportion of employee supervisors and external supervisors to the total number of members of the Board of Supervisors each meets the regulatory requirements. The members of the Board of Supervisors of the Bank possessed professional abilities required to perform their duties, and performed their duties with integrity, diligence and faithfulness, so as to ensure that the Board of Supervisors can perform its supervisory functions in an independent and effective manner.

The Board of Supervisors of the Bank has set up the Supervision and Nomination Committee.

11.3.3 Chairperson of the Board of Supervisors

On 24 March, 2015, Mr. YANG Xiaotao was elected as Chairperson of the Fifth Session of the Board of Supervisors of the Bank by the Board of Supervisors, with effect from the same date. On December 9, 2019, Mr. YANG Xiaotao was elected as Chairperson of the Sixth Session of the Board of Supervisors of the Bank by the Board of Supervisors, with effect from the same date.

11.3.4 Meetings of the Board of Supervisors

In 2020, the Board of Supervisors held a total of 8 meetings, at which 30 proposals and informative reports were considered. Subject matters include main tasks of the Board of Supervisors, annual report, annual financial statements, dividend distribution plan, review report, appraisal report on performance of Supervisors.

Attendance records of the Supervisors at the meetings of the Board of Supervisors during the Reporting Period are set out below:

Members of the Board of Supervisors	Attendance in person/by proxy/required (number of times)
YANG Xiaotao	8/0/8
HUANG Changsheng	8/0/8
CHEN Zhong	8/0/8
PENG Daihui	8/0/8
HOU Guoyue	7/1/8
ZENG Xiangming	7/1/8
QI Jun	8/0/8
YIN Jun	8/0/8
WU Ping	8/0/8

Corporate Governance Report

11.3.5 Special Committee under the Board of Supervisors

The Bank maintained a Supervision and Nomination Committee under the Board of Supervisors. The Supervision and Nomination Committee of the Board of Supervisors has operated in accordance with its terms of reference defined by the Board of Supervisors.

Supervision and Nomination Committee

As of the end of the Reporting Period, the Bank's Supervision and Nomination Committee consisted of 5 Supervisors, including Mr. PENG Daihui (external Supervisor) as chairman, Mr. HUANG Changsheng (employee Supervisor), Mr. HOU Guoyue (external Supervisor), Mr. QI Jun (shareholder Supervisors) and Mr. YIN Jun (employee Supervisor) as members.

The primary duties of the Supervision and Nomination Committee include:

1. formulating specific proposal for the Board of Supervisors to exercise its supervisory functions and powers;
2. executing its functions of supervising and auditing with the authorization of the Board of Supervisors; formulating the audit proposal for supervising the performance of Directors, Chairman and senior management members; formulating proposal for supervising and auditing the Bank's treasury activities, operation decisions, risk management and internal control with the authorization of the board of Supervisors, and organizing the implementation of such audit activities; to be responsible for the outgoing audit of directors and the senior management;
3. conducting investigation on specific matters of the Bank with the authorization of the Board of Supervisors and reporting the results to the Board of Supervisors;
4. formulating the procedures and criteria for selecting and appointing Supervisors according to relevant laws and conducting preliminary review on the qualifications and conditions for candidates of Supervisors and proposing to the Board of Supervisors;
5. exercising other duties prescribed in laws, administrative regulations and rules and required by applicable securities regulatory authorities in the jurisdiction where the Bank's Shares are listed, and as delegated by the Board of Supervisors.

In 2020, the Supervision and Nomination Committee held 3 meetings and reviewed 3 proposals, including the supervision of the inspection plan.

11.4 Senior Management

The senior management, as the executive body of the Bank, is accountable to the Board and supervised by the Board of Supervisors. The division of authority between the senior management and the Board is in strict accordance with the Articles of Association and other corporate governance documents of the Bank.

The President mainly exercises the following duties and powers in accordance with the requirements of the Articles of Association:

1. to be in charge of the Bank's day-to-day operations and administration, organize the implementation of the Board's resolutions, and report his work to the Board;
2. to organize the implementation of the Bank's annual business plan and investment proposals;
3. to draft plans for the establishment of the Bank's internal management structure;
4. to draft the Bank's basic management system;
5. to formulate concrete regulatory systems for the Bank;
6. to nominate candidates and recommend removal to the Board for vice presidents, the chief financial officer, the chief executive officer and other senior management members;
7. to appoint or remove other executive officers within internal management departments and branches (other than those required to be appointed or removed by the Board);
8. to authorize senior management members and executive officers of the internal functional departments and branches to engage in operation activities;
9. to take urgent measures to assist the Bank in case of a run on the Bank or other major emergencies, and report to the relevant banking regulatory authorities in PRC, the Board, and the Board of Supervisors immediately;
10. to exercise other duties and powers prescribed in the Articles of Association or delegated by the Board.

11.5 Securities Transactions by Directors, Supervisors and Relevant Employees

The Bank has adopted the standards set out in the Model Code in the Appendix 10 to the Hong Kong Listing Rules as the code of conduct to govern the securities transactions by directors and supervisors of the Bank. Upon enquiry, to the best knowledge of the Bank, all directors and supervisors of the Bank have always complied with the Model Code above during the Reporting Period.

The Bank has also set up guidelines in respect of the dealings by its relevant employees in the Company's securities, which are on no less exacting terms than the Model Code. The Bank also sets guidelines on matters related to employees' trading of the company's securities, and the content of the guidelines is no more loose than the Model Code. During the Reporting Period, the Bank has not discovered any breach of the guidelines by its relevant employees.

11.6 Internal Control

The Board of the Bank is responsible for establishing a sound internal control system and its effective implementation. The Board of Supervisors supervises the establishment and implementation of internal control by the Board and senior management. The senior management is responsible for organizing and leading the day-to-day operation of internal control across the Bank. Meanwhile, the Board of the Bank has established the special committee to fulfill the respective responsibility for internal control management and evaluate the effectiveness of internal control.

The Board of the Bank attaches great importance to the construction of its internal control. Pursuant to internal control rules, including the Basic Rules on Internal Control of Enterprises jointly promulgated by five ministries and commissions including the Ministry of Finance, and the Internal Control Guidelines for Commercial Banks issued by CBIRC, the Board established an internal control system covering the Bank's various business processes and operations as well as each department and position. They define the five components of the internal control system, namely internal environment; risk assessment; control activities; information and communication; and internal supervision. They especially provide internal control requirements for controls with focuses on credit, capital, deposits and bank card business as well as accounting management, financial activities and information system.

The Board of the Bank will continue to promote the construction of internal control, facilitate the continuous improvement and perfection of internal control system, and pursue long-term, sustainable and steady operation and development. For the year ended December 31, 2020, the Board of the Bank conducted a review of its internal control according to requirements under the Basic Rules on Internal Control of Enterprises and the Internal Control Guidelines for Commercial Banks. The review covered all significant controls of the Bank, including financial, operational and compliance controls and risk controls. No significant defects were found in the Bank's design or implementation of internal control.

11.7 Shareholders' Rights

11.7.1 Convening an Extraordinary General Meeting

The Bank effectively protects Shareholders' rights in strict compliance with regulatory requirements and its basic corporate governance system.

An extraordinary general meeting shall be convened by the Board within two months upon request in writing by Shareholders holding more than 10% of the Bank's outstanding shares with voting rights to convene an extraordinary general meeting. In addition, upon request in writing to the Board by Shareholders individually or collectively holding more than 10% of the total number of the Bank's Shares with voting rights to convene an extraordinary general meeting or a class meeting, the Board shall furnish a written reply stating its agreement or disagreement to convene an extraordinary general meeting or a class meeting within 10 days upon receipt of such request. In the event that the Board does not agree to convene such meeting or fails to furnish any notice of convening such meeting within 30 days upon receipt of such request, the Shareholders making such request may convene such meeting on their own within four months upon receipt of such request by the Board. The procedure for convening such meeting shall be consistent with that for convening general meetings by the Board to the greatest extent possible (Shareholders may refer to the Articles of Association published on the websites of the Hong Kong Stock Exchange and the Bank for details about the relevant requirements).

11.7.2 Proposals Put forward at General Meetings

The Board of Directors and the board of Supervisors as well as Shareholders individually or collectively holding more than 3% of the total number of the Bank's Shares with voting rights shall have the right to put forward proposals at a general meeting of the Bank. Unless otherwise stated in these Articles of Association, the shareholders individually or jointly holding 3% or more of shares of the Bank shall have the right to propose such candidates to the Board of Directors and the Board of Supervisors, but the number of candidates proposed by such shareholders must comply with the provisions of the Articles of Association, and must not exceed the number of people to be selected.

Shareholders individually or jointly holding 3% or more of the total voting shares of the Bank may propose an ex tempore motion ten days prior to the general meeting or before the latest date of issuing supplemental notice of a shareholders' general meeting as required by the Listing Rules (whichever is shorter) by furnishing the same to the convener in writing. The convener shall issue a supplemental notice of general meeting setting out the content of such ex tempore motion within two days after the receipt of such motion pursuant to the Listing Rules. The substance of the ex tempore motion shall fall within the terms of reference of the shareholders' general meeting, which shall have a clear subject for discussion and specific issues for resolution.

11.7.3 Making enquiries with the Bank

According to the Articles of Association of the Bank, shareholders are entitled to obtain relevant information of the Bank, including the Articles of Association, share capital status, financial and accounting reports, resolutions of the Board of Directors, and resolutions of the Board of Supervisors.

11.8 Amendments to the Articles of Association

On March 24, 2020, the Chongqing CBIRC approved certain amendments to the Articles of Association of the Bank. The amended Articles of Association have become effective since the date of the approval (being March 24, 2020). Pursuant to the regulatory requirements and taking into account the operational and management needs as well as the actual situation of the Bank, the amendments covered the Party Committee, the registered capital of the Bank and other matters. The amendments has been submitted to the Board of Directors of the Bank for consideration at the second extraordinary general meeting of 2019 of the Bank.

On May 13, 2020, the 2019 annual general meeting of the Bank considered and approved certain amendments to the Articles of Association. Pursuant to the Official Reply of the State Council regarding Adjusting the Application of Provisions to the Notice Period for Convention of Shareholders' Meetings and other Matters of Overseas Listed Companies 《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》, Guidelines on Corporate Governance of Commercial Banks 《商業銀行公司治理指引》, Company Law of the People's Republic of China (2018 Revision) 《中華人民共和國公司法(2018年修正)》, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant laws and regulations, the amendments covered the notice period for convention of general meetings and other matters. On September 8, 2020, the Chongqing CBIRC approved the amendments to the Articles of Association. The amended Articles of Association have become effective since the date of the approval (being September 8, 2020).

Corporate Governance Report

On November 20, 2020, the board of directors of the Bank considered and approved certain amendments to the Bank's Articles of Association pursuant to the requirements of regulatory institutions and taking into account the actual situation of Bank of Chongqing Co., Ltd.. The amendments are subject to the approval of the shareholders' general meeting of the Bank.

On February 5, 2021, the Bank has completed the A Share Offering, and the A Shares of the Bank were listed on the Shanghai Stock Exchange. The Draft Articles of Association, which incorporates amendments regarding the A Share Offering, is subject to and take effect after the approval by the regulatory authority of the banking industry of the PRC.

11.9 Communication with Shareholders

11.9.1 Effective Communication with Shareholders and Work Relating to Investor Relations

The Bank places great emphasis on communication with the Shareholders, and strives to improve mutual understanding and communication with the Shareholders through various channels including general meeting, results presentation, road shows, visit reception and surveys and telephone enquiries.

In 2020, the Bank continued to intensify effective communication with the market, and adopted a strategy of "Going-out" and "Inviting-in". Through various channels such as performance announcements and roadshows, active visits to investors, reception of investor visits, reply to investors' hotline calls and emails, we carefully listened to voices from the market, fully responded to market concerns, and disclosed to the market the achievements of the Bank's strategic development and the stable and balanced performance, which were fully recognized and highly praised by the market and investors.

11.9.2 Information Disclosure

The Board of Directors, the Board of Supervisors and senior management of the Bank attach great importance to information disclosure work of the Bank.

The Bank's information disclosure is based on sound corporate governance, robust internal control and solid information disclosure system, ensuring that investors can obtain information in a timely, accurate and equal manner.

11.9.3 Shareholders' Enquiries

Any enquiries related to your shareholding of Shares including transfer of Shares, change of address, loss reporting of share certificates and dividend notes, should be sent in writing to the following address:

A Shares

Shanghai Branch of China Securities Depository and Clearing Corporation Limited
No. 188 Yanggaonan Road, Pudong New Area, Shanghai
Tel: 86-4008-058-058

H Shares

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Tel: 852-2862-8555

11.9.4 Investors' Enquiries

Shareholders and investors may send enquiries to the Board as follows:

Office of the Board of Directors of Bank of Chongqing Co., Ltd.
No. 6 Yongpingmen Street, Jiangbei District, Chongqing, the PRC
Tel: +86 (23) 6379 9024
Fax: +86 (23) 6379 9024
E-mail: ir@cqcbank.com

Principal place of business in Hong Kong of Bank of Chongqing Co., Ltd.:
Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

Investors may view this annual report on websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Bank (<http://www.cqcbank.com>).

11.9.5 Additional Information

The Bank holds a financial licence number B0206H250000001 approved by the relevant banking regulatory authorities in 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 authorized institution within the meaning of the Hong Kong Banking Ordinance (Chapter 155 of Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.

Report of the Board of Directors

The Board is pleased to present the report of the Board of Directors together with the audited financial statements of the Bank for the year ended December 31, 2020.

Principal Activities

The Bank is principally engaged in a range of banking business and related financial services in China.

Business Review

For the summary of business review of the Bank, please refer to the subsection of “7.1 Overall Operation” in the section headed “Management Discussions and Analysis” in this annual report.

Prospects for the Future Development of Banking Business

For the prospects for the future development of Banking Business, please refer to the subsection of “7.9 Environment and Outlook” in the section headed “Management Discussions and Analysis” in this annual report.

Major Risks and Uncertainties

For the major risks and uncertainties faced by the Bank, please refer to the subsection of “7.7 Risk Management” in the section of “Management Discussions and Analysis” in this annual report.

Employment Relations and Retirement Benefit

The Bank placed utmost emphasis on the enterprise cultural construction, employee management and training, and is committed to building harmonious and stable employment relations. The Bank treasures employees as one of the most important and valuable assets and has been always cherishing the employees’ contribution and support. The Bank has made great efforts to provide comfortable and harmonious working environment, sound welfare and compensation system and reasonable career plan. By means of appropriate trainings and opportunity offering, the Bank has helped a lot of employees in their career development and promotion in the Bank.

Details of the retirement benefits provided by the Bank to employees are set out in the note “Retirement Benefit Obligations” to the “Financial Statements” of this annual report.

Relations with Customers and Major Customers

The Bank has been always perfecting the financial services to all customers to win the customers' understanding, trust and support. The Bank insists on the market principle for all customers who apply for loans, especially the related customers to whom the Bank do not provide priority to credit support than other customers.

In 2020, the aggregate amount of interest income and other operating income generated from the five largest customers of the Bank represented an amount not exceeding 30% of the total interest income and other operating income of the Bank.

Environmental Protection Policy and Implementation

The Bank kept focusing on environmental protection, initiated and provided green credit financial services, including supporting industries engaged in environmental protection, new-energy industries and new material industries, and strictly controlled and gradually reduced the credit scale of high-pollution, high-energy-consumption and overcapacity industries.

The Bank also adheres to the concept of environmental protection in internal operation, in particular, recycling use of papers by printing on both sides, promoting paperless office, purchasing energy-saving equipment, turning off water and power when leaving the offices. The Bank is continuously making efforts to reduce energy consumption and carbon emission, and actively carried out works to protect the environment.

Compliance with Laws and Regulations

The Board of Directors of the Bank paid close attention to the policies and practices, under relevant laws and regulations which the Bank is subject to. The Bank has engaged legal advisers for domestic and foreign laws to ensure the transactions and businesses of the Bank are carried out in compliance with the applicable laws. Relevant employees and operation units will be informed by updates on applicable laws and regulations from time to time.

Subsequent Major Events with Significant Influence on the Bank

The Bank conducted a comprehensive review on the financial performance of 2020 pursuant to the national laws and regulatory requirements and prepared annual report for the year of 2020. After the end of the annual financial review, the Bank made an initial public offering of A shares and were listed on the Shanghai Stock Exchange on 5 February 2021. The net proceeds were RMB3.705 billion.

Report of the Board of Directors

Profits and Dividends

The Bank's revenue for the year ended December 31, 2020 and the Bank's financial position as at the same date are set out in the section headed "Financial Statements" of this annual report.

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

The Board of the Bank has proposed a final dividend of RMB0.373 per share (tax inclusive) for the year ended December 31, 2020 ("**2020 Final Dividend**"), amounting to an aggregate amount of RMB1,295,990,492 (tax inclusive) to all shareholders of the Bank.

Change in the Reserves

Details of the changes in the reserves of the Bank for the year ended December 31, 2020 are set out in the “Consolidated Statements of Changes in Equity” to the “Financial Statements” and the note “Other Reserves” to the “Financial Statements” of this annual report.

Summary of Financial Information

The summary of the operating results and assets and liabilities of the Bank for the five years ended December 31, 2020 is set out in the “Financial Highlights” of this annual report.

Donations

The charitable and other donations made by the Bank for the year ended December 31, 2020 amounted to approximately RMB19.50 million.

Property and Equipment

Details of the changes in property and equipment of the Bank for the year ended December 31, 2020 are set out in the note “Property, Plant and Equipment” to the “Financial Statements” of this annual report.

Substantial Shareholders

Details of the Bank’s substantial shareholders as at December 31, 2020 are set out in “Change in Share Capital and Shareholders” of this annual report.

Report of the Board of Directors

Purchase, Sale and Redemption of Listed Securities of the Bank

During the year ended December 31, 2020, the Bank had not purchased, sold or redeemed any listed securities of the Bank.

Pre-emptive Rights

There are no provisions in the Articles of Association and the relevant PRC laws for granting pre-emptive rights to shareholders of the Bank. The Articles of Association provides that the Bank may increase its capital by raising new shares to non-specific investors, placing or distributing new shares to its existing shareholders, transferring capital reserve into share capital or by any other ways permitted by laws, administrative regulations and relevant regulatory authorities.

Share Capital

Details of the change in share capital of the Bank during the Reporting Period are set out in the “Change in Share Capital and Shareholders” and the note “Share Capital” to the “Financial Statements” in this annual report.

Equity-linked Agreement

No equity-linked agreements were entered into by the Bank during the year or subsisted at the end of the year.

Directors, Supervisors and Senior Management

Details of the Directors, Supervisors and senior management of the Bank are set out in the “Directors, Supervisors and Senior Management” of this annual report.

Confirmation of Independence by the Independent Non-executive Directors

The Bank has received from each of its independent Directors the annual confirmation of his/her independence made in accordance with Rule 3.13 of the Listing Rules on the Hong Kong Stock Exchange. The Bank was of the view that all of its independent Directors are independent pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules on the Hong Kong Stock Exchange.

Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Bank

At December 31, 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	Type of interests held	Number of shares held	Percentage of the total share capital of the Bank (%)
RAN Hailing	Beneficial owner	Domestic Shares of the Bank	45,374	0.00145
LIU Jianhua	Beneficial owner	Domestic Shares of the Bank	167,975	0.00537
YANG Yusong	Beneficial owner	Domestic Shares of the Bank	1,033	0.00003
HUANG Changsheng	Beneficial owner	Domestic Shares of the Bank	123,451	0.00395
	Interest of spouse	Domestic Shares of the Bank	60,647	0.00194
WU Ping	Beneficial owner	Domestic Shares of the Bank	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 the shares, underlying shares and debentures of the Bank or its associated corporations as at December 31, 2020.

Financial, Business and Family Relationships Between Directors, Supervisors and Senior Management

There are no relationships between each of the Directors, Supervisors and senior management of the Bank, including financial, business, family or other material relationships.

Report of the Board of Directors

Arrangements to Purchase Shares or Debentures

At no time during the Reporting Period was the Bank, its holding company or any of its fellow subsidiaries, a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

Directors' and Supervisors' Interests in Contracts and Service Contracts

Saved for the continuing connected transactions which are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules, as at December 31, 2020 and at any time during the year, none of the Directors or Supervisors had any interest, whether directly or indirectly, in any contract (excluding service contracts) of significance in relation to the Bank's business to which the Bank is a party. None of the Directors and Supervisors has entered into a service contract with the Bank that cannot be terminated by the Bank within one year without payment of compensation (other than statutory compensation).

Permitted Indemnity Provision

Appropriate Directors' liability insurance cover has been arranged by the Bank to indemnify the Directors for liabilities arising out of corporate activities.

Management Contract

Save for the service contracts entered into with the management of the Bank, the Bank has not entered into any other contract with any individual, company or body corporate in relation to the management or administration of the whole or any substantial part of any business of the Bank.

Directors and Supervisors' Interests in Competing Business

None of the Directors and Supervisors has any interest in a business that competes directly or indirectly, or is likely to compete with the business of the Bank.

Corporate Governance

The Bank is committed to maintaining high standards in corporate governance. Our approach to applying and implementing the principles and provisions of the corporate governance code is set out in the corporate governance report under the "Corporate Governance Report" section of this annual report.

Connected Transactions

Transactions between the Bank and the Bank's connected persons (as defined under the Listing Rules) and certain third parties specified under the Hong Kong Listing Rules constitute connected transactions of the Bank under Chapter 14A of the Listing Rules. However, the connected transactions of the Bank in the Reporting Period can be fully exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. The Bank has reviewed all of its connected transactions and confirmed that it had complied with the requirements under Chapter 14A of the Listing Rules.

The definition of connected persons under Chapter 14A of the Hong Kong Listing Rules is different from the definition of related parties under International Accounting Standard 24, "Related Party Disclosures", and its interpretations by the IASB. Certain related party transactions set out in the financial statements also constitute connected transactions or continuing connected transactions as defined under the Hong Kong Listing Rules, but none constitutes a discloseable connected transaction as required under the Listing Rules.

Remuneration Policies for Directors, Supervisors and Senior Management

Under the guidance of the relevant policies of the PRC, the Bank endeavors to improve its remuneration management measures and performance evaluation system for Directors, Supervisors and senior management.

The remuneration system for the Directors, Supervisors and senior management of the Bank adheres to the principle of balancing incentives and restraints, focusing on both short-term and long-term incentives and integrating governmental control with market regulation. The structure of the remuneration system consists of basic salary, annual performance bonus, term incentives. The Bank makes contribution to various statutory pension plans organized by governments at all levels in the PRC for its Directors, Supervisors and senior management.

Public Float

Based on the public information available to the Bank and to the knowledge of the Directors, as of the Latest Practicable Date, the Bank has maintained sufficient public float as required by the Listing Rules and the waiver granted by the Hong Kong Stock Exchange.

Report of the Board of Supervisors

In 2020, follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Board of Supervisors of the Bank of Chongqing thoroughly studied and implemented the guiding principles of the 19th National Congress of the Communist Party of China, and the Second, Third, Fourth and Fifth Plenary Sessions of the 19th Party Central Committee, pursuant to the Company Law, Guidelines on the Corporate Governance of Commercial Banks (商業銀行公司治理指引), Work Guidelines for the Board of Supervisors of Commercial Banks (商業銀行監事會工作指引) and the Articles of Association, the Board of Supervisors of the Bank of Chongqing always focused on important business and risks in line with the problem-oriented principle. The Board of Supervisors carefully performed its supervision duties, and deeply and pragmatically carried out various supervision activities, and played an important role in improving the corporate governance, promoting structure adjustment, enhancing risk management and control as well as promoting high-quality development of the Bank.

Report on Major Tasks

During the Reporting Period, 11 meetings were held by the Board of Supervisors and the Supervision and Nomination Committee, at which an aggregate of 33 supervision matters, briefings and reports were received and considered, including, among others, Proposals and Reports on Inspection, Assessment Report on Performance of Directors and Supervisors, Annual Financial Statements, and Profit Distribution Plan. Supervisors attended 2 shareholders' meeting, and were presented a total of 75 meetings of the Board and special committees under it to ensure that the resolutions and meeting procedures were in compliance with laws and regulations.

For supervision on, among others, internal control, risk management, financial activity, the Board, senior management and their members and duty performance, the Board of Supervisors primarily carried out the following tasks:

Strengthened supervision over key businesses and risks, and performed solid and comprehensive inspections on projects. During the Reporting Period, the Board of Supervisors conducted an aggregate of 2 comprehensive inspections on projects across the Bank, including the centralized supervision and inspection of the Bank for 2019, and special inspection on the implementation of approval requirements for the credit facility granted for large enterprise and micro-, small and medium-sized businesses. Through inspections, the Board of Supervisors identified 10 vulnerabilities and hidden risks involving procurement management, strategic planning management, consolidation management and credit business management, etc.

Strengthened interim supervision, and promptly identified major problems and hidden risks. During the Reporting Period, the Board of Supervisors continued to strengthen interim supervision. In 2020, the Board of Supervisors formed 4 special reports of daily supervision in respect of major risks and identified problems in procurement management, deferred payment of performance remuneration, adjustment of credit business interest, and “Qi Dong Li (啟動力)” personal business loans. The Board of Supervisors issued 5 Reminder Letters to the Board of Directors and senior management on 5 separate occasions, which respectively reminded that Liangping Branch conducted poor post-loan management, the self-service banks and off-site ATMs disabled by the Guiyang Branch had not been removed for a long time, some branches did not sign contracts in accordance with the requirements of the credit business management measures, the lack of unified management of “interest reduction” transactions in the core system, and the inconsistency of the charging standards for full margin guarantee business in different systems of the Bank. The senior management attached great significance in these issues and deployed rectifications in a timely manner.

Strengthened the follow-up evaluation of execution of rectifications and improved the effectiveness of supervision. During the Reporting Period, the Board of Supervisors conducted follow-up reviews in respect of the rectification of 21 problems revealed during the supervision and inspection process in the previous year and in 2020. The Board of Supervisors also visited the offices of the Board of Directors, the human resources department, the administration department, the risk management department, Xi’an Sub-branch, Liangping Sub-branch and Nanchuan Sub-branch. The Board of Supervisors verified the rectification measures and implementation status one by one, and issued 3 evaluation opinions. All these 21 issues have been rectified, effectively promoting the Bank to eliminate loopholes and hidden risks.

Report of the Board of Supervisors

Continued to carry out performance supervision and implement performance assessment. Firstly, the Board of Supervisors performed a general evaluation on the Board of Directors, senior management on their performance in 2019, and individually evaluated the Chairman, the President and the person in charge of finance. Secondly, the Board of Supervisors performed individual evaluation on the Board of Directors with quantitative and qualitative indicators through self-evaluation, peer evaluation and the evaluation from the Board of Supervisors in 2019. Thirdly, the Board of Supervisors performed an off-office evaluation on the resigned director Lv Wei, Kong Xiangbin, Li He, Wang Pengguo and Jin Jingyu. Fourthly, the Board of Supervisors established standardized personal performance files of the directors, supervisors and senior management members which will be updated on a quarterly basis.

In 2020, the Board of Supervisors will continue to strengthen its own development and amend the Bank's Working Standards for the Board of Supervisors, the Measures for Performance Evaluation of the Directors by the Board of Supervisors and the Measures for Performance Evaluation of Supervisors to further improve the relevant work systems of the Board of Supervisors. In addition, the Board of Supervisors successively implemented research to branching organizations, to understand their operation conditions and major difficulties encountered. The Board of Supervisors improved its work and enhanced efficiency of supervision through the investigation and research.

Independent Opinions on Relevant Matters

Performance of Duties by the Board of Directors and Senior Management

During the Reporting Period, the Board of Directors earnestly, diligently and proactively implemented national and local financial policies and resolutions of Shareholders' meetings in accordance with the Guidelines on the Corporate Governance of Commercial Banks and provisions of the Articles of Association, while consciously accepting supervision from the Board of Supervisors. They also had an accurate grasp of the macro trends in the nation and the reform and development direction of the Bank of Chongqing, making adjustments on development strategy in a timely manner. The Board of Directors actively supported the epidemic prevention and control, timely deployed and implemented policies that provide relief and benefits to enterprises, supported the resumption of work and production at full stretch, and resolutely kept the fundamentals of the economy stable; vigorously promoted the Initial Public Offering of A Shares, laying a solid foundation for the Bank's high-quality development; resolutely implemented major decisions and deployments, and promoted integration into the construction of Chengdu-Chongqing Economic Rim; resolutely fight the "Three Critical Battles", took comprehensive measures on poverty alleviation, made major progress in the resolution of key risks, and vigorously developed green finance; deepened reform and transformation for development, organized the formulation of the "14th Five-Year" development plan, coordinated the implementation of special benchmarking and improvement actions, and the three-year reform action plan to promote the in depth market value management. They placed emphasis on corporate governance, risk prevention and control, capital management, compensation management, consolidated management, internal control and compliance management and data governance. In accordance with regulatory requirements, the Board of Directors regularly listened to business performance reports, profitability analysis reports, risk monitoring reports, asset and liability management analysis reports, anti-money laundering and anti-financing for terrorist activities reports, case prevention work reports, compliance management reports, internal audit work report and consumer rights protection work. Based on market changes and the Bank's actual situation, the Board of Directors timely adjusted development strategies, gave full play to a scientific decision-making, effectively promoted the implementation of the strategic planning of Bank of Chongqing, and put into effect the risk management, capital management, internal control and compliance management, anti-money laundering work and consumer rights protection. The decisions of the Board of Directors were made with sound reason, and complied with the procedures set out in the Articles of Association of the Bank. The Directors of the Bank performed their duties carefully, responsibly and diligently. In accordance with the Performance evaluation methods for Directors of the Board by Supervisors of Bank of Chongqing Co., Ltd., the Board of Supervisors conducted an assessment for the performance of the Directors, and all of the evaluation results were "excellent".

Report of the Board of Supervisors

During the Reporting Period, the senior management fully implemented the Board of Directors' deployment, strictly implemented various regulatory requirements, earnestly implemented the opinions of the Board of Supervisors, completed the annual business plan, and successfully achieved the goals of the 13th Five-Year Plan. Adhering to its original mission, The Bank continued to improve the efficiency of the service entity, and earnestly implemented the deployment requirements of financial poverty alleviation, and earnestly implemented the regulatory opinions, promoted the rectification and optimization of related businesses, implemented the relevant work requirements of anti-money laundering and consumer rights protection, and strengthened management on employee behavior, to ensure the implementation of all regulatory requirements. We seized the major opportunities in the construction of the Chengdu-Chongqing Economic Rim, and arranged special personal to conduct close docking, promoting the implementation of related businesses in an orderly manner. The Bank actively implemented a series of financial policies for the resumption of work and production, made full use of monetary policy tools that directly reach the real economy, further strengthened financial services that support and benefit agriculture, and took practical actions to support epidemic prevention and control. We continued to promote reforms and increase efficiency, and optimized the functions and responsibilities of the departments of its Head Office continuously, completed the review and centralized management reform, optimized the management of assets and liabilities, and ironed out the kinks in the system and mechanism through reform to stimulate innovation and vitality. Adhering to the digital transformation strategy, the Bank improved the digital credit system, promoted the application of digital functions, and strengthened digital security capabilities, empowering high-quality development with financial technology. The Bank coordinated and strengthened comprehensive risk management, highlighted credit risk management and control, promoted the implementation of unified credit management, increased its efforts to resolve, dispose of and collect non-performing assets, and made every effort to ensure stable development. In order to improve the internal control management system, the Bank strengthened compliance management, improved the authorization system, cultivated a compliance culture, optimized the internal control evaluation mechanism of management department of the Head Office, and increased accountability for violations. We made every effort to consolidate the foundation of safety development, and continued to do a good job in regular epidemic prevention and control, promoted safety and stability, and case prevention in a unified manner, grasped the endless loop of safety management, and maintained the bottom line of safety development. Adhering to the goal of high-quality development, senior management of the Bank performed their duties diligently and conscientiously, and led all employees of the Bank to overcome difficulties, forge ahead, and made important contributions to the Bank's strategic transformation, business promotion, and management enhancement, promoting the sustained and steady development of the Bank effectively.

Operations in Compliance with Laws and Regulations

During the Reporting Period, the Bank had been operating in compliance with relevant laws and regulations. Its decision-making procedures complied with laws, regulations and the Articles of Association. The Directors, Supervisors and senior management were faithful, honest and diligent in carrying out their duties. They were not found to have contravened any laws, regulations or the Articles of Association or to have committed any act detrimental to the interests of the Bank

Financial Report

The 2020 financial report of the Bank gave a true and fair view of the financial position and operating results of the Bank.

Acquisition and Disposal of Assets

During the Reporting Period, the Board of Supervisors was not aware of any insider transactions or any acts detrimental to the interests of Shareholders or leading to loss of assets in the course of acquiring or disposing assets.

Related Party Transactions

During the Reporting Period, the Bank further regulated the management of related party transactions, and the Board of Supervisors was not aware of any acts detrimental to the interests of the Bank in related party transactions.

Internal Control

During the Reporting Period, the Bank continued to strengthen and improve internal control. The Board of Supervisors was not aware of any material defect in the Bank's internal control system and its implementation.

Social Responsibility

During the Reporting Period, the Bank earnestly undertook social responsibilities. The Board of Supervisors had no objection to the 2020 Social Responsibility (Environment, Society, Governance) Report.

Financial Report

Independent Auditor's Report	209
Financial Statements and Notes Thereto	217
Unaudited Supplementary Financial Information	374

Independent Auditor's Report

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

To the Shareholders of Bank of Chongqing Co., Ltd.

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

Opinion

What we have audited

The consolidated financial statements of Bank of Chongqing Co., Ltd. (the "Bank") and its subsidiaries (the "Group") set out on pages 217 to 373, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent Auditor's Report

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

- Measurement of expected credit losses for loans and advances to customers and investment securities measured at amortised cost
- Consolidation assessment of structured entities

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Measurement of expected credit losses (“ECL”) for loans and advances to customers and investment securities measured at amortised cost</p> <p>Refer to Notes 3.1.4, 4(d), 21 and 22 to the consolidated financial statements.</p> <p>As at 31 December 2020, the Group’s gross loans and advances to customers amounted to RMB283,227 million, and loss allowances of RMB10,967 million for those measured at amortised cost and RMB49 million for those measured at fair value through other comprehensive income were recognised in the Bank’s consolidated statement of financial position; investment securities measured at amortised cost amounted to RMB115,027 million, for which a loss allowance of RMB1,327 million was recognised.</p> <p>The Group assessed whether the credit risk of loans and advances to customers and investment securities measured at amortised cost have increased significantly since their initial recognition, and applied a three-stage impairment model to calculate their ECL. For corporate loans, personal loans and investment securities measured at amortised cost, the management assessed loss allowance using the risk parameter modelling approach that incorporates key parameters, including probability of default, loss given default, exposure at default and discount rates.</p>	<p>We understood, evaluated and tested the internal controls relating to ECL for loans and advances to customers and investment securities measured at amortised cost, primarily including:</p> <ol style="list-style-type: none">(1) Management over ECL models, including the selection, approval and application of modelling methodology;(2) Internal controls relating to significant management judgments and assumptions, including the assess and approval of portfolio segmentation, model selections, parameters estimation, significant increase in credit risk, judgement for defaults or impairment of credit, and forward looking measurement;(3) Internal controls over the accuracy and completeness of key inputs used by the models;(4) Internal controls over the information systems for ECL measurement.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Measurement of expected credit losses for loans and advances to customers and investment securities measured at amortised cost (Continued)</p>	
<p>The models of ECL involved significant management judgments and assumptions, primarily including:</p> <ol style="list-style-type: none"> (1) Segmentation of business operations sharing similar credit risk characteristics, selection of appropriate models and determination of relevant key measurement parameters; (2) Criteria for determining whether or not there was a significant increase in credit risk, or a default or impairment loss was incurred; and (3) The application of economic indicators, economic scenarios and weightings for forward-looking measurement. 	<p>The substantive procedures we performed, primarily including:</p> <p>We assessed the appropriateness of the modelling methodologies adopted for ECL measurement. We also examined the operation for model measurement on selected samples, to test whether or not the models reflected the modelling methodologies documented by the management.</p>
<p>The Group established controls for the measurement of ECL.</p>	<p>We have examined the accuracy of data inputs for the ECL models, covering (i) examination of supporting information on a sample basis, including contractual information, such as maturity dates, and other financial and non-financial information, such as the borrower's historical and reporting date information, which have been agreed with the underlying data used to generate probability of default and internal credit ratings; (ii) assessment of the reasonableness of the loss given default using historical data and benchmarking against industry practices; and (iii) examination of borrowing contracts and assessment of the reasonableness of exposure at default and discounting rates. In addition, we have performed back-testing on the actual default rates against the expected default rates of the previous year and assessed the impact of back-testing on the models.</p>
<p>For measuring ECL, the Group adopted complex models, employed numerous parameters and data inputs, and applied significant management judgments and assumptions. In addition, the related loss allowance for the loans and advances to customers and investment securities measured at amortised cost involved significant amounts. In view of these reasons, we identified this as a key audit matter.</p>	

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
Measurement of expected credit losses for loans and advances to customers and investment securities measured at amortised cost (Continued)	<p>We selected samples, in consideration of the financial information and non-financial information of the borrowers, relevant external evidence and other factors, to assess the appropriateness of the management's application of criteria for significant increase in credit risk, defaults and credit-impaired assets.</p> <p>For forward-looking measurements, we assessed management's selection of economic indicators and their analysis of co-relation with the performance of the credit risk portfolios by using statistical techniques. We further tested the reasonableness of the prediction of economic indicators by comparing with available external expert estimates. In addition, we performed sensitivity analysis of economic scenarios and weightings.</p> <p>For corporate loans and advances to customers and investment securities measured at amortised cost in stage 3, we examined, on a sampling basis, the results from comparison between loss allowance calculated using the forecasted future cash flows prepared by the Group based on financial information of borrowers and guarantors, latest collateral valuations and other available information together with discount rates and that calculated under ECL models.</p> <p>Based on our procedures performed, we considered that the models, key parameters, significant judgements and assumptions adopted in the ECL measurement together with the measurement results were acceptable.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Consolidation assessment of structured entities</p>	
<p>Refer to Notes 4(b) and 37 to the consolidated financial statements.</p>	<p>Our procedures in relation to management's assessment on the consolidation of structured entities included:</p>
<p>The Group managed and invested in a number of structured entities. As at 31 December 2020, the net book value of consolidated structured entities invested by the Group was RMB7,801 million, the balance of unconsolidated structured entities managed by the Group was RMB49,018 million and the net book value of unconsolidated structured entities invested by the Group was RMB77,951 million.</p>	<p>We reviewed related internal control policies, understood and tested the internal control in relation to management's assessment on the consolidation of structured entities;</p>
<p>We focused on this area because the amounts were significant and assessment of whether to consolidate these structured entities involved significant judgements, including its power over the structured entities, its variable returns from the structured entities, and its ability to affect the variable returns.</p>	<p>We examined management's evaluation of the control over those structured entities on selected samples. The following procedures were performed:</p> <ul style="list-style-type: none"> • We read the contract terms, analysed the business structure and evaluated whether the Group had power over the structured entities; • We reviewed the contract terms related to variable returns of the structured entities, including commission fee, custodian fee and management fee related to the Group's compensation in the investment contracts, yield of underlying assets of the structured entities and returns to the investors. Based on the terms above, we recalculated the magnitude and variability of returns to the Group from these structured entities; • We assessed whether the Group acted as principal or agent based on our analysis of the Group's power, its variable returns generated from the structured entities, and its ability to affect the returns, and compared our assessment result with management's assessment result.
	<p>Based on our procedures performed, we considered assessment made by management in relation to the consolidation of structured entities was acceptable.</p>

Independent Auditor's Report

Other Information

The directors of the Bank are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Bank are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

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

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Lee, Chung Bor.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 March 2021

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020 (All amounts expressed in thousands of RMB unless otherwise stated)

[English translation for reference only]

	Note	For the year ended 31 December	
		2020	2019
Interest income		25,191,048	22,201,722
Interest expense		(14,130,310)	(13,053,512)
Net interest income	6	11,060,738	9,148,210
Fee and commission income		1,151,897	1,054,603
Fee and commission expense		(114,850)	(106,091)
Net fee and commission income	7	1,037,047	948,512
Net trading (Losses)/Gains	8	(216,780)	248,103
Net gains on investment securities	9	885,304	1,381,023
Other operating income	10	125,794	65,189
Operating income		12,892,103	11,791,037
Operating expenses	11	(2,885,200)	(2,768,419)
Asset impairment losses	13	(4,436,024)	(3,613,581)
Operating profit		5,570,879	5,409,037
Share of profit of associates	23	162,903	163,250
Profit before income tax		5,733,782	5,572,287
Income tax	15	(1,168,087)	(1,250,830)
Net profit for the year		4,565,695	4,321,457
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Net (losses)/gains on debt investments at fair value through other comprehensive income		(204,003)	576,713
Less: Relevant income tax effect		51,001	(144,178)
Subtotal		(153,002)	432,535

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020 (All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

	Note	For the year ended 31 December	
		2020	2019
<i>Items that will not be reclassified to profit or loss:</i>			
Net gains on equity investments designated at fair value through other comprehensive income		–	68,400
Less: Relevant income tax effect		–	(17,100)
Subtotal		–	51,300
Remeasurement losses of retirement benefits		(142)	(997)
Less: Related income tax effect		35	249
Subtotal		(107)	(748)
Total other comprehensive income, net of tax	40	(153,109)	483,087
Total comprehensive income for the year		4,412,586	4,804,544
Net profit attributable to:			
Shareholders of the Bank		4,423,633	4,207,488
Non-controlling interests		142,062	113,969
		4,565,695	4,321,457
Total comprehensive income attributable to:			
Shareholders of the Bank		4,270,524	4,690,575
Non-controlling interests		142,062	113,969
		4,412,586	4,804,544
Earnings per share attributable to the shareholders of the Bank			
(expressed in RMB per share)			
Basic and diluted	16	1.32	1.25

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2020 (All amounts expressed in thousands of RMB unless otherwise stated)

[English translation for reference only]

	Note	As at 31 December	
		2020	2019
ASSETS			
Cash and balances with central bank	17	35,305,289	32,033,098
Due from and placements with banks and other financial institutions	18	52,659,497	61,276,742
Financial assets at fair value through profit or loss ("FVPL")	19	31,208,753	26,977,016
Loans and advances to customers	21	272,259,348	238,626,834
Investment securities	22		
– Fair value through other comprehensive income ("FVOCI")		45,881,180	36,094,078
– Amortised cost		113,700,026	96,407,351
Investment in associates	23	1,945,081	1,801,573
Property, plant and equipment	24	3,233,280	3,070,011
Deferred tax assets	30	3,353,016	2,479,531
Other assets	25	2,095,927	2,465,630
Total assets		561,641,397	501,231,864
LIABILITIES			
Due to and placements from banks and other financial institutions	26	97,411,900	70,149,225
Financial liabilities at fair value through profit or loss	20	6,904	3,602
Customer deposits	27	314,500,257	281,048,911
Current tax liabilities		405,461	503,815
Debt securities issued	28	101,040,342	105,386,006
Other liabilities	29	6,282,319	5,526,636
Total liabilities		519,647,183	462,618,195
EQUITY			
Share capital	32	3,127,055	3,127,055
Preference shares	33	4,909,307	4,909,307
Capital surplus	34	4,680,638	4,680,638
Other reserves	35	10,356,321	9,298,770
Retained earnings		17,101,676	14,933,659
Equity attributable to shareholders of the Bank		40,174,997	36,949,429
Non-controlling interests		1,819,217	1,664,240
Total equity		41,994,214	38,613,669
Total liabilities and equity		561,641,397	501,231,864

The accompanying notes form an integral part of these consolidated financial statements.

Approved and authorised for issue by the following on behalf of the Board of Directors on 30 March 2021.

LIN JUN
CHAIRMAN

RAN HAILING
PRESIDENT

YANG SHIYIN
VICE PRESIDENT

YANG KUN
HEAD OF FINANCE
DEPARTMENT

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020 (All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

	Equity attributable to shareholders of the Bank									Total
	Share capital (Note 32)	Preference shares (Note 33)	Capital surplus (Note 34)	Surplus reserve (Note 35)	General reserve (Note 35)	Revaluation reserve for financial assets at FVOCI (Note 35)	Remeasurement of retirement benefits (Note 35)	Retained earnings	Non-controlling interests	
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 year	-	-	-	-	-	-	-	4,207,488	113,969	4,321,457
Other comprehensive income (Note 40)	-	-	-	-	-	483,835	(748)	-	-	483,087
Total comprehensive income	-	-	-	-	-	483,835	(748)	4,207,488	113,969	4,804,544
Dividends to ordinary shares (Note 36)	-	-	-	-	-	-	-	(481,566)	(10,290)	(491,856)
Dividends to preference shares (Note 36)	-	-	-	-	-	-	-	(310,592)	-	(310,592)
Transfer to other reserves	-	-	-	409,956	116,535	-	-	(526,491)	-	-
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
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 year	-	-	-	-	-	-	-	4,423,633	142,062	4,565,695
Other comprehensive income (Note 40)	-	-	-	-	-	(153,002)	(107)	-	-	(153,109)
Total comprehensive income	-	-	-	-	-	(153,002)	(107)	4,423,633	142,062	4,412,586
Business combination involving enterprises not under common control	-	-	-	-	-	-	-	-	40,845	40,845
Dividends to ordinary shares (Note 36)	-	-	-	-	-	-	-	(737,985)	(27,930)	(765,915)
Dividends to preference shares (Note 36)	-	-	-	-	-	-	-	(306,971)	-	(306,971)
Transfer to other reserves	-	-	-	431,999	778,661	-	-	(1,210,660)	-	-
Balance at 31 December 2020	3,127,055	4,909,307	4,680,638	3,458,521	6,295,346	607,806	(5,352)	17,101,676	1,819,217	41,994,214

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year Ended 31 December 2020 (All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

	For the year ended 31 December	
	2020	2019
Cash flows from operating activities:		
Profit before income tax	5,733,782	5,572,287
Adjustments:		
Depreciation and amortisation	315,944	273,497
Impairment losses on loans	4,211,102	3,273,343
Provision for impairment losses on other assets	224,922	340,238
Net gains on disposal of property, plant and equipment and foreclosed assets	(34,322)	(14,519)
Losses/(Gains) on changes in fair value	248,532	(213,228)
Net gains arising from financial investments	(1,229,705)	(1,368,597)
Share of profit of associates	(162,903)	(163,250)
Interest income arising from investment securities	(8,041,501)	(6,630,622)
Interest expense arising from financing activities	3,270,567	3,557,599
Net increase in operating assets:		
Net (increase)/decrease in restricted deposit balances with central bank	(2,409,797)	1,360,186
Net decrease in due from and placements to banks and other financial institutions	4,410,002	2,274,760
Net decrease/(increase) in financial assets held under resale agreements	4,753,891	(10,146,762)
Net increase in loans and advances to customers	(37,531,136)	(36,019,010)
Net increase in other operating assets	(892,423)	(1,382,094)
Net increase in operating liabilities:		
Net increase in borrowings from central bank	15,274,988	9,215,453
Net increase in due to and placements from banks and other financial institutions	10,063,919	994,434
Net increase in financial assets sold under repurchase agreements	1,923,768	2,849,399
Net increase in customer deposits	33,451,346	24,654,718
Net increase in other operating liabilities	645,900	906,260
Income tax paid	(2,015,813)	(2,045,817)
Net cash inflows/(outflows) from operating activities	32,211,063	(2,711,725)

Consolidated Statement of Cash Flows

For the year Ended 31 December 2020 (All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

	For the year ended 31 December	
	2020	2019
Cash flows from investing activities:		
Dividends received	1,440	5,866
Proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets	53,107	46,703
Purchase of property, plant and equipment, intangible assets and other long-term assets	(444,857)	(371,392)
Proceeds from sale and redemption of investments	73,680,148	137,916,174
Purchase of investment securities	(94,988,330)	(143,234,523)
Net cash received from acquired subsidiary	17,507	–
Net cash outflows from investing activities	(21,680,985)	(5,637,172)
Cash flows from financing activities:		
Proceeds from issuance of debt securities and inter-bank certificates of deposit	123,831,323	108,756,671
Cash paid to redeem debt securities and inter-bank certificates of deposit issued	(130,720,000)	(103,180,000)
Cash paid for lease liabilities	(40,131)	(50,103)
Interest paid in relation to financing activities	(721,600)	(726,577)
Dividends paid to shareholders	(1,064,190)	(804,213)
Net cash (outflows)/inflows from financing activities	(8,714,598)	3,995,778
Impact from exchange rate changes on cash and cash equivalents	(249,938)	44,726
Net increase/(decrease) in cash and cash equivalents	1,565,542	(4,308,393)
Cash and cash equivalents at the beginning of the year	9,958,679	14,267,072
Cash and cash equivalents at the end of the year (Note 41)	11,524,221	9,958,679

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

(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 Yinfu [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 Yuyinfu [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 Yinjianfu [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. On 5 February 2021, the Bank was listed on the Shanghai Stock Exchange.

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 31 December 2020, the Bank operated its business through 145 sub-branches including a business department at its headquarter, a small enterprise credit center, 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 subsidiaries (together, the “Group”) include deposit taking, loan lending, settlement services, financial leasing and other services approved by the respective regulators.

These consolidated financial statements were authorised for issuance by the Bank’s Board of Directors on 30 March 2021.

2 PRINCIPAL ACCOUNTING POLICIES

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

2.1 Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with all the applicable International Financial Reporting Standards (“IFRSs”) and disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Hong Kong *Companies Ordinance* (Cap.622).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, and financial assets and financial liabilities at fair value through profit or loss which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(a) *New and revised IFRSs issued and applied*

From 2020 on, the Group has adopted the following amendments to IFRSs, which were applicable for the Group's financial year beginning on 1 January 2020 and the relevant impact is set out below:

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

Amendments to IAS 1 and IAS 8

The international accounting standards board ("IASB") has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of "primary users of general purpose financial statements" to whom those financial statements are directed, by defining them as "existing and potential investors, lenders and other creditors" that must rely on general purpose financial statements for much of the financial information they need.

Amendments to IFRS 3

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term "outputs" is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(a) *New and revised IFRSs issued and applied (Continued)*

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

Amendments to IFRS 9, IAS 39 and IFRS 7

The IASB has published Phase 1 amendments to IFRS 9, IAS 39 and IFRS 7- Interest Rate Benchmark Reform as a first reaction to the potential effects the Interest Rate Benchmark Reform (“IBOR”) could have on financial reporting. The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform. Key changes include:

- Modifying specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(a) *New and revised IFRSs issued and applied (Continued)*

Amendments to IFRS 9, IAS 39 and IFRS 7 (Continued)

- Under the amendments, an entity assumes that the interest rate benchmark on which the cash flows of the hedged item, hedging instrument or hedged risk are based is not altered by IBOR reform; and
- In some hedges, the hedged item or hedged risk is a non-contractually specified IBOR risk component. Under the amendments, the risk component only needs to be separately identifiable at initial hedge designation and not on an ongoing basis. In the context of a macro hedge, where an entity frequently resets a hedging relationship, the relief applies from when a hedged item was initially designated within that hedging relationship; and
- The amendment requires disclosure of the nominal amount of hedging instruments to which the reliefs are applied, any significant assumptions or judgements made in applying the reliefs, and qualitative disclosures about how the entity is impacted by IBOR reform and is managing the transition process.

Amendments to IFRS 16

The IASB has published COVID-19-related Rent Concessions (Amendment to IFRS 16). Its key amendments include:

- Lessees were provided an exemption from assessing a rent concession related to COVID-19 is a lease modification;
- Lessees applying the exemption need to account for rent concessions as if they were not lease modification;
- Lessees that apply the exemption need to disclose that fact;
- Lessees need to apply the exemption retrospectively as required by IAS 8 without restatement of comparative amount for prior period.

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(b) *New and revised applicable IFRSs issued but not yet effective*

		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 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16	Phase 2 Interest Rate Benchmark Reform	1 January 2021
Amendments to IFRS 3	Reference to the Conceptual Framework	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
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
IFRS 17 and its amendments	Insurance Contracts	1 January 2023

Amendments to IFRS 10 and IAS 28

The amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture.

A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(b) *New and revised applicable IFRSs issued but not yet effective (Continued)*

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The IASB has issued Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 for IBOR reform. Key changes include:

Accounting for changes in the basis for determining contractual cash flows

For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform.

End date for Phase 1 relief for non contractually specified risk components in hedging relationships

The Phase 2 amendments require an entity to prospectively cease applying the Phase 1 reliefs to a non contractually specified risk component at the earlier of when changes are made to the non contractually specified risk component, or when the hedging relationship is discontinued. No end date was provided in the Phase 1 amendments for risk components.

Additional reliefs for hedging relationships

The Phase 2 amendments provide additional temporary reliefs from applying specific IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform:

- Changes to designations and hedge documentation

When the Phase 1 reliefs cease to apply, entities are required to amend the hedge documentation to reflect changes that are required by IBOR reform by the end of the reporting period during which the changes are made. Such amendments do not constitute a discontinuation.

- Amounts accumulated in the cash flow hedge reserve

When amending the description of a hedged item in the hedge documentation, the amounts accumulated in the cash flow hedge reserve are deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(b) New and revised applicable IFRSs issued but not yet effective (Continued)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Continued)

Additional reliefs for hedging relationships (Continued)

- Groups of items

When amending the hedge relationships for groups of items, hedged items are allocated to sub-groups based on the benchmark rate being hedged, and the benchmark rate for each sub-group is designated as the hedged risk.

- Risk components – separately identifiable requirement

An alternative benchmark rate designated as a non-contractually specified risk component, that is not separately identifiable at the date when it is designated, is deemed to have met the requirements at that date if the entity reasonably expects that it will meet the requirements within a period of 24 months from the date of first designation. The 24-month period will apply to each alternative benchmark rate separately. The risk component will, however, be required to be reliably measurable.

- New disclosures

To enable users of financial statements to understand the effect of IBOR reform on a company's financial instruments and risk management strategy, a company will need to provide additional disclosures on:

- how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition;
- quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and
- a description of any changes to the risk management strategy as a result of IBOR reform.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(b) New and revised applicable IFRSs issued but not yet effective (Continued)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Continued)

Effective date and transition

The amendments are applied for annual periods beginning on or after 1 January 2021 with earlier application permitted.

The amendments to the IFRSs are to be applied retrospectively. However, the amendments provide relief from restating comparative information. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

If an entity does not restate prior periods, it recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period in the opening retained earnings or other component of equity.

An entity is prohibited from designating a new hedge accounting relationship in prior periods. However, discontinued hedging relationships are required to be reinstated if, and only if, the following two conditions are met:

- the hedge relationship was discontinued solely due to changes required by IBOR reform (and would not have been discontinued if the Phase 2 reliefs had been available); and
- at the date of initial application, the discontinued hedging relationship continues to meet all qualifying criteria for hedge accounting (after taking the Phase 2 reliefs into account).

Amendments to IFRS 3

The amendments to IFRS 3, “Business combinations”, referred to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the amendments add a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, “Provisions, Contingent Liabilities and Contingent Assets”, or IFRIC 21, “Levies”, rather than the 2018 Conceptual Framework. The amendments also clarify that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(b) New and revised applicable IFRSs issued but not yet effective (Continued)

Amendments to IAS 37

The amendment clarifies the meaning of “costs to fulfil a contract” and explains that the direct cost of fulfilling a contract comprises:

- The incremental costs of fulfilling that contract (for example, direct labour and materials); and
- An allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of PP&E used to fulfil the contract).

The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

Annual Improvements to IFRS Standards 2018-2020

The Annual Improvements to IFRSs 2018-2020 Cycle include a number of amendments to various IFRSs:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of its illustrative example to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent’s books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(b) New and revised applicable IFRSs issued but not yet effective (Continued)

Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (“PP&E”) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities.

IFRS 17 and its amendments

IFRS 17 Insurance Contracts was issued in May 2017 as replacement for IFRS 4. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of discounted probability weighted cash flows, an explicit risk adjustment, and a contractual service margin (“CSM”) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the “variable fee approach” for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity’s share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(b) New and revised applicable IFRSs issued but not yet effective (Continued) *IFRS 17 and its amendments (Continued)*

The IASB issued the amendments to IFRS 17 Insurance contracts, on 25 June 2020, together with an amendment to IFRS 4, so that eligible insurers can still apply IFRS 9 alongside IFRS 17. This concluded the IASB's targeted amendments to IFRS 17 which aimed to ease implementation of the standard by reducing implementation costs and making it easier for entities to explain, to investors and others, the results from applying IFRS 17. The amendments to IFRS 17 include:

- Effective date

The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.

- Expected recovery of insurance acquisition cash flows

An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.

- Contractual service margin attributable to investment services

Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.

- Reinsurance contracts held – recovery of losses

When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(b) New and revised applicable IFRSs issued but not yet effective (Continued) *IFRS 17 and its amendments (Continued)*

- Other amendments to IFRS 17 include:
 - Scope exclusions for some credit card (or similar) contracts, and some loan contracts;
 - Presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups;
 - Applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss;
 - An accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17;
 - Inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows;
 - Selected transition reliefs and other minor amendments.

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.

2.2 Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the Bank and the subsidiaries (including structured entities) controlled by the Bank. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group obtains control until the date when the Group ceases to control the subsidiary.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred in a business combinations is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are recognised in the consolidated income statement as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree at the non-controlling interests' proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the identifiable net assets of the acquiree in the case of a bargain purchase, the difference is recognised in profit or loss.

Total comprehensive income of the subsidiary is attributed to the shareholders of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 Goodwill

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets. Goodwill is not amortised. Goodwill arising from a business combination is allocated to each cash-generating unit ("CGU") or group of CGUs, that is expected to benefit from the synergies of the combination. The Group performs an impairment test on goodwill at least once a year.

On disposal of the related CGU or group of CGUs, any attributable amount of goodwill net of allowances for impairment losses, if any, is included in the calculation of the profit or loss on disposal.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.4 Associates

Associates are all entities over which the Group has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policy decisions.

Investments in associates are accounted for using the equity method of the accounting and are initially recognised at cost. The carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group assesses at each financial reporting date whether there is objective evidence that investments in associates are impaired. Impairment losses are recognised for the amounts by which the investments in associates' carrying amounts exceed its recoverable amounts. The recoverable amounts are the higher of investments in associates' fair value less costs to sell and value in use.

2.5 Derivative financial instruments

Derivative financial instruments include, but are not limited to, interest rate derivative and currency derivative. Derivative financial instruments are initially measured at fair value at the date a derivative contract is entered into and are subsequently measured at fair value. Changes in fair value of these derivative financial instruments are recognised in profit or loss. Fair values are obtained from quoted market prices in active market or are determined using valuation techniques, including discounted cash flow model and options pricing model as appropriate. All derivatives are recognised as assets when the fair value is positive and as liabilities when the fair value is negative.

Some derivatives are embedded in hybrid contracts. If a hybrid contract contains a host that is an asset within the scope of IFRS 9, the embedded derivative is classified and measured together with the host. If a hybrid contract contains a host that is not an asset within the scope of IFRS 9, an embedded derivative shall be separated from the host and accounted for as a derivative if, and only if:

- (i) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;
- (ii) separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (iii) the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss.

For the above assets, the Group may bifurcate the embedded derivative and measured it at fair value through profit or loss, or designate the entire hybrid instrument to be measured at fair value through profit or loss.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.6 Financial assets

(a) *Measurement methods*

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired (“POCI”) financial assets – assets that are credit-impaired at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

(b) *Interest income*

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- 1) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- 2) Financial assets that are not “POCI” but have subsequently become credit-impaired (or “stage 3”), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the ECL allowance).

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.6 Financial assets (Continued)

(c) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, on which the Group commits to purchasing or selling the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an ECL allowance is recognised into profit or loss for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as set out below:

- 1) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised into profit or loss.
- 2) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(d) Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.6 Financial assets (Continued)

(d) Classification and subsequent measurement (Continued)

The classification requirements for debt and equity instruments are described below:

(1) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government bonds and corporate bonds.

Classification and subsequent measurement of debt instruments depend on: (i) the Group's business model for managing the asset; and (ii) the cash flow characteristics of the asset.

(i) Business model

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the "other" business model and measured at FVPL.

(ii) SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.6 Financial assets (Continued)

(d) Classification and subsequent measurement (Continued)

(1) Debt instruments (Continued)

(ii) SPPI (Continued)

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- (i) Amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured from these financial assets is included in “Interest income” using the effective interest rate method.
- (ii) Fair value through other comprehensive income (FVOCI)
Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets’ cash flows represent SPPI, and that are not designated at FVPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument’s amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in “Net gains on investment securities”. Interest income from these financial assets is included in “Interest income” using the effective interest rate method.
- (iii) Fair value through profit or loss (FVPL)
Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented in the consolidated comprehensive income statement within “Net gains on investment securities” and “Net trading income” in the period in which it arises.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.6 Financial assets (Continued)

(d) Classification and subsequent measurement (Continued)

(2) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, changes in fair value are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the "Net trading income" line in the consolidated statement of comprehensive income.

(e) Modification of loan contracts

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in;
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.6 Financial assets (Continued)

(e) Modification of loan contracts (Continued)

If the terms are substantially different, the Group derecognises the original financial asset and recognises a “new” asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

(f) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as “pass through” transfers that result in derecognition if the Group:

- 1) has no obligation to make payments unless it collects equivalent amounts from the assets;
- 2) is prohibited from selling or pledging the assets; and
- 3) has an obligation to remit any cash it collects from the assets without material delay.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.6 Financial assets (Continued)

(f) *Derecognition other than on a modification (Continued)*

Collateral (bonds or notes) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

When the contractual rights to receive the cash flows from the assets have been transferred, and the Group neither transfers nor retains substantially all the risks and rewards of ownership, and the Group has retained control of the transferred assets, the Group applies continuing involvement approach. Under this approach, the Group continues to recognise the transferred asset to the extent of its continuing involvement and recognise the associated liability, to reflect the rights and obligations retained by the Group. The net carrying amount of the transferred asset and associated liability is: (a) the amortised cost of the rights and obligations retained by the Group, if the transferred asset is measured at amortised cost; or (b) equal to the fair value of the rights and obligations retained by the Group, if the transferred asset is measured at fair value.

2.7 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses (“ECL”) associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For specific information on the above judgement and estimation, please refer to Note 3.1.4.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.8 Financial liabilities

(a) *Classification and subsequent measurement*

In both the current and prior periods, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies. When the transfer of financial asset did not qualify for derecognition, a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; when continuing involvement approach applies, refer to Note 2.6(d).
- Financial guarantee contracts and loan commitments.

(b) *Derecognition*

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.9 Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance (calculated as described in Note 3.1.4); and
- The premium received on initial recognition less accumulative amortisation recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance (calculated as described in Note 3.1.4). The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as provisions.

2.10 Offset financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 Interest income and expense

Interest income and expense are recognised in profit or loss for interest-bearing instruments on an accrual basis using the effective interest method. For the interest recognition method of POCI financial assets, please refer to Note 2.5.

2.12 Fee and commission income

For the performance obligation implemented at a certain point of time, the Group recognises revenue when the customer obtains control of the service. For the performance obligation implemented during a certain period, the Group recognises the income according to the progress of the performance during the period.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.13 Dividend distribution

Common stock cash dividends are recognised as liabilities in the current period of the approval of the general meeting. Preferred stock cash dividends are recognised as liabilities in the current period of the approval of the Board.

2.14 Sale/purchase and repurchase/resale agreements

Assets sold subject to a linked repurchase agreements (“Repos”) with banks and other financial institutions are retained in the consolidated financial statements as financial assets held for trading or investment securities, as the Group still retains substantially all risk and rewards of the ownership of the underlying assets. The related liability is recorded as “due to and placements from banks and other financial institutions”.

Resale agreements (“Reverse repos”) refers to the agreement under which the Group purchases an asset with an obligation to resell it to the same counterparty at a pre-determined price on a specified date. Reverse repos are recorded as “due from and placements with banks and other financial institutions” while assets bought are not recognised.

Interest earned from resale agreement and interest paid under repurchase agreement are recorded as interest income or interest expense respectively using effective interest method during the agreement period.

2.15 Property, plant and equipment

The Group’s property, plant and equipment mainly comprise buildings, motor vehicles, electronic equipment, office equipment, assets under operating leases – containers, and construction in progress.

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in an asset’s carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment are reviewed for impairment at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and present value of expected future cash flows.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.15 Property, plant and equipment (Continued)

Gains or losses on disposals are determined by the difference between proceeds and carrying amount, after deduction of relevant sales taxes and expenses. These are included in the income statement.

Buildings comprise primarily head and branch network premises and office premises. The estimated useful lives, estimated residual value rate and depreciation rate of buildings, motor vehicles, electronic equipment, office equipment and operating leasing assets – container are as follows:

Type of assets	Estimated useful lives	Estimated residual value rate	Depreciation rate
Buildings	30 years	3.0%	3.23%
Motor vehicles	5 years	3.0%	19.40%
Electronic equipment	5 years	3.0%	19.40%
Office equipment	5 years	3.0%	19.40%
Operating leasing assets	4-8 years	0.0%-30.0%	8.75%-24.25%

Construction in progress consists of assets under construction or being installed and is stated at cost. Cost includes equipment cost, cost of construction, cost of installation and other direct costs. Items classified as construction in progress are transferred to property, plant and equipment when such assets are ready for their intended use and the depreciation charge commences from then.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.16 Foreclosed assets

When the Group's obligor use foreclosed asset to compensate the principal and interest of loan, foreclosed asset was initially recognised and measured at fair value, then it was subsequently measured at the lower of carrying amount and recoverable amount. At each reporting date, the Group will assess if a foreclosed asset has been impaired individually. If recoverable amount of foreclosed asset is lower than carrying amount, the difference should be charged to profit or loss for the current period.

2.17 Land use rights

Land use rights are recognised initially at "cost", being the consideration paid for the rights to use and occupy the land. Land use rights are kinds of "right-of-use assets" and amortised using the straight-line method over their authorised useful lives.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.18 Intangible assets

An intangible asset is measured initially at cost, including direct expenses incurred in connection with the acquisition. When an intangible asset with a finite useful life is available for use, its original cost is amortised over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortised.

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

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.19 Investment property

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing, and buildings that are being constructed or developed for the purpose of leasing in future, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the period in which they are incurred.

Investment properties are initially measured at cost, including costs that are directly attributable to the properties, at the time of acquisition. The Group adopts the cost model for subsequent measurement of investment properties. The type of assets, estimated useful lives, estimated net residual value, annual depreciation rate (annual amortisation rate) and estimated residual value rate of investment properties are as follows:

Type of assets	Estimated useful lives (years)	Estimated residual value rate	Annual depreciation rate
Buildings	30 years	3.0%	3.23%

When an investment property is transferred to an owner-occupied property, it is reclassified as fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment properties at its carrying amount at the date of the transfer.

Investment properties are reviewed for impairment at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.20 Impairment of non-financial assets

The Group determines the impairment of assets, other than the impairment of deferred tax assets and financial assets, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that assets may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired and it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the CGU to which the asset belongs.

CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets.

The recoverable amount of an asset (or CGU, group of CGUs) is the higher of its fair value less costs to sell and the present value of the expected future cash flows. The Group considers all relevant factors in estimating the present value of future cash flows, such as the expected future cash flows, the useful life and the discount rate.

(a) Testing CGU with goodwill for impairment

For the purposes of impairment testing, goodwill is allocated to each of the CGUs (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired.

(b) Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to the profit or loss.

For a CGU or a group of CGUs, the amount of impairment loss firstly reduces the carrying amount of any goodwill allocated to the CGU or group of CGUs, and then reduces the carrying amount of other assets (other than goodwill) within the CGU or group of CGUs, pro rata on the basis of the carrying amount of each asset.

(c) Reversing an impairment loss

If, in a subsequent period, the amount of impairment loss of the non-financial asset except for goodwill decreases and the decrease can be linked objectively to an event occurring after the impairment was recognised, the previously recognized impairment loss is reversed through the profit or loss. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

An impairment loss in respect of goodwill is not reversed.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.21 Leases

Lease refers to a contract in which the lessor transfers the right of use of the assets to the lessee for a certain period of time to obtain the consideration.

The Group as Lessee

The Group recognises the right-of-use asset on the start date of the lease term and recognises the lease liability at the present value of the remaining lease payments. The lease payments include fixed payments and payments to be made in the case that it is reasonably determined that the purchase option will be exercised or the lease option will be terminated.

The Group's right-to-use assets include buildings, office equipment, electronic equipment and land use rights. The right-of-use asset is initially measured at cost, which includes the initial measurement of the lease liability, the lease payments already paid on or before the lease start date, the initial direct costs etc, and deducts any lease incentives. The asset is depreciated over the remaining useful life of the leased asset if Group could reasonably determine the ownership of the leased asset at the expiration of the lease term; if it is not possible to reasonably determine whether the ownership of the leased asset can be obtained at the expiration of the lease term, the right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. When the recoverable value is lower than the book value of the right-of-use asset, the Group reduces its book value to the recoverable value.

As for the short-term leases with a lease term less than 12 months and low-value asset leases with a lower value of individual assets, the Group will not recognise the right-of-use assets and lease liabilities, and the relevant rental expenses are recognised in profit or loss on the straight-line basis for each period of the lease term or in the related assets costs.

The Group accounts for a modification to a finance lease as a separate lease if both:(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the Group remeasures the lease term and the lease liability by discounting the revised lease payments using a revised discount rate. The Group decreases the carrying amount of the right-of-use asset for lease modifications that decrease the scope or term of the lease, and recognised the gain or loss relating to the partial or full termination of the lease in profit or loss. The Group makes a corresponding adjustment to the right-of-use asset for all other lease modifications.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.21 Leases (Continued)

The Group as Lessor

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

(i) Operating lease

When the Group leases out its own buildings and properties, equipments and motor vehicles, the rental income arising from operating leases is recognised on the straight-line basis over the lease term.

(ii) Finance lease

When the Group is the lessor in a finance lease, an amount representing the minimum lease payment receivables and unguaranteed residual value, net of initial direct costs, all discounted at the implicit lease rate (the “net lease investment”) is recorded in the consolidated statement of financial position as “Loans and advances to customers”. The difference between the net lease investment and the undiscounted amount is recorded as unearned finance income, which is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return. Impairment losses on lease receivables are accounted for in accordance with the accounting policies as financial instruments impairment.

2.22 Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise balances with less than three months’ maturity from the date of acquisition, including: cash, excess reserve with central bank and amounts due from and placements with banks and other financial institutions.

2.23 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable and the amount can be reliably measured, it will then be recognised as provisions.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably measured.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the risks specific to the obligation, the uncertainties and the time value of money.

2.25 Current and deferred income taxes

The tax expense for the year comprises current and deferred income tax. Tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. As at the consolidated financial statements date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the related deferred income tax asset is realised or the deferred income tax liability is settled pursuant to tax laws.

The temporary differences primarily arise from impairment allowance for loans and advances, impairment allowance for financial assets at amortised cost, and unrealised gains/losses of financial assets at FVOCI.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilised. Deferred income tax liabilities are the amounts of income tax payable in respect of taxable temporary differences, which are measured at the amount expected to be paid to the tax authorities in the future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.26 Share capital

Share capital of equity comprises ordinary shares issued.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.27 Employee benefits

Salaries and bonuses, housing benefits and costs for social security benefits are accrued in the financial period in which the services are rendered by employees of the Group. The Group also participates in various defined contribution retirement plans principally organised by municipal and provincial governments.

In addition, the Group pays supplementary retirement benefits to employees, 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 pay 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 equivalent 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 other comprehensive income as they occur. Current service cost and net interest on the net defined benefit liability (asset) is recognised in profit and loss.

After 1 January 2010, employees can also voluntarily participate in a defined contribution plan established by the Group ("the Annuity Plan") according to state corporate annuity plan besides the pension plan of the social security. The Group contributes to the Annuity Plan based on certain percentages of the employees' gross salaries in the previous year. The Group's contributions to annuity plans are charged to profit or loss in the financial period to which they relate.

2.28 Foreign currency translation

(a) *Functional and recording currency*

The Group's recording currency is Renminbi ("RMB"), the legal currency of the PRC. Items included in the consolidated financial statements of each of the Group are measured using the currency that best reflects the economic environment of the underlying events and circumstances relevant to that entity ("the functional currency"). The consolidated financial statements are presented in RMB which is the functional and recording currency of the Group.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in consolidated statement of comprehensive income. Foreign currency gains or losses in monetary assets classified as available for sale are recognised in profit or loss.

Translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss are recognised in consolidated statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.29 Fiduciary activities

Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from the consolidated financial statements where the Group acts in a fiduciary capacity such as nominee, trustee, custodian or agent.

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

2.30 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the senior management team represented by the President as its chief operating decision maker.

An operating segment is a component of the Group with all of the following conditions are satisfied: (1) that component can earn revenues and incur expenses from ordinary activities; (2) the component's operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (3) discrete consolidated financial statements for the component is available to the Group. If two or more operating segments have similar economic characteristics, and certain conditions are satisfied, they may be aggregated into a single operating segment.

Intra-segment revenue and costs are eliminated. Income and expenses directly associated with each segment are included in determining segment performance.

The classification of reporting segments are based on the operating segments, and the assets and expenses shared by all the segments are allocated according to their scales.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.31 Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specially, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the year in which they become receivable.

3 FINANCIAL RISK MANAGEMENT

Overview

The Group's business activities expose it to a variety of financial risks and those activities involve analysis, evaluation, acceptance and management of some degree of risks or combination of risks. Assuming 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, and products and the emerged 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. Under the authorization of the Board of Directors, the risk management committee is in charge of the Group's overall risk management policies and process, including the written policies covering specific areas, such as credit risk, market risk, liquidity risk and operational risk. The senior management of the Group is in charge of the overall risk management and internal control, risk management policy making and procedure implementation. In addition, the internal audit department is in charge of conducting an independent review of the risk management and control environment.

The Group is subject to a number of financial risks, primarily including credit risk, market risk (including foreign exchange risk and interest risk), and liquidity risk.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 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 reporting date. Credit risk increases when the counterparties are in the similar geographical or industry segments. Credit exposures arise principally from loans and advances, bond securities, due from banks, and debt instruments investment and derivative financial assets at FVPL that are not included in the impairment assessment. 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.

3.1.1 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.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.1 Credit risk management (Continued)

(a) Credit business (Continued)

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.

(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 and other treasury business, the Group manages the credit risk exposures by setting limits to the external credit ratings of its investments.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.2 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, 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 3.1.5(c) for specific guidelines on collateral and guarantee.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.2 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 period 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 debt security purchase, selling price. RMB bond investments require a rating of A+ or above for long-term security investments for state owned debtors and a rating of A+ or above for long-term security investments for non-state-owned debtors, and A+ or above for short-term security investments for all debtors.

Among foreign currency bond investments, 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 debt 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 Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.3 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 probability of default 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 levels (AAA+ to C) and 1 default grades (D). The main scale table matches the default probability 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.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 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 3.1.4(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 3.1.4(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 3.1.4(c) for a description 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 3.1.4(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 Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 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 risk classification of the instrument is migrated down as 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.

The Group provided extended and rescue programs for existing customers affected by the COVID-19 in accordance with the government regulations. For customers who applied for loan extensions and rescue programs, the Group carefully evaluated their repayment ability and provided deferred interest repayment or adjustment of repayment plans to the customers who met the standards, while at the same time assessed whether such customers' credit risk has increased significantly.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 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 Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 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 3.1.4(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 Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 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 amortising products 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 3.1.4(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 in 2020 (2019: nil).

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement (Continued)

(d) Forward-looking information incorporated in the ECL models

Through historical data analysis, the Group identifies key economic indicators that affect the credit risk and expected credit loss of various businesses, such as the accumulated year-on-year growth rate of gross domestic product (“GDP”) and the accumulated year-on-year growth rate of consumer price index (“CPI”). The Group evaluates and forecasts these economic indicators at least annually, and regularly checks the evaluation results. In 2020, the Group adjusted the forecast of forward-looking economic indicators by using statistical analysis methods and expert judgments. When considering forward-looking information, the Group comprehensively considers internal and external data, expert forecasting, and statistical analysis to determine the relationship between these economic indicators and PD, LGD, and EAD. On the basis of fully considering the impact of COVID-19 on the future macroeconomics, the input value of the model has been smoothly adjusted. As at 31 December 2020, the key macroeconomic parameters used by the Group in various macroeconomic scenarios and the forecasting values for the next year are listed as follows:

	Economic Scenario		
	Central	Upside	Downside
GDP: accumulated year on year	8.0	8.4	7.6
CPI: accumulated year on year	2.40	3.02	1.79
Export Volume vs. Destination:			
accumulated year on year	6.98	7.33	6.63
Industrial Value Added: accumulated year on year	5.70	5.99	5.42

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instruments. Expert judgment has also been applied in this process. Forecasts of these economic variables (the “base/central economic scenario”) are provided by the Group on year basis and provide the best estimate view and prediction in scenarios of the future economy. To project the economic variables out for the full remaining lifetime of each instrument following the forecast period, a mean reversion approach has been used, which means 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.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement (Continued)

(d) Forward-looking information incorporated in the ECL models (Continued)

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. 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 31 December 2020, the weights assigned to various economic scenarios were: “central” 70%, “upside” 10%, and “downside” 20% (31 December 2019: the same).

The ECL calculated for the above three scenarios and the weighted average ECL of the Group are as follows:

	As at 31 December 2020		
	Loans and advances to corporate entities	Retail loans	Investment securities
	Weighted average	8,820,311	2,146,896
Central	8,687,648	1,775,027	1,421,288
Upside	7,988,461	1,429,771	1,063,119
Downside	9,700,558	3,806,999	2,015,563

	As at 31 December 2019		
	Loans and advances to corporate entities	Retail loans	Investment securities
	Weighted average	7,051,427	1,670,477
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.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement (Continued)

(d) Forward-looking information incorporated in the ECL models (Continued)

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.

The following table illustrates the change of ECL and provisions in the consolidated statement of financial position, in case that all the financial assets and credit related commitments and financial guarantee in Stage 2 are transferred to Stage 1:

	As at 31 December 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	3,151,153
Gross amount of ECL and provisions in the consolidated statement of financial position	3,986,686
Difference – amount	(835,533)
Difference – percentage	-21%
	As at 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 consolidated statement of financial position	4,047,703
Difference – amount	(642,658)
Difference – percentage	-16%

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 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.

	As at 31 December	
	2020 Carrying amount	2019 Carrying amount
On-balance-sheet items		
Balances with central bank (Stage 1)	34,656,253	31,379,806
Due from and placements with banks and other financial institutions	52,659,497	61,276,742
Stage 1	52,568,049	61,187,594
Stage 3	49,750	–
Interest receivable	41,698	89,148
Loans and advances to customers		
– Carried at amortised cost	252,226,428	224,355,314
Stage 1	232,835,680	205,088,559
Stage 2	14,901,761	16,850,929
Stage 3	2,482,508	898,681
Interest receivable	2,006,479	1,517,145
– FVOCI	20,032,920	14,271,520
Stage 1	20,032,718	14,270,608
Stage 2	202	912
Investment securities – Amortised cost	113,700,026	96,407,351
Stage 1	109,391,050	92,157,218
Stage 2	1,156,129	1,929,097
Stage 3	673,771	370,854
Interest receivable	2,479,076	1,950,182
Investment securities – FVOCI (Stage 1)	45,604,166	35,817,064
Other receivables	461,168	667,559
Stage 1	169,094	143,966
Stage 2	242,951	514,142
Stage 3	49,123	9,491
Prepayments for lease assets (Stage 1)	–	201,169
On-balance-sheet total	519,340,458	464,376,565
Off-balance-sheet total	44,751,215	48,959,137
Total	564,091,673	513,335,702

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 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:

	As at 31 December 2020			
	ECL Stage			
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit Rating				
Low Risk	165,880,096	133,592	–	166,013,688
Medium Risk	70,292,784	13,765,608	–	84,058,392
High Risk	–	4,945,242	6,169,834	11,115,076
Gross principal balance	236,172,880	18,844,442	6,169,834	261,187,156
Impairment allowance	(3,337,200)	(3,942,681)	(3,687,326)	(10,967,207)
Total	232,835,680	14,901,761	2,482,508	250,219,949

	As at 31 December 2019			
	ECL Stage			
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 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:

	As at 31 December 2020			
	ECL Stage			
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit Rating				
Low Risk	92,431,369	–	–	92,431,369
Medium Risk	17,807,000	1,200,000	–	19,007,000
High Risk	–	–	1,109,083	1,109,083
Gross principal balance	110,238,369	1,200,000	1,109,083	112,547,452
Impairment allowance	(847,319)	(43,871)	(435,312)	(1,326,502)
Total	109,391,050	1,156,129	673,771	111,220,950

	As at 31 December 2019			
	ECL Stage			
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 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	
	As at 31 December	
	2020	2019
Financial assets at FVPL		
Bond investments	1,490,543	1,360,274
Trust investments	5,178,637	5,219,379
Directional assets management plans	10,297,886	10,360,368
Wealth management products purchased from financial institutions	7,800,943	9,618,383
Fund investments	5,904,445	–
Total	30,672,454	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 and advances to customers are:

- Residential properties;
- Business assets such as premises, inventory and accounts receivable;
- Financial instruments such as stocks.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 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 management 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 credit rating, 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 39.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 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 :

As at 31 December 2020	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets (Stage 3)				
Loans and advances to customers				
– Corporate loans	5,205,827	(3,035,014)	2,170,813	976,150
– Retail loans	964,007	(652,312)	311,695	231,095
Investment securities measured at amortised cost	1,109,083	(435,312)	673,771	673,771
Gross amount of credit-impaired assets	7,278,917	(4,122,638)	3,156,279	1,881,016
As at 31 December 2019	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.6 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 current year;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs for the current year, 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 current year 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 year is set out in Note 21(c). 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 22. 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 22.

3.1.7 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 year ended 31 December 2020 was RMB2,156,615 thousand (2019: RMB1,248,454 thousand).

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.8 Loans and advances to customers

(a) Restructured loans and advances

Rescheduled loans are loans that have been renegotiated due to deterioration in the borrower's financial position to the extent that the borrower is unable to repay according to the original terms and where the Group has made concessions that it would not otherwise consider under normal circumstances. Rescheduled loans are subject to ongoing monitoring. The balance of restructured loans and advances as at 31 December 2020 was RMB489,234 thousand (31 December 2019: RMB557,615 thousand).

(b) Concentration risk analysis for loans and advances to customers (gross) by geographic sectors

	As at 31 December					
	2020			2019		
	Gross amount	%	Non-performing loan ratio	Gross amount	%	Non-performing loan ratio
Chongqing City	222,907,038	78.70	1.17%	197,377,224	79.80	0.88%
Sichuan Province	16,741,699	5.91	4.31%	15,567,383	6.29	6.54%
Guizhou Province	20,611,515	7.28	0.62%	16,672,478	6.74	1.08%
Shaanxi Province	20,959,824	7.40	0.51%	16,214,508	6.56	1.26%
Interest receivable on loans and advances to customers	2,006,479	0.71	N/A	1,517,145	0.61	N/A
Total	283,226,555	100.00	1.27%	247,348,738	100.00	1.27%

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.8 Loans and advances to customers (Continued)

(c) The composition of loans and advances to customers by industry or nature

	As at 31 December			
	2020		2019	
	Amount	%	Amount	%
Corporate loans – Amortised cost				
Leasing and commercial services	35,458,997	19.20	21,696,220	13.99
Water conservation, environment and public facility administration	35,349,761	19.13	35,925,100	23.17
Manufacturing	23,232,705	12.58	19,654,168	12.68
Construction	17,680,813	9.57	15,919,277	10.27
Real estate	14,556,043	7.88	13,712,652	8.84
Wholesale and retail	14,095,203	7.63	13,425,889	8.66
Electricity, heat, gas and water production and supply	6,845,137	3.71	5,094,776	3.29
Transportation, storage and postal service	3,910,638	2.12	3,762,158	2.43
Agriculture, forestry, animal husbandry and fishery	2,506,763	1.36	2,397,875	1.55
Health and social welfare	2,102,213	1.14	1,784,982	1.15
Mining	1,756,136	0.95	1,931,622	1.25
Scientific research and technology services	1,630,880	0.88	1,317,998	0.85
Accommodation and catering	1,454,567	0.79	1,170,175	0.75
Information transmission, software and information technology services	1,231,397	0.67	700,468	0.45
Culture, sports and entertainment	953,156	0.52	447,429	0.29
Education	903,269	0.49	749,455	0.48
Financing	725,257	0.39	765,156	0.49
Household services, repairing and other services	267,737	0.14	324,810	0.21
Corporate loans-FVOCI				
Discounted bills	20,032,920	10.85	14,271,520	9.20
Total corporate loans	184,693,592	100.00	155,051,730	100.00
Retail loans – Amortised cost				
Mortgage loans	35,530,566	36.80	26,757,377	29.48
Personal consumption loans	31,366,897	32.50	41,172,219	45.35
Personal business loans	19,942,281	20.66	16,192,657	17.84
Credit card advances	9,686,740	10.04	6,657,610	7.33
Total retail loans	96,526,484	100.00	90,779,863	100.00
Interest receivable on loans and advances to customers	2,006,479		1,517,145	
Gross amount of loans and advances to customers	283,226,555		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.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.8 Loans and advances to customers (Continued)

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

	As at 31 December	
	2020	2019
Guaranteed loans	123,129,602	114,310,120
Collateralised loans	86,550,044	76,819,536
Unsecured loans	40,198,310	31,905,801
Pledged loans	31,342,120	22,796,136
Interest receivable on loans and advances to customers	2,006,479	1,517,145
Total	283,226,555	247,348,738

3.1.9 Investment securities

As at 31 December 2020 and 2019, 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.

The rate of the Group's investment securities made by the independent credit agencies is as follows:

As at 31 December 2020	Financial assets at FVPL	Investment securities at FVOCI	Investment securities at amortised cost	Total
AAA	613,345	6,174,056	149,813	6,937,214
AA- to AA+	227,752	19,267,317	–	19,495,069
A+ and below	49,348	–	–	49,348
Unrated ^(a)	29,782,009	19,199,695	111,071,137	160,052,841
Interest receivable	–	963,098	2,479,076	3,442,174
Total	30,672,454	45,604,166	113,700,026	189,976,646

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.9 Investment securities (Continued)

As at 31 December 2019	Financial assets at FVPL	Investment securities at FVOCI	Investment securities at amortised cost	Total
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 ^(a)	25,800,276	16,417,541	94,307,251	136,525,068
Interest receivable	–	873,718	1,950,182	2,823,900
Total	26,558,404	35,817,064	96,407,351	158,782,819

(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 and policy banks who are creditworthy issuers in the market, but are not rated by independent rating agencies. In addition, debt securities at FVOCI 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. As at 31 December 2020, the impairment allowance for debt securities at FVOCI amounted to RMB177,824 thousand and the impairment allowance for debt securities at amortised cost amounted to RMB1,326,502 thousand (31 December 2019: RMB104,299 thousand and RMB1,402,304 thousand).

Trust investments/asset management plans classification by underlying assets are summarised as follows :

	As at 31 December	
	2020	2019
Financial assets at FVPL		
– Credit assets	15,476,523	15,579,747
Financial assets at amortised cost		
– Bond assets	42,495,000	37,488,000
– Credit assets	15,216,883	19,240,408
	57,711,883	56,728,408

As at 31 December 2020, the gross principal balance of the Group's Stage 3 investments in trust schemes and directional asset management plans at amortised cost was RMB1,109,083 thousand, whose underlying assets were all credit assets, of which the accrued ECL allowance amounted to RMB435,312 thousand (31 December 2019: RMB657,022 thousand and RMB286,168 thousand).

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.10 Foreclosed assets

	As at 31 December	
	2020	2019
Business properties	62,798	66,012
Residential properties	411	–
Other	5,112	5,112
Total	68,321	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 in the consolidated statement of financial position as other assets at the reporting date.

3.2 Market risk

3.2.1 Overview

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates and prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

In accordance with the requirements of the China Banking and Insurance Regulatory Commission (“CBIRC”), the Group categorises its business into either the trading book or the banking book. The trading book consists of positions in financial instruments held either with trading intent or in order to economically hedge other elements of the trading book or the banking book. The banking book consists of the assets purchased with excess funds and other financial instruments that are not captured in trading book.

The market risks arising from trading and non-trading activities are monitored by two teams separately. Regular reports are submitted to the Board of Directors and head of each business unit.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.2 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the market value of a financial instrument will fluctuate due to changes in market interest rates.

The interest rate risk of the Group mainly comes from the impact of interest rate change on net interest income, which was caused by the mismatch between the interest-rate-sensitive assets and liabilities' maturity date or the re-pricing date.

The Group's Assets and Liabilities Management Committee is responsible for establishing, periodically examining and monitoring the exercising of the policies, procedures and detailed operating rules regarding interest rate risk. The financial market department is responsible for the front office treasury transactions; the accounting department is responsible for the settlement at the back office. The assets and liabilities management department is responsible for the analysis of RMB interest rate risk, submission of interest rate analysis report to the Assets and Liabilities Management Committee, and timely reporting and dealing with extraordinary situations of interest rate risks identified.

The financial market department follows the Group's interest rate management policies and conducts the front office treasury transactions under the Group's approved interest rate limit. The Group records the assets in trading book and non-trading book. The freely tradable financial instruments held for trading purpose or avoiding the risks of other items in trading book were recorded under the trading book; others were recorded under the non-trading book. The financial market department manages and conducts treasury transactions within the interest rate limit approved by the senior management, and monitors the market risk of the trading book and its risk limit compliance.

The Group uses the RMB interest rate risk management system to monitor and manage the overall interest rate risk of the assets and liabilities under the non-trading book. At the current stage, the Group manages the interest rate risk mainly through raising suggestion about the re-pricing date of assets and liabilities, setting market risk limit and other methods. The Group analyses the interest rate gap and assesses the difference between the interest-bearing assets and liabilities which would mature or re-price within certain time period, to provide instruction for the adjustment of interest-bearing assets and liabilities' re-pricing date. Meanwhile, the Group controls and manages interest risk by establishing the instruction and authorisation limit of investment portfolio. The Group's treasury management conducts real-time market value assessment to monitor the investment risk more accurately. In addition, the Group manages the interest rate risk of branches by the head office using the internal funds transfer-pricing system.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.2 Interest rate risk (Continued)

The tables below summarise the Group's exposures to interest rate risks and present the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
As at 31 December 2020							
Assets							
Cash and balances with central bank	34,641,833	-	-	-	-	663,456	35,305,289
Due from and placements with banks and other financial institutions	48,846,599	2,352,290	1,418,910	-	-	41,698	52,659,497
Financial assets at FVPL	7,519,153	2,204,453	19,324,907	381,109	1,022,877	756,254	31,208,753
Loans and advances to customers	18,788,821	17,902,882	59,007,911	150,691,486	18,110,848	7,757,400	272,259,348
Investment securities							
– FVOCI	1,173,629	2,715,331	4,681,438	30,744,253	5,326,417	1,240,112	45,881,180
– Amortised cost	888,512	1,360,445	21,721,819	78,229,781	9,020,393	2,479,076	113,700,026
Other financial assets	-	-	-	-	-	1,399,550	1,399,550
Total financial assets	111,858,547	26,535,401	106,154,985	260,046,629	33,480,535	14,337,546	552,413,643
Liabilities							
Due to and placements from banks and other financial institutions	(19,448,413)	(9,404,757)	(67,829,486)	(102,275)	-	(626,969)	(97,411,900)
Financial debt at fair value through profit or loss	-	-	-	-	-	(6,904)	(6,904)
Customer deposits	(106,823,031)	(22,681,055)	(53,548,595)	(121,932,476)	(6,577,271)	(2,937,829)	(314,500,257)
Debt securities issued	(5,971,180)	(17,414,803)	(67,750,327)	(2,000,000)	(7,495,836)	(408,196)	(101,040,342)
Other financial liabilities	(574)	(2,519)	(30,404)	(75,636)	(16,711)	(4,087,807)	(4,213,651)
Total financial liabilities	(132,243,198)	(49,503,134)	(189,158,812)	(124,110,387)	(14,089,818)	(8,067,705)	(517,173,054)
Total interest sensitivity gap	(20,384,651)	(22,967,733)	(83,003,827)	135,936,242	19,390,717	6,269,841	35,240,589

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.2 Interest rate risk (Continued)

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
As at 31 December 2019							
Assets							
Cash and balances with central bank	31,365,969	-	-	-	-	667,129	32,033,098
Due from and placements with banks and other financial institutions	49,560,335	6,752,447	4,874,812	-	-	89,148	61,276,742
Financial assets at FVPL	721,785	2,958,920	20,089,626	1,554,625	1,027,195	624,865	26,977,016
Loans and advances to customers	77,175,157	17,456,850	60,897,053	70,308,456	5,127,350	7,661,968	238,626,834
Investment securities							
– FVOCI	2,604	77,464	3,342,442	25,689,519	5,831,317	1,150,732	36,094,078
– Amortised cost	2,384,053	3,120,546	14,322,319	65,108,405	9,521,846	1,950,182	96,407,351
Other financial assets	-	-	201,170	-	-	1,626,511	1,827,681
Total financial assets	161,209,903	30,366,227	103,727,422	162,661,005	21,507,708	13,770,535	493,242,800
Liabilities							
Due to and placements from banks and other financial institutions	(19,317,055)	(7,500,000)	(42,490,000)	(274,782)	-	(567,388)	(70,149,225)
Financial debt at fair value through profit or loss	-	-	-	-	-	(3,602)	(3,602)
Customer deposits	(94,333,014)	(19,888,782)	(54,477,507)	(104,965,584)	(4,837,564)	(2,546,460)	(281,048,911)
Debt securities issued	(7,475,510)	(16,583,687)	(64,449,637)	(8,994,464)	(7,494,590)	(388,118)	(105,386,006)
Other financial liabilities	(960)	(2,074)	(39,477)	(52,018)	(17,483)	(3,664,754)	(3,776,766)
Total financial liabilities	(121,126,539)	(43,974,543)	(161,456,621)	(114,286,848)	(12,349,637)	(7,170,322)	(460,364,510)
Total interest sensitivity gap	40,083,364	(13,608,316)	(57,729,199)	48,374,157	9,158,071	6,600,213	32,878,290

The Group assesses the impact of interest rate changes on net profit and equity through sensitivity analysis. The following table illustrates the interest rate sensitivity analysis result based on the structure of assets and liabilities as at balance sheet date.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.2 Interest rate risk (Continued)

Interest rate sensitivity test

The result of the interest rate sensitivity tests set out in the table below is based on the following assumptions: yield curves move parallel to the change of interest rate; the assets and liabilities portfolio has a static structure of interest rate; all positions are held and renewed after maturity. But the Group has not considered the following: changes after the reporting date; the impact of interest rate fluctuations on the customers' behaviours; the complicated relationship between complex structured products and interest rate fluctuations; the impact of interest rate fluctuations on market prices; the impact of interest rate fluctuations on off-balance sheet products; and impact of risk management.

On the basis of the above gap analysis on the interest rate, the Group implemented sensitivity test to analyse the sensitivity of bank's net interest income against change in interest rate. The table below illustrates the analysis of potential pre-tax impact on the Group's net interest income within the next year on the assumption of a 100 basis point parallel move of the yield curves on each reporting date.

	Changes of net interest income	
	As at 31 December	
	2020	2019
+ 100 basis points parallel move in all yield curves	(698,015)	54,578
- 100 basis points parallel move in all yield curves	698,015	(54,578)

The table below illustrates the potential pre-tax impact of a 100 basis point parallel move on the other comprehensive income of the Group.

	Changes of other comprehensive income	
	As at 31 December	
	2020	2019
+ 100 basis points parallel move in all yield curves	(845,008)	(905,702)
- 100 basis points parallel move in all yield curves	877,627	945,105

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.3 Foreign exchange risk

The Group's main business is located in China, and its main business is settled in RMB. However, the foreign currency assets and liabilities recognised by the Group and foreign currency transactions in the future still remain exposed to foreign exchange risk. The exchange rate risk is that the foreign exchange exposure level and cash flow of the Group will also be affected by fluctuations in the main foreign exchange rate. The Group's daily management of exchange rate risk is the responsibility of Trade and Finance Department. The Group mitigates and controls foreign exchange rate risk by setting foreign currency exposure limits and stop-loss limits.

The following tables show the Group's financial assets and liabilities at carrying amounts in RMB, categorised by the original currency.

	RMB	US Dollar	HK Dollar	Others	Total
31 December 2020					
Assets					
Cash and balances with central bank	35,055,055	249,897	159	178	35,305,289
Due from and placements with banks and other financial institutions	50,201,642	2,419,866	3,365	34,624	52,659,497
Financial assets at FVPL	31,208,753	-	-	-	31,208,753
Loans and advances to customers	271,463,921	795,427	-	-	272,259,348
Investment securities					
– FVOCI	39,533,096	6,348,084	-	-	45,881,180
– Amortised cost	113,700,026	-	-	-	113,700,026
Other financial assets	1,399,550	-	-	-	1,399,550
Total financial assets	542,562,043	9,813,274	3,524	34,802	552,413,643
Liabilities					
Due to and placements from banks and other financial institutions	(97,394,008)	(55)	-	(17,837)	(97,411,900)
Financial liabilities at FVPL	(6,904)	-	-	-	(6,904)
Customer deposits	(310,054,945)	(4,441,204)	(83)	(4,025)	(314,500,257)
Debt securities issued	(101,040,342)	-	-	-	(101,040,342)
Other financial liabilities	(4,213,075)	-	-	(576)	(4,213,651)
Total financial liabilities	(512,709,274)	(4,441,259)	(83)	(22,438)	(517,173,054)
Net position	29,852,769	5,372,015	3,441	12,364	35,240,589
Financial guarantees and credit related commitments	39,221,228	5,159,644	-	727,245	45,108,117

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.3 Foreign exchange risk (Continued)

	RMB	US Dollar	HK Dollar	Others	Total
31 December 2019					
Assets					
Cash and balances with central bank	31,687,707	345,045	164	182	32,033,098
Due from and placements with banks and other financial institutions	53,901,606	7,299,054	9,509	66,573	61,276,742
Financial assets at FVPL	26,977,016	-	-	-	26,977,016
Loans and advances to customers	237,651,957	974,877	-	-	238,626,834
Investment securities					
– FVOCI	31,249,252	4,844,826	-	-	36,094,078
– Amortised cost	96,407,351	-	-	-	96,407,351
Other financial assets	1,827,536	96	-	49	1,827,681
Total financial assets	479,702,425	13,463,898	9,673	66,804	493,242,800
Liabilities					
Due to and placements from banks and other financial institutions	(69,765,143)	(349,337)	-	(34,745)	(70,149,225)
Financial liabilities at FVPL	(3,602)	-	-	-	(3,602)
Customer deposits	(273,516,887)	(7,505,243)	(32)	(26,749)	(281,048,911)
Debt securities issued	(105,386,006)	-	-	-	(105,386,006)
Other financial liabilities	(3,775,048)	(1,691)	(27)	-	(3,776,766)
Total financial liabilities	(452,446,686)	(7,856,271)	(59)	(61,494)	(460,364,510)
Net position	27,255,739	5,607,627	9,614	5,310	32,878,290
Financial guarantees and credit related commitments					
	39,848,191	8,680,447	-	838,833	49,367,471

The Group assesses the impact of foreign exchange rate changes on net profit through sensitivity analysis. The following table illustrates the foreign exchange rate sensitivity analysis result based on the structure of assets and liabilities as at balance sheet date.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.3 Foreign exchange risk (Continued)

Foreign exchange sensitivity test

The Group performs exchange rate sensitivity analysis on net profit before tax for the Group by measuring the impact of a change in exchange rate on foreign exchange sensitivity gap. The analysis is based on the assumptions below: the sensitivities of foreign currencies are exchange gains or losses of RMB against foreign currencies fluctuation by 1% absolute value in closing price at reporting dates. The foreign currency exchange rates against RMB move by the same amount and same trends. The portfolio of assets and liabilities has a static structure of foreign exchange risk and all positions are held and renewed after maturity. The Group has not considered the following: business changes after the reporting date, the impact of exchange rate fluctuations on the customers' behaviours; the complicated relationship between complex structured products and exchange rate fluctuations; the impact of exchange rate fluctuations on market prices, the impact of exchange rate fluctuations on off-balance sheet products; and the impact of risk management.

The table below illustrates the potential impact of 1% change of RMB against foreign currencies on the Group's net profit before tax:

	Changes of expected net profit/(loss) before tax	
	As at 31 December	
	2020	2019
+1% upward change of foreign exchange rate	53,878	56,226
- 1% downward change of foreign exchange rate	(53,878)	(56,226)

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk

3.3.1 Overview

Liquidity risk is the risk that the Group will be unable to obtain sufficient funds timely at a reasonable cost to deal with asset growth, repayment of due debts or other payment obligations. The Group's objective in liquidity management is to ensure the availability of adequate funding to meet its needs for deposit withdrawals and repayment of other liabilities as they fall due and to ensure that it is able to meet its obligations to fund loan originations and commitments while taking advantage of new investment opportunities.

The Group needs to respond to daily calls on its available cash resources from overnight deposits, current accounts, matured deposits, loan drawdowns, guarantees and cash deposit held as collateral. The Board of Directors set the minimum proportion of funds to be made available to meet such calls and the minimum level of interbank and other borrowing facilities that should be in place to cover different levels of unexpected withdrawals. As at 31 December 2020, 9% (31 December 2019: 9.5%) of the Group's total RMB-denominated and 5% (31 December 2019: 5%) of the total foreign-currency-denominated customer deposits must be deposited with the PBOC.

3.3.2 Liquidity risk management process

The Board of Directors or the subordinate special committee approves the policies, strategies, procedures, limits and contingency plans related to the overall management of liquidity risk according to risk preference. The assets and liabilities management committee is established under the top management, which is responsible for formulating and assessing the policies, strategies, procedures, limits and the contingency plans related to the overall management of the liquid risk management, and implementing the daily operations in liquidity risk management. The Asset and Liability Management Department cooperates with the Financial Market Department and other departments to form a well-organised, fully functional and efficient liquidity risk management system.

The Group proactively applies new technology to enhance the involvement of IT in liquidity risk management. A system is introduced to monitor the liquidity index and exposure, which form a mechanism for regular, automatic liquidity risk assessment, and arrange the Bank's asset and liability operations according to current liquidity exposure. The Group actively modifies the assets and liabilities maturity structure by applying internal fund transfer pricing, while taking control of the limit of the liquidity risk positively by carrying out performance assessment. The Group pays constant attention to its liquidity risk management process, holds weekly meetings for assets and liabilities integration, enhances and improves liquidity risk related policy, and adjusts policies in a timely manner, eventually achieving its goal in liquidity risk management.

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.3 Cash flows of non-derivative financial instruments

The table below presents the undiscounted cash flows of the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts listed in the table present the undiscounted cash flow as per the contracts.

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2020									
Liabilities									
Due to and placements from banks and other financial institutions	(138,257)	(19,381,963)	(10,012,886)	(69,145,672)	(111,822)	-	-	-	(98,790,600)
Customer deposits	(90,631,676)	(16,222,847)	(22,857,576)	(61,859,300)	(135,108,633)	(6,128,404)	-	-	(332,808,436)
Debt securities issued	-	(15,582,872)	(18,050,498)	(54,837,599)	(7,553,496)	(8,143,441)	-	-	(104,167,906)
Other financial liabilities	(2,581,991)	(886)	(322)	(37,953)	(1,159,495)	(338,648)	(111,627)	-	(4,230,922)
Total financial liabilities	(93,351,924)	(51,188,568)	(50,921,282)	(185,880,524)	(143,933,446)	(14,610,493)	(111,627)	-	(539,997,864)
Assets									
Cash and balances with central bank	649,036	6,208,125	-	-	-	-	28,448,128	-	35,305,289
Due from and placements with banks and other financial institutions	4,040,926	45,017,825	2,365,089	1,454,451	-	-	-	23,646	52,901,937
Non-derivative financial assets at FVPL	-	5,906,555	1,243,514	7,810,228	9,402,346	12,217,063	531,756	-	37,111,462
Loans and advances to customers	-	10,123,545	19,537,150	69,066,936	138,983,937	73,148,460	-	6,779,429	317,639,457
Investment securities									
- FVOCI	-	1,221,503	2,797,166	6,243,312	37,432,367	5,936,972	277,000	-	53,908,320
- Amortised cost	-	337,902	1,874,358	25,257,957	88,762,329	11,135,912	-	859,708	128,228,166
Other financial assets	224	746,418	-	3,381	-	229,482	487,106	108,606	1,575,217
Total financial assets	4,690,186	69,561,873	27,817,277	109,836,265	274,580,979	102,667,889	29,743,990	7,771,389	626,669,848
Net liquidity gap	(88,661,738)	18,373,305	(23,104,005)	(76,044,259)	130,647,533	88,057,396	29,632,363	7,771,389	86,671,984

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.3 Cash flows of non-derivative financial instruments (Continued)

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2019									
Liabilities									
Due to and placements from banks and other financial institutions	(156,558)	(19,265,830)	(7,957,655)	(43,627,216)	(302,708)	-	-	-	(71,309,967)
Customer deposits	(82,343,224)	(12,384,199)	(21,290,746)	(58,804,097)	(116,382,678)	(4,966,095)	-	-	(296,171,039)
Debt securities issued	-	(8,306,567)	(16,788,107)	(66,283,830)	(10,681,193)	(8,209,298)	-	-	(110,268,995)
Other financial liabilities	(2,116,510)	(113,332)	(2,172)	(87,834)	(972,670)	(284,533)	(210,814)	-	(3,787,865)
Total financial liabilities	(84,616,292)	(40,069,928)	(46,038,680)	(168,802,977)	(128,339,249)	(13,459,926)	(210,814)	-	(481,537,866)
Assets									
Cash and balances with central bank	667,129	5,338,885	-	-	-	-	26,027,084	-	32,033,098
Due from and placements with banks and other financial institutions	3,462,676	46,173,034	6,774,061	5,043,508	-	-	-	-	61,453,279
Non-derivative financial assets at FVPL	-	-	1,781,060	8,859,724	6,454,776	16,320,900	418,179	-	33,834,639
Loans and advances to customers	-	14,182,363	13,098,759	73,595,846	126,405,703	54,809,957	-	6,909,047	289,001,675
Investment securities									
- FVOCI	-	2,754	82,589	3,794,614	29,349,106	8,489,949	277,000	-	41,996,012
- Amortised cost	-	1,857,866	3,418,229	17,693,662	75,355,516	11,546,453	-	1,094,940	110,966,666
Other financial assets	-	1,409,348	1,585	225,389	-	229,459	46,955	103,937	2,016,673
Total financial assets	4,129,805	68,964,250	25,156,283	109,212,743	237,565,101	91,396,718	26,769,218	8,107,924	571,302,042
Net liquidity gap	(80,486,487)	28,894,322	(20,882,397)	(59,590,234)	109,225,852	77,936,792	26,558,404	8,107,924	89,764,176

Assets available to meet all of the liabilities include cash, balances with central bank, items in the course of collection and treasury, due from and placements with banks and other financial institutions, and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, certain debt securities have been pledged for liabilities. The Group would also be able to meet unexpected net cash outflows by selling securities, using credit commitments from other financial institutions, early termination of borrowings from other financial institutions and repurchase agreements and using the mandatory reserve deposits upon the PBOC's approval.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.4 Cash flows of derivative financial instruments

The Group's derivatives that will be settled on a net basis include interest rate swap contracts. The table below analyses the Group's derivative financial instruments that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Derivatives settled on a net basis

	Up to 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total
As at 31 December 2020						
Interest rate swap						
Inflow	648	1,388	3,187	–	–	5,223
Outflow	(652)	(1,933)	(5,607)	–	–	(8,192)
Total	(4)	(545)	(2,420)	–	–	(2,969)

Derivatives settled on a net basis

	Up to 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total
As at 31 December 2019						
Interest rate swap						
Inflow	20	38	376	–	–	434
Outflow	(39)	(128)	(533)	(3,150)	–	(3,850)
Total	(19)	(90)	(157)	(3,150)	–	(3,416)

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.5 Maturity analysis

The table below analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	On Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2020									
Assets									
Cash and balances with central bank	649,036	6,208,125	-	-	-	-	28,448,128	-	35,305,289
Due from and placements with banks and other financial institutions	4,040,396	44,834,882	2,353,281	1,430,938	-	-	-	-	52,659,497
Financial assets at FVPL	-	5,904,445	1,223,652	7,005,862	5,635,521	10,902,974	536,299	-	31,208,753
Loans and advances to customers	-	9,141,281	17,297,040	60,100,084	120,826,495	60,384,548	-	4,509,900	272,259,348
Investment securities									
– FVOCI	-	1,219,055	2,788,803	4,781,714	31,375,854	5,438,754	277,000	-	45,881,180
– Amortised cost	-	339,849	1,495,794	22,112,475	80,113,454	9,089,371	-	549,083	113,700,026
Other financial assets	224	746,419	-	3,381	-	229,482	311,438	108,606	1,399,550
Total financial assets	4,689,656	68,394,056	25,158,570	95,434,454	237,951,324	86,045,129	29,572,865	5,167,589	552,413,643
Liabilities									
Due to and placements from banks and other financial institutions	(138,257)	(19,357,489)	(9,474,418)	(68,338,337)	(103,399)	-	-	-	(97,411,900)
Financial liabilities at FVPL	-	-	-	-	-	-	(6,904)	-	(6,904)
Customer deposits	(90,631,676)	(16,205,335)	(22,710,600)	(56,624,885)	(122,272,610)	(6,055,151)	-	-	(314,500,257)
Debt securities issued	-	(15,510,770)	(17,863,755)	(53,884,107)	(5,998,976)	(7,782,734)	-	-	(101,040,342)
Other financial liabilities	(2,581,991)	(1,365)	(2,519)	(59,037)	(1,138,226)	(318,886)	(111,627)	-	(4,213,651)
Total financial liabilities	(93,351,924)	(51,074,959)	(50,051,292)	(178,906,366)	(129,513,211)	(14,156,771)	(118,531)	-	(517,173,054)
Net liquidity gap	(88,662,268)	17,319,097	(24,892,722)	(83,471,912)	108,438,113	71,888,358	29,454,334	5,167,589	35,240,589

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.5 Maturity analysis (Continued)

	On Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2019									
Assets									
Cash and balances with central bank	667,129	5,338,885	-	-	-	-	26,027,084	-	32,033,098
Due from and placements with banks and other financial institutions	3,462,670	46,130,232	6,728,569	4,955,271	-	-	-	-	61,276,742
Financial assets at FVPL	-	-	1,559,336	8,076,153	2,612,349	14,310,566	418,612	-	26,977,016
Loans and advances to customers	-	13,362,317	10,655,261	63,009,635	106,268,130	40,963,845	-	4,367,646	238,626,834
Investment securities									
– FVOCI	-	2,754	79,618	3,377,849	26,395,024	5,961,833	277,000	-	36,094,078
– Amortised cost	-	1,842,951	3,183,541	14,600,728	66,473,052	9,605,969	-	701,110	96,407,351
Other financial assets	-	1,257,568	-	203,378	-	229,460	36,230	101,045	1,827,681
Total financial assets	4,129,799	67,934,707	22,206,325	94,223,014	201,748,555	71,071,673	26,758,926	5,169,801	493,242,800
Liabilities									
Due to and placements from banks and other financial institutions	(156,558)	(19,219,337)	(7,516,660)	(42,978,320)	(278,350)	-	-	-	(70,149,225)
Financial liabilities at FVPL	-	-	-	-	-	-	(3,602)	-	(3,602)
Customer deposits	(82,343,224)	(12,109,877)	(20,361,416)	(55,145,256)	(106,245,533)	(4,843,605)	-	-	(281,048,911)
Debt securities issued	-	(7,863,627)	(16,583,687)	(64,449,637)	(8,994,464)	(7,494,591)	-	-	(105,386,006)
Other financial liabilities	(2,116,510)	(113,326)	(2,074)	(85,892)	(965,304)	(282,846)	(210,814)	-	(3,776,766)
Total financial liabilities	(84,616,292)	(39,306,167)	(44,463,837)	(162,659,105)	(116,483,651)	(12,621,042)	(214,416)	-	(460,364,510)
Net liquidity gap	(80,486,493)	28,628,540	(22,257,512)	(68,436,091)	85,264,904	58,450,631	26,544,510	5,169,801	32,878,290

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.6 Off-balance-sheet items

The table below lists the off-balance-sheet items of the Group according to their remaining term to maturity, and also includes the future minimum lease payments under non-cancellable operating leases where the Group are the lessees. The financial commitments are listed by the earliest maturity date in its notional principal.

As at 31 December 2020	Up to 1 year	1-5 years	Over 5 years	Total
Bank acceptance bill	28,354,591	–	–	28,354,591
Letter of credit	7,482,028	–	–	7,482,028
Letter of guarantee	1,160,247	3,181,549	300	4,342,096
Unused credit card limits	4,921,091	–	–	4,921,091
Irrevocable credit commitments	8,311	–	–	8,311
Capital expenditure commitments	189,664	156,854	–	346,518
Total	42,115,932	3,338,403	300	45,454,635

As at 31 December 2019	Up to 1 year	1-5 years	Over 5 years	Total
Bank acceptance bill	29,221,132	–	–	29,221,132
Letter of credit	9,086,819	–	–	9,086,819
Letter of guarantee	4,117,566	2,651,013	730	6,769,309
Unused credit card limits	4,265,204	–	–	4,265,204
Irrevocable credit 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

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities

(a) Financial instruments not measured at fair value

Financial assets and liabilities that are not measured at fair value in consolidated statement of financial position mainly include: balances with central bank, due from and placements with banks and other financial institutions, loans and advances to customers, financial assets at amortised cost, due to and placements from banks and other financial institutions, customer deposits, debt securities issued. Except for the following financial assets and financial liabilities, the carrying amount of financial assets and liabilities that are not measured at fair value is a reasonable approximation of their fair value.

The table below summarises the carrying amounts and fair value of those financial assets and liabilities not presented on the Group's consolidated statement of financial position at their fair value.

	As at 31 December 2020				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Investment securities					
– Amortised cost	113,700,026	–	41,741,818	72,144,202	113,886,020
Financial liabilities					
Debt securities issued	101,040,342	–	101,440,380	–	101,440,380

	As at 31 December 2019				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Investment securities					
– Amortised cost	96,407,351	–	31,061,726	68,217,647	99,279,373
Financial liabilities					
Debt securities issued	105,386,006	–	105,722,620	–	105,722,620

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

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

Investment securities

The fair value of financial investments at amortised cost is based on market prices or broker/dealer price quotations. When the information is not available, fair value is estimated using quoted market prices for securities with similar credit risk, maturity and yield characteristics.

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 the 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. Their fair value is measured using a discounted future cash flow model.

(b) *Fair value hierarchy*

The table below analyses financial instruments carried at fair value, by level of inputs to valuation techniques. The different levels have been defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 – Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value on a recurring basis:

As at 31 December 2020	Level 1	Level 2	Level 3	Total
Loans and advances to customers				
– Discounted bills	–	20,032,920	–	20,032,920
Financial assets at FVPL				
– Debt securities	–	1,490,543	–	1,490,543
– Fund investments	5,904,445	–	–	5,904,445
– Trust investments	–	–	5,178,637	5,178,637
– Wealth management products purchased from financial institutions	–	–	7,800,943	7,800,943
– Directional asset management plans	–	–	10,297,886	10,297,886
– Equity investment at fair value	425,373	–	106,383	531,756
– Derivative financial instruments	–	4,543	–	4,543
	6,329,818	1,495,086	23,383,849	31,208,753
Financial investments at FVOCI				
– Debt securities	–	45,604,180	–	45,604,180
– Equity investment	–	–	277,000	277,000
	–	45,604,180	277,000	45,881,180
Total	6,329,818	67,132,186	23,660,849	97,122,853

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

As at 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 instruments	–	433	–	433
	418,179	1,360,707	25,198,130	26,977,016
Financial investments at FVOCI				
– Debt securities	–	35,817,078	–	35,817,078
– Equity investment	–	–	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 year ended 31 December 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 discounted cash flow models and market comparable company models. The input value of valuation technique mainly include risk-free interest rate, benchmark interest rate, exchange rate, credit point difference, lack of liquidity discount and so on.

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

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.

Changes in Level 3 financial assets are analysed below:

	Financial assets at FVPL	Investment Securities at FVOCI
Balance at 31 December 2019	25,198,130	277,000
Total gains or losses		
– Current profits and losses	(120,664)	–
– Other comprehensive income	–	–
Purchase	7,700,000	–
Settlement	(9,393,617)	–
Balance at 31 December 2020	23,383,849	277,000
Total unrealized gains for the year included in profit and loss for financial assets held as at 31 December 2020	189,462	–

	Financial assets at FVPL	Investment Securities 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 unrealized gains for the year included in profit and loss for financial assets held as at 31 December 2019	309,880	–

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.5 Capital management

The Group's objectives when managing capital, which is a broader concept than 'equity' on the consolidated statement of financial position, are:

- To comply with the capital requirements set by the regulators of the banking markets where the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy ratio and the use of regulatory capital are monitored quarterly by the Group's management with employing techniques based on the guidelines developed by the Basel Committee, as implemented by the CBRC, for supervisory purposes. The required information is filed with the CBRC on a quarterly basis.

The Group calculated the capital adequacy ratio based on the *Rules for Regulating the Capital Adequacy of Commercial Banks (Trial)* issued by the CBRC in June 2012. According to the approach, the Group measured the credit risk-weighted assets by the weighted method, market risk-weighted assets by the standard method, and operation risk-weighted assets by the basic indicator method.

The CBRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with the *Rules for Regulating the Capital Adequacy of Commercial Banks (Trial)*. For non-systematically important banks, the CBRC requires minimum core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio of 7.50%, 8.50% and 10.50%, respectively. At present, the Group is fully compliant with legal and regulatory requirements.

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.5 Capital management (Continued)

The capital adequacy ratios calculated by the Group based on the *Rules for Regulating the Capital Adequacy of Commercial Banks (Trial)* are as follows:

	As at 31 December	
	2020	2019
Core capital:		
Share capital	3,127,055	3,127,055
Counted part of capital surplus	5,246,195	5,406,868
Surplus reserve and general reserves	9,753,867	8,543,207
Counted part of retained earnings	17,101,676	14,933,659
Capital contribution by non-controlling interests	919,041	717,249
Core Tier 1 Capital deductibles items:		
Full deduction items	(245,643)	(206,559)
Threshold deduction items	–	–
Core Tier 1 Capital, net	35,902,191	32,521,479
Other Tier 1 Capital, net	5,031,846	5,004,940
Tier 2 Capital, net	12,738,776	12,148,050
Net capital	53,672,813	49,674,469
On-balance sheet risk-weighted assets	397,595,492	350,151,257
Off-balance sheet risk-weighted assets	6,893,744	10,847,749
Risk-weighted assets for exposure to counterparty credit risk	345	439
Total credit risk-weighted assets	404,489,581	360,999,445
Total market risk-weighted assets	954,344	588,309
Total operational risk-weighted assets	22,502,901	20,551,480
Total risk-weighted assets before applying capital base	427,946,826	382,139,234
Total risk-weighted assets after applying capital base	427,946,826	382,139,234
Core Tier 1 Capital adequacy ratio	8.39%	8.51%
Tier 1 Capital adequacy ratio	9.57%	9.82%
Capital adequacy ratio	12.55%	13.00%

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

3 FINANCIAL RISK MANAGEMENT (Continued)

3.6 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.

	As at 31 December	
	2020	2019
Assets held in investment custody accounts	29,926,484	43,528,324
Entrusted loans	8,190,410	9,088,347

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Fair value of financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using valuation models (e.g. discounted cash flow model). To the extent of practicality, only observable data is used in the discounted cash flow model. However, areas such as credit risks (from both parties of transactions), market volatilities and correlations require the management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

(b) Consolidation of structured entity

Structured entity refers that when judging the control side of the entity, the key elements to consider are the contracts which the entities' main activities are based on or the corresponding arrangements rather than the voting rights or similar rights (for example: the voting rights are just associated with administrative matters only).

When the Group acts as the asset manager in structured entity, the Group needs to identify its own role as the agent or the trustee to make decisions for the structured entity. If the Group's role is just an agent, the Group's primary responsibility is to exercise decision-making authority for other parties (other investors of the structured entity), and therefore the Group does not control the structured entity. However, if the Group's primary responsibility is to exercise decision-making authority for itself, thus the Group controls the structured entity. During the evaluation to identify its own role as the agent or the trustee, the Group considers many factors, such as: the scope of asset manager's decision-making power, rights held by other parties, commission levels as management service provider, and any other arrangements (such as direct investment) which could affect commission level.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

(c) Income taxes

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. The Group has made estimates for items of uncertainty and application of new tax legislation taking into account existing tax legislation and policies given by authorities in charge in previous years. Where the final tax outcomes of these matters are different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the period during which such a determination is made (Note 30).

(d) Measurement of the expected credit loss

The measurement of the expected credit loss for financial assets including loans and advances to customers and investment securities measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements to measuring ECL, such as:

- Establishing groups of similar financial assets, choosing appropriate models and determining the key parameters
- Determining criteria for significant increase in credit risk, definition of default and credit-impaired assets, and
- Economic indicators, scenarios and their weightings for forward-looking measurement

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 3.1.4.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

5 SUBSIDIARY

As at 31 December 2020, details of the Bank's subsidiaries are set out below:

Name of entity	Date of incorporation	Principle	Paid-in capital	Proportion of equity interest	Proportion of voting rights	Principal activities
		Place of Business and Place of incorporation				
Chongqing Xinyu Financial Leasing Co., Ltd.	23 March 2017	Chongqing, the PRC	3,000,000	51.00%	51.00%	Financial leasing
Xingyi Wanfeng Village Bank Co., Ltd.	5 May 2011	Guizhou, the PRC	324,500	66.72%	66.72%	Financial services

	Assets	Liabilities	Revenue	Net profit/(loss)
Chongqing Xinyu Financial Leasing Co., Ltd.	23,998,981	20,369,651	902,845	289,924
Xingyi Wanfeng Village Bank Co., Ltd.	1,040,395	917,672	24,426	(22,019)
	25,039,376	21,287,323	927,271	267,905

The above subsidiaries are companies limited by share and limited by liability respectively.

Changes in the scope of consolidation

On 5 May 2011, the Bank invested RMB22,000 thousand in Xingyi Wanfeng Village Bank Co., Ltd., ("Xingyi Wanfeng") on its incorporation and held 20% of equity interest of the RMB110,000 thousand registered capital. In December 2020, the Bank made an additional investment of RMB194,500 thousand which accounted for 66.72% of the shares then, and Xingyi Wanfeng was converted from an associate to a subsidiary for accounting. Its latest registered capital and paid-in capital amounted to RMB324,500 thousand.

Based on the approval time of relevant authorities in PRC as well as the timing of capital increase and the transfer of Xingyi Wanfeng's net assets, operational decision-making rights and control, 31 December 2020 was deemed as the purchase date. On the purchase date, Xingyi Wanfeng's total assets, total liabilities and net assets amounted to RMB1,040,395 thousand, RMB917,672 thousand and RMB122,723 thousand respectively. Xingyi Wanfeng's identifiable assets and liabilities were mainly financial instruments, and the difference between their fair value and book value was not significant after appraisal.

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

6 NET INTEREST INCOME

	2020	2019
Interest income		
Balances with central bank	463,954	456,280
Due from and placements with banks and other financial institutions	1,047,236	1,080,125
Loans and advances to customers	15,638,357	14,034,695
Investment securities	8,041,501	6,630,622
	25,191,048	22,201,722
Interest expense		
Due to and placements from banks and other financial institutions	(2,008,731)	(1,691,871)
Customer deposits	(8,851,012)	(7,804,042)
Debt securities issued	(3,264,613)	(3,553,299)
Other liabilities	(5,954)	(4,300)
	(14,130,310)	(13,053,512)
Net interest income	11,060,738	9,148,210

7 NET FEE AND COMMISSION INCOME

	2020	2019
Fee and commission income		
Financial advisory and consulting services	5,111	19,320
Wealth management agency service	796,591	661,875
Custodian service	117,048	135,156
Bank card services and annual fee	27,266	36,596
Guarantees and credit commitments	113,135	115,360
Settlement and agency services	92,746	86,296
	1,151,897	1,054,603
Fee and commission expense		
Settlement and agency services	(65,412)	(68,105)
Bank card services	(17,467)	(24,468)
Others	(31,971)	(13,518)
	(114,850)	(106,091)
Net fee and commission income	1,037,047	948,512

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

8 NET TRADING (LOSSES)/GAINS

	2020	2019
Foreign exchange (losses)/gains	(358,726)	106,498
Bond and fund investments	230,840	164,916
Equity investments	(85,868)	(20,344)
Derivatives	(3,026)	(2,967)
	(216,780)	248,103

Net trading gains/(losses) 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.

9 NET GAINS ON INVESTMENT SECURITIES

	2020	2019
Net gains arising from financial assets at FVPL and net gains on disposal of investment securities at FVOCI	885,304	1,381,023

10 OTHER OPERATING INCOME

	2020	2019
Government grants ^(a)	60,142	37,728
Gains on sale of property, plant and equipment	35,375	8,712
Rental income ^(b)	20,484	5,389
Other miscellaneous income ^(c)	6,767	4,266
Compensation on breach of contract	1,221	2,025
Income from dormant accounts	365	3
Gains on sale of held-for-sale assets	–	5,866
Dividend income from unlisted FVOCI investments	1,440	1,200
	125,794	65,189

(a) The government grants mainly include enterprise development support bonus, bonus of small and micro business loans and other government grants.

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

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

11 OPERATING EXPENSES

	2020	2019
Staff costs (<i>Note 12</i>)	1,679,589	1,672,798
General and administrative expenses	622,536	578,025
Tax and surcharges	155,778	142,450
Depreciation of property, plant and equipment (<i>Note 24</i>)	177,351	168,923
Amortisation of intangible assets (<i>Note 25(b)</i>)	74,706	48,701
Depreciation of right-of-use assets/Amortisation of land use rights	53,504	46,222
Depreciation of investment properties (<i>Note 25(d)</i>)	241	119
Amortisation of long-term prepaid expenses	10,142	9,532
Rental expenses	8,428	7,687
Professional fees	73,473	55,518
Auditors' remuneration		
– Audit services	5,798	4,276
Donations	19,500	10,110
Others	4,154	24,058
	2,885,200	2,768,419

12 STAFF COSTS

	2020	2019
Salaries and bonuses	1,299,841	1,233,972
Pension expenses (<i>Note 31</i>)	73,722	160,570
Housing benefits and subsidies	106,228	94,568
Labour union and staff education funds	31,819	31,150
Other social security and benefit costs	167,979	152,538
	1,679,589	1,672,798

Five highest paid individuals

The emoluments payable to the five highest paid individuals for relevant years are as follows:

	2020	2019
Remunerations, salaries, allowances and benefits	1,729	1,677
Discretionary bonuses	7,999	6,880
Contributions to pension schemes	383	483
	10,111	9,040

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

12 STAFF COSTS (Continued)

Five highest paid individuals (Continued)

The emoluments payable to the senior management and individuals fell within the following bands:

	Number of individuals	
	2020	2019
RMB1,500,001 – RMB2,000,000	3	4
RMB2,000,001 – RMB2,500,000	2	1
RMB2,500,001 – RMB3,000,000	–	–
RMB3,000,001 – RMB3,500,000	–	–
RMB3,500,001 – RMB4,000,000	–	–
Above RMB4,000,000	–	–
	5	5

No emoluments had been paid by the Group to any of the directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for demission.

13 ASSET IMPAIRMENT LOSSES

	2020	2019
Loans and advances to customers carried at amortised cost	4,201,017	3,305,780
Loans and advances to customers at FVOCI	10,085	(32,437)
Investment securities – Amortised cost	(75,802)	(71,725)
Investment securities – FVOCI	73,525	15,807
Loan commitments and financial guarantee contracts	(51,432)	206,722
Due from and placements with banks and other financial institutions	156,499	25,500
Others	122,132	163,934
	4,436,024	3,613,581

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors' and supervisors' emoluments

Details of the directors' and supervisors' emoluments for the year ended 31 December 2020 are as follows:

Expressed in ten thousands of RMB

Name	Salaries, allowances and benefits (Allowances and official vehicle subsidies, including back pays for previous years)	Prepayment for performance (Pre- assessment of performance of the year)	Discretionary bonuses of previous years (Performance liquidation and tenure stimulation of previous years)	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the company)	Remunerations	Total	Notes
Executive directors							
Lin Jun	19.12	19.12	26.00	7.86	-	72.10	
Ran Hailing (President)	19.12	19.12	34.67	8.18	-	81.09	
Liu Jianhua	19.14	15.30	30.35	8.00	-	72.79	
WONG Wah Sing	15.30	15.30	29.78	0.30	-	60.68	
Non-executive directors							
Deng Yong	-	-	-	-	8.40	8.40	
WONG Hon Hing	-	-	-	-	14.05	14.05	
Jin Jingyu	-	-	-	-	6.43	6.43	Non-executive director on departure on 9 May 2020.
Kong Xiangbin	-	-	-	-	3.63	3.63	Non-executive director on departure on 30 March 2020.
Li He	-	-	-	-	2.90	2.90	Non-executive director on departure on 3 March 2020.
Wang Pengguo	-	-	-	-	3.07	3.07	Non-executive director on departure on 3 March 2020.
Tang Xiaodong	-	-	-	-	7.05	7.05	
Yang Yusong	-	-	-	-	9.60	9.60	
Yuan Xiaobin	-	-	-	-	12.27	12.27	Approved as Non-executive director by CBRIC on 9 May 2020.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Name	Salaries, allowances and benefits (Allowances and official vehicle subsidies, including back pays for previous years)	Prepayment for performance (Pre-assessment of performance of the year)	Discretionary bonuses of previous years (Performance liquidation and tenure stimulation of previous years)	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the company)	Remunerations	Total	Notes
Zou Hong	-	-	-	-	12.28	12.28	Approved as Non-executive director by CBRIC on 30 March 2020.
Feng Dunxiao	-	-	-	-	15.43	15.43	Approved as Non-executive director by CBRIC on 30 March 2020.
Liu Ying	-	-	-	-	8.83	8.83	Approved as Non-executive director by CBRIC on 3 March 2020.
Liu Xing	-	-	-	-	15.63	15.63	Approved as Non-executive director by CBRIC on 3 March 2020.
Wang Rong	-	-	-	-	15.45	15.45	Approved as Non-executive director by CBRIC on 3 March 2020.
Wu Heng	-	-	-	-	-	-	According to the requirement of SAIC Group Co., Ltd., the nominating shareholder, no emolument will be paid.

Notes to the Consolidated Financial Statements
 (All amounts expressed in thousands of RMB unless otherwise stated)
 [English translation for reference only]

14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Name	Salaries, allowances and benefits (Allowances and official vehicle subsidies, including back pays for previous years)	Prepayment for performance (Pre- assessment of performance of the year)	Discretionary bonuses of previous years (Performance liquidation and tenure stimulation of previous years)	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the company)	Remunerations	Total	Notes
Supervisors							
Yang Xiaotao	23.92	19.12	32.91	8.18	-	84.13	
Huang Changsheng	19.14	15.30	30.29	8.00	-	72.73	
Chen Zhong	-	-	-	-	7.90	7.90	
Peng Daihui	-	-	-	-	10.40	10.40	
Hou Guoyue	-	-	-	-	8.40	8.40	
Zeng Xiangming	-	-	-	-	6.20	6.20	
Qi Jun	-	-	-	-	6.10	6.10	
Yin Jun	21.71	45.12	28.23	7.66	-	102.72	
Wu Ping	25.31	49.77	73.81	7.74	-	156.63	
Total	162.76	198.15	286.04	55.92	174.02	876.89	

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Details of the directors' and supervisors' emoluments for the year ended 31 December 2019 are as follows:

Expressed in ten thousands of RMB

Name	Basic salaries	Payment for performance	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the company)	Remunerations	Total	Notes
Executive directors						
Lin Jun	19.12	54.50	9.76	-	83.38	Approved as Chairman of the Board by CBIRC on 9 March 2018, paid since April 2018.
Ran Hailing (President)	19.12	54.50	9.81	-	83.43	
Liu Jianhua	15.30	46.62	9.70	-	71.62	
WONG Wah Sing	15.30	46.43	0.30	-	62.03	

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Name	Basic salaries	Payment for performance	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the company)	Remunerations	Total	Notes
Non-executive directors						
Deng Yong	-	-	-	7.95	7.95	
WONG Hon Hing	-	-	-	11.95	11.95	
Lv Wei	-	-	-	13.05	13.05	No longer served as Non-executive director since 9 December 2019.
Jin Jingyu	-	-	-	20.20	20.20	
Kong Xiangbin	-	-	-	20.05	20.05	
Li He	-	-	-	19.75	19.75	
Wang Pengguo	-	-	-	19.45	19.45	
Tang Xiaodong	-	-	-	5.40	5.40	Approved as Non-executive director by CBRIC on 17 December 2018.
Yang Yusong	-	-	-	6.45	6.45	Approved as Non-executive director by CBRIC on 17 December 2018.
Wu Heng	-	-	-	-	-	Served as Non-executive director since 12 April 2019. According to the requirement of SAIC Group Co., Ltd., the nominating shareholder, no emolument will be paid.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Name	Basic salaries	Payment for performance	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the company)	Remunerations	Total	Notes
Supervisors						
Yang Xiaotao	19.12	51.48	9.95	–	80.55	
Huang Changsheng	15.30	46.57	9.71	–	71.58	
Chen Zhong	–	–	–	7.70	7.70	
Peng Daihui	–	–	–	10.20	10.20	Served as Supervisor since 25 May 2018.
Yin Xianglong	–	–	–	8.50	8.50	No longer served as Supervisor since 9 December 2019.
Hou Guoyue	–	–	–	1.11	1.11	Served as Supervisor since 9 December 2019.
Chen Yan	–	–	–	1.85	1.85	No longer served as Supervisor since 18 June 2019.
Zeng Xiangming	–	–	–	2.53	2.53	Served as Supervisor since 30 August 2019.
Wu Bing	–	–	–	6.15	6.15	No longer served as Supervisor since 9 December 2019.
Qi jun	–	–	–	0.95	0.95	Served as Supervisor since 9 December 2019.
Zhou Xiaohong	40.12	137.84	9.75	–	187.71	No longer served as Supervisor since 9 December 2019.
Yin Jun	22.48	60.98	9.62	–	93.08	Served as Supervisor since 23 May 2019.
Wu Ping	28.93	116.52	9.75	–	155.20	Served as Supervisor since 9 December 2019.
Total	194.79	615.44	78.35	163.24	1,051.82	

14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

The total remuneration packages (including discretionary bonus) for directors and supervisors for the year ended 31 December 2020 have not yet been finalised in accordance with relevant regulations of the relevant authorities in PRC. The amount of the remuneration not provided for is not expected to have any significant impact on the Group's consolidated financial statements for the year ended 31 December 2020.

(b) Directors' and supervisors' retirement benefits

For the year ended 31 December 2020, no retirement benefits were paid to the directors or supervisors by the defined benefit pension plan operated by the Group (2019: nil).

(c) Directors' and supervisors' termination benefits

For the year ended 31 December 2020, no termination benefits were paid to the directors or supervisors by the Group (2019: nil).

(d) Consideration provided to third parties for making available directors' and supervisors' services

For the year ended 31 December 2020, no consideration was provided to third parties for making available directors' and supervisor' services by the Group (2019: nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, supervisors and body corporates controlled by such directors and supervisors

For the year ended 31 December 2020, no loan, quasi-loan and other dealing was entered into by the Group, where applicable, in favour of body corporates controlled by directors and supervisors. The information about loans, quasi-loans and other dealings entered into by the Group, where applicable, in favour of a director and a supervisor are as follows:

Name of director	Nature of connection	Outstanding	Outstanding	Maximum	Amounts due but not been paid	Provisions for doubtful/bad debts made	Term	Interest rate	Security
		at the beginning of the year	at the end of the year	outstanding during the year					
Liu Jianhua	Executive Director	1,761	679	1,761	-	-	18 years, average capital plus interest	4.015%	mortgaged by real estate

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(e) Information about loans, quasi-loans and other dealings in favour of directors, supervisors and body corporates controlled by such directors and supervisors (Continued)

For the year ended 31 December 2019, no loan, quasi-loan and other dealing was entered into by the Group, where applicable, in favour of body corporates controlled by directors and supervisors. The information about loans, quasi-loans and other dealings entered into by the Group, where applicable, in favour of a director and a supervisor are as follows:

Name of director	Nature of connection	Outstanding at the beginning of the year	Outstanding at the end of the year	Maximum outstanding during the year	Amounts due but not been paid	Provisions for doubtful/bad debts made	Term	Interest rate	Security
Liu Jianhua	Executive Director	1,844	1,761	1,844	-	-	18 years, average capital plus interest	4.165%	mortgaged by real estate
Jin Jingyu	Director	500	500	500	-	-	3 years, repay the whole capital at due date and interest on a period basis	4.75%	mortgaged

(f) Directors' and supervisors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business, to which the Group was a party and in which a director or a supervisor of the Group had a material interest, whether directly or indirectly, subsisted at the end of 2020 or at any time during the year (2019: nil).

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

15 INCOME TAX EXPENSE

	2020	2019
Current income tax	1,917,459	2,000,959
Deferred income tax (Note 30)	(749,372)	(750,129)
	1,168,087	1,250,830

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

The difference between the actual income tax charge in the profit or loss and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	2020	2019
Profit before income tax	5,733,782	5,572,287
Tax calculated at enacted tax rate	1,393,926	1,393,072
The effect of preferential tax rate ^(a)	70,297	–
Tax effect arising from non-taxable income ^(b)	(253,888)	(183,198)
Tax effect of expenses that are not deductible for tax purposes ^(c)	49,950	30,761
Income tax adjustment for prior years	(92,198)	10,195
Income tax expense	1,168,087	1,250,830

(a) In accordance with related provisions of the Notice on Taxation Policy Issues Concerning the Deep Implementation of the Western Development Strategy (Caishui [2011] No.58) promulgated by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs and Industrial Structure Adjustment Guidance Catalog, the income tax rate of Chongqing Xinyu Financial Leasing Co., Ltd., a subsidiary of the Bank has been adjusted to 15% since 1 January 2020.

(b) 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 PRC tax laws.

(c) 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 Consolidated Financial Statements

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

[English translation for reference only]

16 BASIC AND DILUTED EARNINGS PER SHARE

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

	2020	2019
Net profit attributable to shareholders of the Bank	4,423,633	4,207,488
Less: Net profit attributable to other equity holders of the Bank	(306,971)	(310,592)
Net profit attributable to ordinary shareholders of the Bank	4,116,662	3,896,896
Weighted average number of ordinary shares issued (in thousand)	3,127,055	3,127,055
Basic and diluted earnings per share (in RMB)	1.32	1.25

The Bank issued non-cumulative preference shares on 20 December 2017 under the terms and conditions as detailed in Note 33. For the purpose of calculating basic earnings per share, dividends on non-cumulative preference shares declared in respect of the period should be deducted from the amounts attributable to ordinary shareholders of 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 for the year ended 31 December 2020 and therefore the conversion feature of preference shares has no effect on the calculation of basic and diluted earnings per share (2019: the same).

17 CASH AND BALANCES WITH CENTRAL BANK

	As at 31 December	
	2020	2019
Cash	649,036	653,292
Mandatory reserve deposits with central bank	28,310,077	25,850,540
Surplus reserve deposits with central bank	6,205,535	5,338,885
Fiscal deposits	126,221	176,544
Total	35,290,869	32,019,261
Interest receivable on balances with central bank	14,420	13,837
	35,305,289	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.

As at the end of reporting period, the Group's mandatory reserve rate for deposits are set out below:

	As at 31 December	
	2020	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.

Notes to the Consolidated Financial Statements
 (All amounts expressed in thousands of RMB unless otherwise stated)
 [English translation for reference only]

18 DUE FROM AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2020	2019
Due from banks and other financial institutions	4,316,522	5,392,398
Bills purchased under resale agreements	24,975,897	32,980,526
Securities purchased under resale agreements	20,684,900	17,446,400
Placements with banks and other financial institutions	2,828,434	5,399,724
Total	52,805,753	61,219,048
Interest receivable on amounts due from and placements with banks and other financial institutions	41,698	89,148
Less: ECL allowance	(187,954)	(31,454)
	52,659,497	61,276,742

As at 31 December 2020, the gross principal balance of the Group's Stage 3 due from and placements with banks and other financial institutions was RMB224,943 thousand, of which the accrued ECL allowance amounted to RMB175,193 thousand. The rest was all in Stage 1. As at 31 December 2019, the gross principal balance of that Stage 3 deposit was RMB25,972 thousand, which was fully accrued ECL allowance. The rest was all in Stage 1.

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2020	2019
Financial assets at FVPL		
– Listed outside Hong Kong	453,568	492,618
– Unlisted	30,750,642	26,483,965
	31,204,210	26,976,583
Derivative financial instruments (<i>Note 20</i>)	4,543	433
	31,208,753	26,977,016

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

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

Unlisted financial assets measured at FVPL are set out below:

	As at 31 December	
	2020	2019
Unlisted financial assets at FVPL		
– Trust investments ^(a)	5,178,637	5,219,379
– Directional asset management plans ^(b)	10,297,886	10,360,368
– Wealth management products purchased from financial institutions	7,800,943	9,618,383
– Fund investments	5,904,445	–
– Commercial banks	862,250	683,689
– Equity Investment	106,383	–
– Governments	600,098	602,146
	30,750,642	26,483,965

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

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

Financial assets at fair value through profit or loss by the issuer are set out below:

	As at 31 December	
	2020	2019
Financial assets at FVPL		
– Commercial banks	8,663,193	6,748,327
– Securities companies	10,297,886	10,360,368
– Fund companies	5,904,445	–
– Trust companies	5,178,637	5,219,379
– Corporations	28,195	74,439
– Governments	600,098	602,146
– Policy banks	–	3,553,745
– Equity investment	531,756	418,179
	31,204,210	26,976,583

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

(a) Trust investment

	As at 31 December	
	2020	2019
Trust investments purchased from trust companies		
– Guaranteed by third-party company	5,173,923	5,214,393
– Unsecured	4,714	4,986
	5,178,637	5,219,379

(b) Directional asset management plans

	As at 31 December	
	2020	2019
Asset management plans purchased from securities companies		
– Guaranteed by third-party company	10,297,886	10,360,368

20 DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2020	Notional amount	Fair value	
		Assets	Liabilities
Swap contracts	29,855,200	4,543	(6,904)

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

As at 31 December 2020, the financial liabilities at FVPL were generated from derivative financial instruments (31 December 2019: the same).

21 LOANS AND ADVANCES TO CUSTOMERS

	As at 31 December	
	2020	2019
Loans and advances to customers		
– Amortised cost	261,187,156	231,560,073
– FVOCI	20,032,920	14,271,520
Total	281,220,076	245,831,593
Interest receivable on loans and advances to customers	2,006,479	1,517,145
Less: ECL allowance	(10,967,207)	(8,721,904)
	272,259,348	238,626,834

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(a) Loans and advances to customers analysis

	As at 31 December	
	2020	2019
Loans and advances to corporate entities – Amortised cost		
– Corporate loans and advances	164,660,672	140,780,210
Loans and advances to corporate entities – FVOCI		
– Discounted bills	20,032,920	14,271,520
Subtotal	184,693,592	155,051,730
Loans and advances to individuals – Amortised cost		
– Mortgage loans	35,530,566	26,757,377
– Individual consumption loans	31,366,897	41,172,219
– Credit card advances	9,686,740	6,657,610
– Individual business loans	19,942,281	16,192,657
Subtotal	96,526,484	90,779,863
Total	281,220,076	245,831,593
Interest receivable on loans and advances to customers	2,006,479	1,517,145
Gross amount of loans and advances to customers	283,226,555	247,348,738
Less: ECL allowance	(10,967,207)	(8,721,904)
Carrying amount of loans and advances to customers	272,259,348	238,626,834

Notes to the Consolidated Financial Statements
 (All amounts expressed in thousands of RMB unless otherwise stated)
 [English translation for reference only]

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Credit quality of loans and advances to customers

	As at 31 December 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	264,479	264,774	84,329	20,010	633,592
Guaranteed loans	1,556,961	476,492	623,883	20,329	2,677,665
Collateralised loans	1,955,775	447,974	740,499	51,995	3,196,243
Pledged loans	21,400	27,765	112,912	–	162,077
Total	3,798,615	1,217,005	1,561,623	92,334	6,669,577

	As at 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 Consolidated Financial Statements

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

[English translation for reference only]

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements on impairment allowance for loans and advances to customers

(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	1,366,047	–	–	1,366,047
Remeasurement	(167,794)	1,815,264	1,780,671	3,428,141
Repayments	(601,336)	(664,275)	(337,569)	(1,603,180)
Write-off	–	–	(1,500,085)	(1,500,085)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	<i>(122,826)</i>	<i>122,826</i>	<i>–</i>	<i>–</i>
<i>Transfer from Stage 1 to Stage 3</i>	<i>(11,203)</i>	<i>–</i>	<i>11,203</i>	<i>–</i>
<i>Transfer from Stage 2 to Stage 1</i>	<i>120,914</i>	<i>(120,914)</i>	<i>–</i>	<i>–</i>
<i>Transfer from Stage 2 to Stage 3</i>	<i>–</i>	<i>(1,376,427)</i>	<i>1,376,427</i>	<i>–</i>
<i>Transfer from Stage 3 to Stage 2</i>	<i>–</i>	<i>55,466</i>	<i>(55,466)</i>	<i>–</i>
Recoveries of loans and advances written-off in previous years	–	–	210,531	210,531
Unwind impact of discount	–	–	(132,570)	(132,570)
As at 31 December 2020	2,246,170	3,539,127	3,035,014	8,820,311

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>	<i>(360,978)</i>	<i>360,978</i>	<i>–</i>	<i>–</i>
<i>Transfer from Stage 1 to Stage 3</i>	<i>(20,307)</i>	<i>–</i>	<i>20,307</i>	<i>–</i>
<i>Transfer from Stage 2 to Stage 1</i>	<i>74,006</i>	<i>(74,006)</i>	<i>–</i>	<i>–</i>
<i>Transfer from Stage 2 to Stage 3</i>	<i>–</i>	<i>(411,830)</i>	<i>411,830</i>	<i>–</i>
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

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements on impairment allowance for loans and advances to customers (Continued)

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

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	693,793	–	–	693,793
Remeasurement	174,667	308,645	658,750	1,142,062
Repayments	(419,750)	(150,898)	(201,490)	(772,138)
Write-off	–	–	(656,530)	(656,530)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(58,024)	58,024	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(66,781)	–	66,781	–
<i>Transfer from Stage 2 to Stage 1</i>	10,699	(10,699)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(163,824)	163,824	–
<i>Transfer from Stage 3 to Stage 2</i>	–	5,128	(5,128)	–
<i>Transfer from Stage 3 to Stage 1</i>	3,615	–	(3,615)	–
Recoveries of loans and advances written-off in previous years	–	–	89,673	89,673
Unwind impact of discount	–	–	(20,441)	(20,441)
As at 31 December 2020	1,091,030	403,554	652,312	2,146,896

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements on impairment allowance for loans and advances to customers (Continued)

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

	Stage 1	Stage 2	Stage 3	
Retail loans	12M ECL	Lifetime ECL	Lifetime ECL	Total
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 Consolidated Financial Statements

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

[English translation for reference only]

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements on impairment allowance for 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	39,111	1	–	39,112
New financial assets originated or purchased	49,197	–	–	49,197
Repayments	(39,111)	(1)	–	(39,112)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(1)	1	–	–
As at 31 December 2020	49,196	1	–	49,197

Discounted bills	Stage 1	Stage 2	Stage 3	Total
	12M 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

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) 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	76,821,220	–	–	76,821,220
Proceeds received	(45,687,591)	(5,102,413)	(635,963)	(51,425,967)
Financial assets derecognised other than write-offs	–	–	(106,930)	(106,930)
Write-off	–	–	(1,500,085)	(1,500,085)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(8,861,664)	8,861,664	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(673,400)	–	673,400	–
<i>Transfer from Stage 2 to Stage 1</i>	1,576,335	(1,576,335)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(4,592,910)	4,592,910	–
<i>Transfer from Stage 3 to Stage 2</i>	–	64,302	(64,302)	–
Business combination involving enterprises not under common control	92,224	–	–	92,224
As at 31 December 2020	142,210,652	17,244,193	5,205,827	164,660,672
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

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) 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)*

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	52,480,769	–	–	52,480,769
Proceeds received	(45,476,343)	(793,759)	(284,545)	(46,554,647)
Write-off	–	–	(656,530)	(656,530)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(1,611,886)	1,611,886	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(555,463)	–	555,463	–
<i>Transfer from Stage 2 to Stage 1</i>	76,932	(76,932)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(479,488)	479,488	–
<i>Transfer from Stage 3 to Stage 2</i>	–	13,133	(13,133)	–
<i>Transfer from Stage 3 to Stage 1</i>	10,980	–	(10,980)	–
Business combination involving enterprises not under common control	477,029	–	–	477,029
As at 31 December 2020	93,962,228	1,600,249	964,007	96,526,484

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 Consolidated Financial Statements

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

[English translation for reference only]

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

(2) *Movements on gross amount (excluding interest receivable) of 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	19,695,990	–	–	19,695,990
Proceeds received	(14,270,608)	(912)	–	(14,271,520)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(200)	200	–	–
Fair value measurement	336,928	2	–	336,930
As at 31 December 2020	20,032,718	202	–	20,032,920

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>	(910)	910	–	–
Fair value measurement	207,760	2	–	207,762
As at 31 December 2019	14,270,608	912	–	14,271,520

Notes to the Consolidated Financial Statements
 (All amounts expressed in thousands of RMB unless otherwise stated)
 [English translation for reference only]

22 INVESTMENT SECURITIES

	As at 31 December	
	2020	2019
Investment securities – FVOCI		
Debt securities – measured at fair value		
– Listed outside Hong Kong	8,402,710	6,189,898
– Listed in Hong Kong	5,828,833	3,948,840
– Unlisted	30,409,525	24,804,608
Total	44,641,068	34,943,346
Interest receivable on financial investments at FVOCI	963,098	873,718
	45,604,166	35,817,064
Equity securities – measured at fair value		
– Unlisted	277,000	277,000
Others	14	14
	45,881,180	36,094,078

Unlisted financial investments measured at FVOCI are set out below:

	As at 31 December	
	2020	2019
Debt securities – measured at fair value (unlisted)		
– Corporations	28,094,726	22,611,823
– Policy banks	1,092,775	1,082,057
– Commercial banks	1,025,161	915,810
– Governments	196,863	194,918
	30,409,525	24,804,608
Equity securities- measured at fair value (unlisted)		
– Equity investments	277,000	277,000
	30,686,525	25,081,608

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

22 INVESTMENT SECURITIES (Continued)

	As at 31 December	
	2020	2019
Investment securities – Amortised cost		
Debt securities – measured at amortised cost		
– Listed outside Hong Kong	10,240,510	11,790,198
– Unlisted	102,306,942	84,069,275
Total	112,547,452	95,859,473
Interest receivable on debt securities at amortised cost	2,479,076	1,950,182
Less: ECL allowance	(1,326,502)	(1,402,304)
	113,700,026	96,407,351

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

	As at 31 December	
	2020	2019
Debt securities – measured at amortised cost (unlisted)		
– Trust investment ^(a)	12,957,883	15,909,408
– Directional asset management plans ^(b)	44,754,000	40,819,000
– Bonds	31,281,059	18,716,867
– Debt financing plans	13,314,000	8,624,000
	102,306,942	84,069,275

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

22 INVESTMENT SECURITIES (Continued)

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

	Investment securities –				
	FVOCI	Investment securities – Amortised cost			Total
	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	89,060	375,529	–	–	464,589
Remeasurement	19,459	(136,769)	(5,038)	(41,017)	(163,365)
Repayments	(34,994)	(212,702)	(44,186)	(11,619)	(303,501)
Transfers:					
<i>Transfer from Stage 1 to Stage 2</i>	–	(48,910)	48,910	–	–
<i>Transfer from Stage 2 to Stage 1</i>	–	16,582	(16,582)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	–	(201,780)	201,780	–
As at 31 December 2020	177,824	847,319	43,871	435,312	1,504,326

	Investment securities –				
	FVOCI	Investment securities – Amortised cost			Total
	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 Consolidated Financial Statements

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

[English translation for reference only]

22 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 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 31 December 2019	93,010,807	2,191,644	657,022	95,859,473
New financial assets originated or purchased	39,303,562	–	–	39,303,562
Proceeds received	(21,153,350)	(1,450,614)	(11,619)	(22,615,583)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(1,222,650)	1,222,650	–	–
<i>Transfer from Stage 2 to Stage 1</i>	300,000	(300,000)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(463,680)	463,680	–
As at 31 December 2020	110,238,369	1,200,000	1,109,083	112,547,452

	Investment securities – Amortised cost			Total
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 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 Consolidated Financial Statements
 (All amounts expressed in thousands of RMB unless otherwise stated)
 [English translation for reference only]

22 INVESTMENT SECURITIES (Continued)

Investment securities are analysed by issuer as follows:

	As at 31 December	
	2020	2019
Investment securities – FVOCI		
– Corporations	42,306,711	32,729,590
– Policy banks	1,092,775	1,082,057
– Commercial banks	1,044,719	936,781
– Equity investments at fair value	277,000	277,000
– Governments	196,863	194,918
– Others	14	14
Total	44,918,082	35,220,360
Interest receivable on financial investments at FVOCI	963,098	873,718
	45,881,180	36,094,078
Investment securities – Amortised cost		
– Trust companies	12,957,883	15,909,408
– Governments	38,545,306	28,776,237
– Securities companies	3,019,000	6,281,000
– Assets management companies	41,735,000	34,538,000
– Corporations	13,344,000	8,654,000
– Policy banks	2,826,263	1,580,828
– Commercial banks	120,000	120,000
Total	112,547,452	95,859,473
Interest receivable on financial investments at amortised cost	2,479,076	1,950,182
Less: ECL allowance	(1,326,502)	(1,402,304)
	113,700,026	96,407,351

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

22 INVESTMENT SECURITIES (Continued)

(a) Trust investments

	As at 31 December	
	2020	2019
Trust investments purchased from trust companies		
– collateralised by properties	6,079,676	4,406,666
– guaranteed by third-party companies	5,057,800	8,557,942
– unsecured	1,820,407	2,944,800
	12,957,883	15,909,408

(b) Directional asset management plans

	As at 31 December	
	2020	2019
Asset management plans purchased from securities companies		
– guaranteed by third-party companies	1,422,000	3,273,000
– collateralised by properties	797,000	1,258,000
– unsecured	800,000	4,250,000
Subtotal	3,019,000	8,781,000
Asset management plans purchased from asset management companies		
– unsecured	34,000,000	25,093,000
– guaranteed by third-party companies	7,735,000	6,945,000
Subtotal	41,735,000	32,038,000
Total	44,754,000	40,819,000

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

23 INVESTMENT IN ASSOCIATES

	As at 31 December	
	2020	2019
Balance at the beginning of the year	1,801,573	1,638,323
Share of profit of associates	162,903	163,250
Declared cash dividends	(19,395)	–
Balance at the end of the year	1,945,081	1,801,573

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 the 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 RMB5,573,974 thousand registered capital.

Investments in associates of the Group are unlisted corporation’s ordinary shares. Assets, liabilities, revenue and profit of associates are listed as follows:

	Place of incorporation	Assets	Liabilities	Revenue	Net profit	Shareholding (%)
As at 31 December 2020						
Mashang Finance	PRC	52,441,667	45,296,562	8,163,566	794,654	15.53%
Three Gorges Bank	PRC	236,763,108	217,580,346	4,543,405	1,503,511	4.97%
As at 31 December 2019						
Xingyi Wanfeng	PRC	1,232,857	1,093,981	88,140	612	20.00%
Mashang Finance	PRC	54,815,310	48,374,859	8,999,009	853,388	15.53%
Three Gorges Bank	PRC	208,247,378	192,800,124	4,690,149	1,614,073	4.97%

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

24 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Assets under operating leases	Construction in progress	Total
Cost							
As at 31 December 2019	2,983,027	8,876	537,585	137,584	48,663	448,156	4,163,891
Additions	8,456	1,452	55,050	19,772	130,312	127,135	342,177
Transfer from/(to) construction in progress	58,021	-	2	333	-	(58,356)	-
Transfer from held-for-sale assets	19,570	-	-	-	-	-	19,570
Disposals	(10,478)	(477)	(40,073)	(13,966)	-	-	(64,994)
As at 31 December 2020	3,058,596	9,851	552,564	143,723	178,975	516,935	4,460,644
Accumulated depreciation							
As at 31 December 2019	(629,271)	(8,560)	(346,346)	(108,105)	(1,598)	-	(1,093,880)
Charge for the year (Note 11)	(98,047)	(277)	(56,586)	(10,595)	(11,846)	-	(177,351)
Other additions	-	(461)	(4,558)	(732)	-	-	(5,751)
Transfer from held-for-sale assets	(9,606)	-	-	-	-	-	(9,606)
Disposals	6,591	463	39,950	13,720	-	-	60,724
As at 31 December 2020	(730,333)	(8,835)	(367,540)	(105,712)	(13,444)	-	(1,225,864)
Impairment allowance	-	-	-	-	-	(1,500)	(1,500)
Net book value							
As at 31 December 2020	2,328,263	1,016	185,024	38,011	165,531	515,435	3,233,280

There were no clauses regarding to residual value guarantee under the lease contracts signed by the Group as a lessor.

As at 31 December 2020, the net value of the buildings whose registration procedures had not been completed was RMB109,229 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 Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

24 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Assets under operating leases	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	–	79,674	6,956	48,663	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	8,876	537,585	137,584	48,663	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 (<i>Note 11</i>)	(103,570)	(274)	(51,540)	(11,941)	(1,598)	–	(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)	(8,560)	(346,346)	(108,105)	(1,598)	–	(1,093,880)
Net book value							
As at 31 December 2019	2,353,756	316	191,239	29,479	47,065	448,156	3,070,011

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

25 OTHER ASSETS

	As at 31 December	
	2020	2019
Interest receivable	108,606	101,045
Fee and commission receivable	665,365	628,439
Other receivables ^(a)	634,190	824,433
Less: Impairment allowance ^(a)	(173,022)	(156,834)
Leasehold improvement	29,571	26,509
Intangible assets ^(b)	245,643	206,559
Foreclosed assets	68,321	71,124
Prepaid rental expenses ^(c)	20,035	13,839
Investment properties ^(d)	2,575	3,565
Right-of-use assets/Land use rights ^(e)	264,402	267,697
Continuing involvement in transferred assets	229,482	229,459
Held-for-sale assets	–	9,964
Settlement fund	145	–
Prepayments for lease assets and others	614	239,831
	2,095,927	2,465,630

Notes to the Consolidated Financial Statements
 (All amounts expressed in thousands of RMB unless otherwise stated)
 [English translation for reference only]

25 OTHER ASSETS (Continued)

(a) *Other receivables*

Movements on impairment allowance for other receivables:

	Other receivables			
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2019	1,370	142,621	12,843	156,834
New financial assets originated or purchased	600	–	–	600
Remeasurement	(839)	28,095	43,944	71,200
Repayments	(18)	(53,301)	(2,293)	(55,612)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(151)	151	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(110)	–	110	–
<i>Transfer from Stage 2 to Stage 1</i>	173	(173)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(48,025)	48,025	–
<i>Transfer from Stage 3 to Stage 2</i>	–	2	(2)	–
<i>Transfer from Stage 3 to Stage 1</i>	68	–	(68)	–
As at 31 December 2020	1,093	69,370	102,559	173,022

	Other receivables			
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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 Consolidated Financial Statements

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

[English translation for reference only]

25 OTHER ASSETS (Continued)

(a) Other receivables(Continued)

Movements on gross amount of other receivables:

	Other receivables			
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2019	145,336	656,763	22,334	824,433
New financial assets originated or purchased	62,702	–	–	62,702
Proceeds received	(1,433)	(247,675)	(3,837)	(252,945)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(29,490)	29,490	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(8,015)	–	8,015	–
<i>Transfer from Stage 2 to Stage 1</i>	976	(976)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(125,284)	125,284	–
<i>Transfer from Stage 3 to Stage 2</i>	–	3	(3)	–
<i>Transfer from Stage 3 to Stage 1</i>	111	–	(111)	–
As at 31 December 2020	170,187	312,321	151,682	634,190

	Other receivables			
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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)	–
<i>Transfer from Stage 3 to Stage 1</i>	149	–	(149)	–
As at 31 December 2019	145,336	656,763	22,334	824,433

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

25 OTHER ASSETS (Continued)

(b) Intangible assets

	As at 31 December	
	2020	2019
Cost		
Balance at the beginning of the year	424,910	297,874
Additions	113,790	128,555
Disposals	(58)	(1,519)
Balance at the end of the year	538,642	424,910
Accumulated amortisation		
Balance at the beginning of the year	(218,351)	(171,169)
Amortisation for the year (Note 11)	(74,706)	(48,701)
Disposals	58	1,519
Balance at the end of the year	(292,999)	(218,351)
Net book value		
Balance at the end of the year	245,643	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

	As at 31 December	
	2020	2019
Cost		
Balance at the beginning of the year	8,125	5,973
Transfer from property, plant and equipment	–	6,487
Transfer-out	–	(4,298)
Disposals	(2,176)	(37)
Balance at the end of the year	5,949	8,125
Accumulated depreciation		
Balance at the beginning of the year	(4,560)	(3,270)
Transfer from property, plant and equipment	–	(3,722)
Depreciation charged for the year (Note 11)	(241)	(119)
Transfer-out	–	2,529
Disposals	1,427	22
Balance at the end of the year	(3,374)	(4,560)
Net book value		
Balance at the end of the year	2,575	3,565

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

25 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	50,565	52	–	–	50,617
Less: Deductions	–	–	(408)	–	(408)
As at 31 December 2020	208,232	12,745	66	186,905	407,948
Accumulated depreciation					
As at 31 December 2019	(36,117)	(5,195)	(238)	(48,492)	(90,042)
Add: Depreciation charged for the year	(43,733)	(5,332)	(116)	(4,675)	(53,856)
Less: Reversal	–	–	352	–	352
As at 31 December 2020	(79,850)	(10,527)	(2)	(53,167)	(143,546)
Net book value					
As at 31 December 2020	128,382	2,218	64	133,738	264,402
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	33,438	–	127	–	33,565
Less: Deductions	–	–	(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 Consolidated Financial Statements
 (All amounts expressed in thousands of RMB unless otherwise stated)
 [English translation for reference only]

26 DUE TO AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2020	2019
Loans from central bank	27,599,225	12,280,000
Deposits from banks	25,936,877	24,460,654
Deposits from other financial institutions	5,826,627	2,641,989
Placements from banks and other financial institutions	22,072,275	16,773,592
Bills sold under repurchase agreements	6,925,527	4,005,102
Securities sold under repurchase agreements	8,424,400	9,420,500
Total	96,784,931	69,581,837
Interest payable on due to and placements from banks and other financial institutions	626,969	567,388
	97,411,900	70,149,225

27 CUSTOMER DEPOSITS

	As at 31 December	
	2020	2019
Corporate demand deposits	74,291,268	69,294,876
Corporate time deposits	104,368,093	88,913,327
Individual demand deposits	16,011,350	12,799,558
Individual time deposits	105,814,582	88,013,730
Other deposits	11,077,135	19,480,960
Total	311,562,428	278,502,451
Interest payable on customer deposits	2,937,829	2,546,460
	314,500,257	281,048,911

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

28 DEBT SECURITIES ISSUED

	As at 31 December	
	2020	2019
Subordinated debt		
Fixed rate tier II capital debt – 2026 ^(a)	1,497,618	1,497,618
Fixed rate tier II capital debt – 2027 ^(b)	5,998,079	5,996,830
Financial debt		
Fixed rate financial debt – 2021 ^(c)	2,999,282	2,997,174
Fixed rate green financial debt – 2021 ^(d)	5,998,982	5,997,434
Fixed rate small and micro business debt – 2023 ^(e)	2,000,000	–
Inter-bank certificate of deposit ^(f)	82,138,185	88,508,834
Total	100,632,146	104,997,890
Interest payable on debt securities issued	408,196	388,116
	101,040,342	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 on 21 September 2015, the Bank issued RMB1.5 billion 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.

(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 on 30 November 2016, the Bank issued RMB6 billion 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 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 Bank 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 CBRC, the tier II capital debt meets the standards of the qualified tier II capital instrument.

28 DEBT SECURITIES ISSUED (Continued)

- (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 would be used for loans to innovation-and-entrepreneurship-themed enterprises.
- (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 would 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) Pursuant to a resolution at the general meeting passed on 30 April 2019 and the Approval for Bank of Chongqing Co., Ltd. to Issue Special Financial Bonds for small and micro business loans (Yu Yin Bao Jian Fu [2020] No. 205) by the CBIRC Chongqing Bureau on 17 September 2020, the Bank issued RMB2 billion special financial bonds for small and micro business loans, within the domestic inter-bank bond market of China on 2 November 2020; such subordinated bonds have a maturity of 3 years, with a fixed coupon rate of 4.73%, per annum before maturity, payable annually. The proceeds from this issue would be used for loans to small and micro enterprises.
- (f) For the year ended 31 December 2020, the Bank issued 185 inter-bank certificates of deposit at discounts with maturities from one month to one year (2019: 181 inter-bank certificates of deposit with maturities from one month to one year). As at 31 December 2020, 125 items of them were not yet due with a total par value of RMB83.29 billion. (31 December 2019: 136 items of them were not yet due with a total par value of RMB89.9 billion).

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

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

29 OTHER LIABILITIES

	As at 31 December	
	2020	2019
Clearing funds for unsecured wealth management products	2,470,425	2,115,898
Dividends payable	67,354	36,965
Lease deposit	1,159,566	753,527
Other payables	350,373	515,977
Employee benefits payable	707,531	649,237
Value-added tax and other taxes payable	328,983	303,204
Deferred income	396,392	354,651
Settlement fund	194	959
Promissory notes issued	594	923
Continuing involvement in transferred liabilities	229,482	229,459
Provisions	390,402	441,834
Lease liabilities ^(a)	125,844	112,012
Others	55,179	11,990
	6,282,319	5,526,636

(a) As at 31 December 2020, the Group had no leases signed but not yet commenced (31 December 2019: nil).

30 DEFERRED INCOME TAXES

Movements in the deferred income tax are listed as follows:

	As at 31 December	
	2020	2019
Balance at the beginning of the year	2,479,531	1,890,680
Charge to profit or loss (Note 15)	749,372	750,129
Changes in fair value of financial assets at FVOCI	71,903	(165,435)
Changes in ECL allowance of financial assets at FVOCI	(20,902)	4,157
Business combination involving enterprises not under common control	73,112	–
Balance at the end of the year	3,353,016	2,479,531

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

30 DEFERRED INCOME TAXES (Continued)

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

	As at 31 December	
	2020	2019
Deferred tax assets		
Asset impairment allowances	3,353,059	2,606,556
Losses on changes in fair value of financial assets at FVPL	41,040	–
Others ^(a)	295,390	303,398
	3,689,489	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	(145,788)	(217,691)
Share of the profit from associates under the equity method	(144,067)	(156,765)
Others	(46,618)	(35,351)
	(336,473)	(430,423)
Net deferred tax assets	3,353,016	2,479,531

(a) 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.

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

	2020	2019
Asset impairment allowances	706,043	810,045
Changes in fair value of financial assets at FVPL	61,656	(40,354)
Profit and loss adjustments of associates	12,698	(11,226)
Others	(31,025)	(8,336)
	749,372	750,129

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

31 RETIREMENT BENEFIT OBLIGATIONS

The Group pays 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 pay 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 minus any unrecognised past service cost.

Employees who retire after 1 January 2010 can voluntarily participate in an annuity plan set up by the Group pursuant to related state corporate annuity regulations. The Group contributes to the annuity plan based on certain percentage of the employees' gross salary of previous year and the contribution is recognised in other comprehensive income as incurred.

	2020	2019
Expenses incurred for retirement benefit plans	21,017	118,873
Expenses incurred for supplementary retirement benefits	248	127
Expenses incurred for corporate annuity plan	52,457	41,570
Total (Note 12)	73,722	160,570

	As at 31 December	
	2020	2019
Consolidated statement of financial position obligations for:		
– Retirement benefits	20,563	22,808

	2020	2019
Consolidated statement of comprehensive income charge for:		
– Retirement benefits	248	127

Notes to the Consolidated Financial Statements
 (All amounts expressed in thousands of RMB unless otherwise stated)
 [English translation for reference only]

31 RETIREMENT BENEFIT OBLIGATIONS (Continued)

The amounts recognised in the consolidated statements of financial position are determined as follows:

	As at 31 December	
	2020	2019
Present value of unfunded obligations	20,563	22,808
Unrecognised past service cost	–	–
Net amount of liabilities in the consolidated statement of financial position	20,563	22,808

Movements of the present value of unfunded obligations are as follows:

	2020	2019
Balance at the beginning of the year	22,808	23,210
Retirement benefits paid	(2,635)	(1,526)
Interest cost	248	127
Net actuarial losses	142	997
Balance at the end of the year	20,563	22,808

Amounts of retirement benefits recognised in the consolidated statement of comprehensive income are as follows:

	2020	2019
Current service cost	–	–
Interest cost	248	127
Past service cost	–	–
Retirement benefit expense – total	248	127

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

31 RETIREMENT BENEFIT OBLIGATIONS (Continued)

Revaluation of retirement benefits plan recognised in the consolidated statement of comprehensive income is as follows:

	2020	2019
Revaluation of retirement benefits plan (Note 40)	(107)	(748)

The mortality assumptions are determined based on the statistics published by China Insurance Regulatory Commission.

The following table lists an average remaining life expectancy in years of a pensioner retiring at age 60 for male and 55 for female:

	As at 31 December	
	2020	2019
Male	22.08	22.08
Female	29.58	29.58

32 SHARE CAPITAL

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

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

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

33 PREFERENCE SHARES

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

	Issue date	Dividend Rate	Issue price (USD)	Quantity in shares	In original currency (USD, in thousands)	In RMB (in thousands)	Maturity	Conversion condition
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 year

(2) Preference shares movement of the year

	31 December 2019	Additions	Deductions	31 December 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	Deductions	31 December 2019
Quantity in shares	37,500,000	–	–	37,500,000
Carrying amount in RMB (in thousands)	4,909,307	–	–	4,909,307

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

33 PREFERENCE SHARES (Continued)

(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 the ordinary shareholders) for the two most recent financial years prior to the issue date.

(b) Conditions to Distribution of Dividends

As the capital adequacy ratio of the Bank meeting the relevant regulatory requirements, the Bank having distributable after-tax profit after making up for the losses of previous years and contributing to the statutory common reserve fund and general reserve in accordance with law; and the Board having passed a resolution to declare such dividend in accordance with the Articles of Association; Bank can distribute the dividends to offshore preference shareholders.

Furthermore, subject to a resolution to be passed at a general meeting on each such occasion, the Bank may elect to cancel (in whole or in part) any dividend otherwise scheduled to be paid on a dividend payment date in the manner set out in the conditions. The Bank may at its discretion use the funds arising from the cancellation of such dividend to repay other debts that are due. Save as provided in the conditions, the offshore preference shareholders shall not be entitled to convene, attend or vote at such shareholders' general meeting.

The Bank shall give notice of any cancellation (in whole or in part) of any dividend scheduled to be paid to the offshore preference shareholders (in the manner specified in conditions) and the fiscal agent as soon as possible after a resolution has been passed at the general meeting described above to cancel (in whole or in part) such dividend, and in any event at least 10 payment business days prior to the relevant dividend payment date, provided that any failure to give such notice shall not affect the cancellation of (in whole or in part) such dividend by the Bank and shall not constitute a default for any purpose.

If the proposal of cancellation of all or part of offshore preference share dividends is approved by general meeting, the Bank shall not make any distribution or dividend to general shareholders or any type of share/obligation whose recovery order is or is clearly illustrated after offshore preference share.

33 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.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

33 PREFERENCE SHARES (Continued)

(3) Main clauses (Continued)

(d) Status and rights upon liquidation

Upon the winding-up of the Bank, the offshore preference shareholders shall rank:

- (1) junior to holders of (i) all liabilities of the Bank including subordinated liabilities and (ii) obligations issued or guaranteed by the Bank that rank, or are expressed to rank, senior to the offshore preference shares;
- (2) equally in all respects with each other and without preference among themselves and with the holders of parity obligations; and
- (3) senior to the ordinary shareholders

Upon the winding-up of the Bank, the assets of the Bank will be distributed in the following order:

- (i) payment of liquidation expenses;
- (ii) payment of salaries, social insurance premiums and legal compensations of the employees of the Bank;
- (iii) payment of principal amounts for personal savings deposit and its legal interest;
- (iv) payment of taxes due; and
- (v) settlement of the debts of the Bank.

On such winding-up of the Bank, the residual assets of the Bank shall, after the distributions in accordance with paragraphs (i) to (v) above have been made, be applied to the claims of the offshore preference shareholders and the claims of the offshore preference shareholders shall rank *pari passu* with the claims of holders of any parity obligations in all respects and in priority to the claims of the ordinary shareholders. On such winding-up of the Bank, the offshore preference shareholders shall be entitled to an amount in respect of each offshore preference share which will be equal to the liquidation preference together with any declared but unpaid dividends for the then current dividend period in respect of that offshore preference share.

If there are insufficient residual assets upon such winding-up of the Bank to cover the amounts payable in full on the offshore preference shares and all parity obligations, the offshore preference shareholders and the holders of such parity obligations will share rateably in the distribution of such residual assets (if any) of the Bank in proportion to the full amounts to which they are respectively entitled.

33 PREFERENCE SHARES (Continued)

(3) Main clauses (Continued)

(e) Redemption

The Bank may, subject to obtaining CBRC approval and compliance with the conditions to the distribution of dividends set out in the conditions and the redemption preconditions, upon not less than 30 nor more than 60 days' notice to the offshore preference shareholders and the fiscal agent, redeem in whole or in part the offshore preference shares on the first reset date and on any dividend payment date thereafter. The redemption price for each offshore preference share so redeemed shall be the aggregate of an amount equal to its liquidation preference plus any declared but unpaid dividends in respect of the period from the immediately preceding dividend payment date (inclusive) to the date scheduled for redemption (exclusive).

34 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 general meeting.

The Bank issued shares at share premium. Share premium was recorded in the capital surplus after deducting direct issuance costs, which mainly included underwriting fees and professional fees.

The Group's capital surplus is shown as follows:

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

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

35 OTHER RESERVES

	Surplus reserve ^(a)	General reserve ^(b)	Revaluation reserve of equity instruments at FVOCI	Revaluation reserve of debt instruments at FVOCI	Impairment allowances for financial assets at FVOCI	Remeasurement 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	-	-	-	(215,709)	62,707	(107)	(153,109)
Appropriation reserve	431,999	778,661	-	-	-	-	1,210,660
Balance at 31 December 2020	3,458,521	6,295,346	201,300	236,242	170,264	(5,352)	10,356,321
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 subsidiaries, is required to be transferred to a non-distributable statutory surplus reserve until such time when this reserve represents 50% of the share capital. With approval, statutory surplus reserve can be used for making up losses, or increasing the share capital.

The Group's statutory surplus reserve as at 31 December 2020 amounted to RMB3,458,521 thousand (31 December 2019: RMB3,026,522 thousand).

(b) *General reserve*

The Bank and its subsidiaries appropriate 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 RMB584,859 thousand based on 1.5% of the ending balance of risk assets for the year ended 31 December 2020 was proposed by the Board of the Bank for approval at the annual general meeting. These consolidated financial statements do not reflect this general reserve.

For the year ended 31 December 2020, the Group appropriated a general reserve of RMB778,661 thousand from retained earnings (2019: RMB116,535 thousand). As at 31 December 2020, the ending balance of general reserve was RMB6,295,346 thousand (31 December 2019: RMB5,516,685 thousand).

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

36 DIVIDENDS

	2020	2019
Ordinary shares dividends declared during the year	737,985	481,566
Dividend per share (in RMB)(Based on prior year shares)	0.236	0.154
Preference shares dividends declared during the year	306,971	310,592

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 consolidated 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 retained profits determined in accordance with the China Accounting Standards for Business Enterprises and (ii) the retained profit determined in accordance with IFRS.

A dividend of RMB0.373 per share in respect of profit for the year ended 31 December 2020 (2019: RMB0.236 per share), amounting to a total dividend of RMB1,295,990 thousand based on the number of shares issued as at the releasing date of consolidated financial statements, will be proposed for approval at the annual general meeting. These consolidated financial statements do not reflect this dividend payable in liabilities.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

37 STRUCTURED ENTITY

(a) Consolidated structured entity

The Group has consolidated certain structured entities, which mainly are wealth management products issued and managed by the Group and wealth management products controlled by the Group, but issued and managed by independent third parties.

As at 31 December 2020, the structured entities consolidated by the Group amounted to RMB7,800,943 thousand (31 December 2019: RMB5,307,776 thousand).

(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 recognised net commission income from unsecured wealth management products with the amount of RMB796,591 thousand for the year ended 31 December 2020 through provision of asset management service (2019: RMB661,875 thousand). The Group expected that the variable return would be insignificant as to the structured entities.

As at 31 December 2020, asset investment from the unsecured wealth management products issued and managed by the Group which were unconsolidated structure entities amounted to RMB49,018,236 thousand (31 December 2019: RMB47,778,360 thousand). The balance of unconsolidated wealth management products issued and managed by the Group amounted to RMB51,488,661 thousand (31 December 2019: RMB49,894,258 thousand).

In July 2020, the regulatory authorities declared the extension of the transition period of the *Guiding Opinions on Regulating the Asset Management Business of Financial Institutions* to the end of 2021, encouraging the orderly disposal of stock assets in a variety of ways such as new product acquisition, market-based transfer, and return to financial statements. For the year ended 31 December 2020, the Group included part of the stock assets of unsecured wealth management products issued in investment securities. In accordance with regulatory requirements, the Group is pragmatically, efficiently, actively and orderly promoting the adoption of net value management for products, accelerating the disposal of stock assets, and striving to achieve a smooth transition and steady development of wealth management business.

37 STRUCTURED ENTITY (Continued)

(b) Unconsolidated structured entity (Continued)

(ii) Unconsolidated structured entities invested by the Group

In 2020 and 2019, to make better use of capital for profit, the Group invested in unconsolidated structured entities, mainly including the capital trust schemes and directional asset management plans issued and managed by independent third parties. The Group classified the unconsolidated structured entities as financial assets at FVPL and amortised cost.

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

As at 31 December 2020	Carrying amount	Maximum risk exposure
Financial assets at FVPL	21,380,968	21,380,968
Investment securities – Amortised cost	56,569,611	56,569,611
	77,950,579	77,950,579

As at 31 December 2019	Carrying amount	Maximum risk exposure
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.

The interest income and fee and commission income from the above unconsolidated structured entities managed and invested by the Group were:

	2020	2019
Interest income	4,552,158	3,560,553
Income from investment	991,472	1,119,929
Fee and commission income	913,639	797,031
	6,457,269	5,477,513

For the year ended 31 December 2020, there was no loss related to the above unconsolidated structured entities (2019: nil).

For the year ended 31 December 2020, the Group had no plan to provide any financial or other support to unconsolidated structured entities (2019: nil).

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

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

Financial guarantees and 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 the customers:

	As at 31 December	
	2020	2019
Guarantees	4,342,096	6,769,309
Letters of credit	7,482,028	9,086,819
Acceptances	28,354,591	29,221,132
Other commitments with an original maturity of		
– Within 1 year	4,929,402	4,285,871
– Over 1 year	–	4,340
	45,108,117	49,367,471

Capital expenditure commitments

	As at 31 December	
	2020	2019
Contracted but not provided for:		
– Capital expenditure commitments for buildings	71,883	107,159
– Acquisition of IT system	274,635	99,422
	346,518	206,581

External investment commitment

As at 31 December 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 31 December 2020, The Group had 25 outstanding legal claims amounting to RMB314,615 thousand (31 December 2019: 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 Consolidated Financial Statements
 (All amounts expressed in thousands of RMB unless otherwise stated)
 [English translation for reference only]

39 COLLATERALS

(a) Assets pledged

The carrying amounts of assets pledged as collateral under repurchase agreements are as follows:

	As at 31 December	
	2020	2019
Bonds	8,424,400	9,420,500
Discounted bills	6,925,527	4,005,102
Total	15,349,927	13,425,602

The carrying amounts of loans and bonds pledged as collateral under refinance agreements with the PBOC are as follows:

	As at 31 December	
	2020	2019
Loans	8,095,531	4,207,951
Bonds	26,378,797	11,038,578
	34,474,328	15,246,529

As at 31 December 2020, the Group's repurchase agreements and refinance agreements were due within 12 months (31 December 2019: the same).

(b) Collateral accepted

The Group received bonds and bills as collaterals in connection with the purchase of assets under resale agreements can not be resold or repledged.

As at 31 December 2020, the Group had accepted collaterals with a carrying amount of RMB45,660,797 thousand (31 December 2019: RMB50,426,926 thousand). The Group had no re-pledged collateral which shall be returned upon maturity as at 31 December 2020 (31 December 2019: nil).

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

40 OTHER COMPREHENSIVE INCOME

	Before tax amount	Income tax	Net of tax amount
As at 31 December 2020			
<i>Items that may be reclassified to profit or loss:</i>			
Net losses on valuation of financial assets measured at FVOCI	(286,280)	71,570	(214,710)
Net losses on reclassification to profit or loss of financial assets measured at FVOCI	(1,333)	334	(999)
Credit loss provision of financial assets measured at FVOCI	83,610	(20,903)	62,707
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of retirement benefit plans	(142)	35	(107)
Other comprehensive income for the year	(204,145)	51,036	(153,109)
As at 31 December 2019			
<i>Items that may be reclassified to profit or loss:</i>			
Net gains on valuation of financial assets measured at FVOCI	593,343	(148,335)	445,008
Credit loss provision of financial assets measured at FVOCI	(16,630)	4,157	(12,473)
<i>Items that will not be reclassified to profit or loss:</i>			
Net gains on equity instruments measured at FVOCI	68,400	(17,100)	51,300
Remeasurement of retirement benefit plans	(997)	249	(748)
Other comprehensive income for the year	644,116	(161,029)	483,087

41 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:

	As at 31 December	
	2020	2019
Cash and balances with central bank	6,854,571	5,992,177
Due from banks and other financial institutions	4,292,876	2,571,262
Placements with banks and other financial institutions	376,774	1,395,240
	11,524,221	9,958,679

(b) Cash outflows relating to leases

For the year ended 31 December 2020, total cash outflows paid by the Group as a lessee amounted to RMB48,599 thousand (2019: RMB56,651 thousand), of which cash payments for the principal portion and interest portion of the lease liabilities as cash flows from financing activities amounted to RMB40,131 thousand (2019: RMB50,103 thousand), and the rest was included in operating activities.

42 FINANCIAL ASSETS TRANSFER

(a) Disposal of loans and advances

For the year ended 31 December 2020, the Group disposed of loans to the third parties with a gross amount of RMB113,656 thousand and collected a total amount of RMB106,930 thousand. As at 31 December 2020, the remaining balance amounted to RMB43,000 thousand has not been collected yet and will be collected in two years by installment without default. The Group derecognised these loans accordingly.

For the year ended 31 December 2019, the Group disposed of packaged loans to the third parties with a gross amount of RMB313,533 thousand and collected a total amount of RMB287,633 thousand. As at 31 December 2019, the remaining balance amounted to RMB99,706 thousand has not been collected yet and will be collected in four years by installment. The Group derecognised these loans accordingly. As at 31 December 2020, the uncollected balance amounted to RMB76,306 thousand without default.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

42 FINANCIAL ASSETS TRANSFER (Continued)

(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 financial statement to the extent of the Group's continuing involvement. 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 31 December 2020, assets continuously recognised by the Group amounted to RMB229,482 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 31 December 2020, the gross amount and carrying amount of unmatured securitised loans was RMB5,203,226 thousand and RMB3,543,475 thousand respectively (31 December 2019: RMB5,203,226 thousand and RMB3,543,475 thousand respectively). Among them, the Group disposed of non-performing loans with a gross amount of RMB2,862,264 thousand (31 December 2019: RMB2,862,264 thousand), and derecognised these loans accordingly.

43 RELATED PARTY TRANSACTIONS

(a) Related parties of the Group

The related parties of the Group mainly include: the major shareholders (those who have 5% or more shares of the Bank, or who hold less than 5% of the total shares or capital but have significant influence on the Bank's operation and management); as well as the related parties of them; the Group's associates; the key management personnel (including the Group's 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 Group's key management personnel or their close family members; staff with credit approval authority and their close family members; the enterprises controlled, jointly controlled and can be significantly influenced by staff with credit approval authority and their close family members; and the natural persons or juridical persons who have been under one of the above circumstances in the past 12 months or will be in the next 12 months according to relevant agreements and arrangements.

Notes to the Consolidated Financial Statements
 (All amounts expressed in thousands of RMB unless otherwise stated)
 [English translation for reference only]

43 RELATED PARTY TRANSACTIONS (Continued)

(b) Related party transactions and balances

Transactions and balances with associates

	As at 31 December	
	2020	2019
Loans and advances to customers	4,929,543	3,189,698
Customer deposits	8,695,324	6,551,405
Due to and placements from banks and other financial institutions	1,608,478	1,611
Financial assets held under resale agreements	618,973	–
Other receivables	86,513	152,798
Investment securities at amortised cost	500,000	500,000
Investment securities at FVOCI	1,370,000	540,000
Bank acceptance bill	11,777	899

	As at 31 December	
	2020	2019
Loans and advances to customers	2.05%-7.50%	3.19%-6.6%
Customer deposits	0.05%-4.26%	0.05%-5.4%
Due to and placements from banks and other financial institutions	0.39%-3.33%	0.385%
Financial assets held under resale agreements	2.70%-3.00%	2.25%-2.28%
Investment securities at amortised cost	6.52%	6.52%
Investment asset at FVOCI	3.30%-6.3%	6.3%

	As at 31 December	
	2020	2019
Interest income from loans and advances to customers	120,937	156,786
Interest income from investment securities	87,698	66,620
Interest income from financial assets held under resale agreements	1,209	–
Interest expense for customer deposits	63,247	142,348
Fee and commission income	3,901	860

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

43 RELATED PARTY TRANSACTIONS (Continued)

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

	As at 31 December	
	2020	2019
Chongqing Xingnong Financing Guarantee Co., Ltd.	381,108	–
Chongqing Sanxia Financing Guarantee Group Corporation	316,320	354,593
Chongqing Education Guarantee Co., Ltd.	42,994	95,322
Chongqing Yutai Guarantee Co., Ltd.	31,440	42,118
Chongqing Small&Micro Business Financing Guarantee Co., Ltd.	24,340	96,762
Chongqing Jiaotong Financing Guarantee Co., Ltd.	374,869	327,853
Chongqing Financing Re-guarantee Co., Ltd.	121,627	49,529
	1,292,698	966,177

(d) Transactions between the Bank and its subsidiaries

Related party transactions are conducted between the Bank and its subsidiaries. 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:

	As at 31 December	
	2020	2019
The Bank		
Due to and placements from banks and other financial institutions	392,311	396,785
Due from and placements with banks and other financial institutions	–	50,000
The Bank		
Interest income	5,658	65,253
Interest expense	6,520	5,961
Fee and commission income	1	1,567

43 RELATED PARTY TRANSACTIONS (Continued)

(e) Transactions with key management personnel

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the business of the Group, directly or indirectly, including directors, supervisors and senior management personnel. The Group enters banking transactions with key management personnel in the ordinary course of business. For the years ended 31 December 2020 and 2019, there was no material transaction and balance with key management personnel on an individual basis.

The compensation for key management personnel for the years ended 31 December 2020 and 2019 comprises:

	2020	2019
Remunerations, salaries, allowances and benefits	4,516	5,488
Discretionary bonuses	7,304	10,638
Contribution to pension schemes	1,035	1,369
	12,855	17,495

Note: In accordance with the regulations of the relevant authorities in PRC, the total remuneration packages for certain key management personnel for the year ended 31 December 2020 have not yet been finalised, but the amount of the remuneration not provided for is not expected to have any significant impact on the Bank's and consolidated financial statements as at 31 December 2020. The total remuneration will be disclosed separately after approval.

(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.

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

44 SEGMENT ANALYSIS

The Group's operating segments are business units which 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 mainly performs inter-bank lending and borrowing, bonds investment, re-purchasing and foreign currency transactions.

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

	2020				
	Corporate Banking	Retail Banking	Treasury	Unallocated	Total
Net interest income from external customers	5,766,617	853,064	4,441,057	–	11,060,738
Inter-segment net interest income/(expense)	1,702,185	2,056,204	(3,758,389)	–	–
Net interest income	7,468,802	2,909,268	682,668	–	11,060,738
Net fee and commission income	114,868	8,540	913,639	–	1,037,047
Net trading losses	(20,251)	–	(196,529)	–	(216,780)
Net gains on investment securities	–	–	885,304	–	885,304
Share of profit of associates	–	–	162,903	–	162,903
Other operating income	–	1,221	1,440	123,133	125,794
Asset impairment losses	(3,241,037)	(917,454)	(155,401)	(122,132)	(4,436,024)
Operating expense	(1,437,755)	(1,018,143)	(376,623)	(52,679)	(2,885,200)
– Depreciation and amortisation	(157,441)	(111,492)	(41,242)	(5,769)	(315,944)
– Others	(1,280,314)	(906,651)	(335,381)	(46,910)	(2,569,256)
Profit/(loss) before income tax	2,884,627	983,432	1,917,401	(51,678)	5,733,782
	As at 31 December 2020				
Capital expenditure	174,653	71,299	196,223	2,682	444,857
Segment assets	220,503,307	90,016,322	247,735,848	3,385,920	561,641,397
Segment liabilities	(225,473,190)	(123,294,942)	(170,877,914)	(1,137)	(519,647,183)

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

44 SEGMENT ANALYSIS (Continued)

	2019				
	Corporate Banking	Retail Banking	Treasury	Unallocated	Total
Net interest income from external customers	5,345,436	787,897	3,014,877	–	9,148,210
Inter-segment net interest income/(expense)	1,630,526	1,777,970	(3,408,496)	–	–
Net interest income/(expense)	6,975,962	2,565,867	(393,619)	–	9,148,210
Net fee and commission income	137,937	13,543	797,032	–	948,512
Net trading gains	21,748	–	226,355	–	248,103
Net gains on investment securities	–	–	1,381,023	–	1,381,023
Share of profit of associates	–	–	163,250	–	163,250
Other operating income	–	2,025	1,200	61,964	65,189
Asset impairment losses	(3,321,733)	(346,319)	54,581	(110)	(3,613,581)
Operating expense	(1,395,051)	(976,262)	(348,053)	(49,053)	(2,768,419)
– Depreciation and amortisation	(137,819)	(96,447)	(34,385)	(4,846)	(273,497)
– Others	(1,257,232)	(879,815)	(313,668)	(44,207)	(2,494,922)
Profit before income tax	2,418,863	1,258,854	1,881,769	12,801	5,572,287

	As at 31 December 2019				
Capital expenditure	132,720	64,001	172,783	1,888	371,392
Segment assets	179,118,971	86,376,445	233,188,183	2,548,265	501,231,864
Segment liabilities	(197,208,744)	(102,080,647)	(163,327,112)	(1,692)	(462,618,195)

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 balance sheet date is summarised as follows:

	As at 31 December 2020	As at 31 December 2019
Within 1 year	38,163	13,285
1 year to 2 years	20,400	13,215
2 year to 3 years	20,400	13,100
3 year to 4 years	17,350	13,100
4 year to 5 years	7,300	10,050
	103,613	62,750

Notes to the Consolidated Financial Statements

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

[English translation for reference only]

46 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK

(a) Statement of financial position of the Bank

	As at 31 December	
	2020	2019
ASSETS		
Cash and balances with central bank	35,211,108	32,033,098
Due from and placements with banks and other financial institutions	51,601,625	61,326,588
Financial assets at fair value through profit or loss ("FVPL")	31,208,753	26,977,016
Loans and advances to customers	249,282,901	220,833,569
Investment securities		
– Fair value through other comprehensive income ("FVOCI")	45,881,180	36,094,078
– Amortised cost	113,700,026	96,407,351
Investment in subsidiaries	1,627,007	1,530,000
Investment in associates	1,945,081	1,801,573
Property, plant and equipment	2,993,287	2,979,716
Deferred tax assets	3,113,836	2,301,109
Other assets	2,056,535	2,219,179
Total assets	538,621,339	484,503,277
LIABILITIES		
Due to and placements from banks and other financial institutions	79,027,844	56,439,800
Financial liabilities at fair value through profit or loss	6,904	3,602
Customer deposits	313,590,102	281,048,911
Current tax liabilities	362,322	420,601
Debt securities issued	101,040,342	105,386,006
Other liabilities	4,724,659	4,457,109
Total liabilities	498,752,173	447,756,029
EQUITY		
Share capital	3,127,055	3,127,055
Preference shares	4,909,307	4,909,307
Capital surplus	4,680,638	4,680,638
Other reserves	10,201,796	9,207,581
Retained earnings	16,950,370	14,822,667
Total equity	39,869,166	36,747,248
Total liabilities and equity	538,621,339	484,503,277

LIN JUN

RAN HAILING

YANG SHIYIN

YANG KUN

CHAIRMAN

PRESIDENT

VICE PRESIDENT

HEAD OF FINANCE
DEPARTMENT

Notes to the Consolidated Financial Statements
(All amounts expressed in thousands of RMB unless otherwise stated)
[English translation for reference only]

46 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK (Continued)

(b) Statement of Changes in Equity of the Bank

	Share capital	Preference shares	Capital surplus	Surplus reserve	General reserve	Revaluation reserve for financial assets at FVOCI	Remeasurement of retirement benefits	Retained earnings	Total
Balance at 31 December 2018	3,127,055	4,909,307	4,680,638	2,612,578	5,352,694	276,973	(4,497)	12,002,007	32,956,755
Net profit for the year	-	-	-	-	-	-	-	4,099,564	4,099,564
Other comprehensive income	-	-	-	-	-	483,835	(748)	-	483,087
Total comprehensive income	-	-	-	-	-	483,835	(748)	4,099,564	4,582,651
Dividends to ordinary shares	-	-	-	-	-	-	-	(481,566)	(481,566)
Dividends to preference shares	-	-	-	-	-	-	-	(310,592)	(310,592)
Transfer to other reserves	-	-	-	409,956	76,790	-	-	(486,746)	-
Balance at 31 December 2019	3,127,055	4,909,307	4,680,638	3,022,534	5,429,484	760,808	(5,245)	14,822,667	36,747,248
Balance at 31 December 2019	3,127,055	4,909,307	4,680,638	3,022,534	5,429,484	760,808	(5,245)	14,822,667	36,747,248
Net profit for the year	-	-	-	-	-	-	-	4,319,983	4,319,983
Other comprehensive income	-	-	-	-	-	(153,002)	(107)	-	(153,109)
Total comprehensive income	-	-	-	-	-	(153,002)	(107)	4,319,983	4,166,874
Dividends to ordinary shares	-	-	-	-	-	-	-	(737,985)	(737,985)
Dividends to preference shares	-	-	-	-	-	-	-	(306,971)	(306,971)
Transfer to other reserves	-	-	-	431,999	715,325	-	-	(1,147,324)	-
Balance at 31 December 2020	3,127,055	4,909,307	4,680,638	3,454,533	6,144,809	607,806	(5,352)	16,950,370	39,869,166

47 SUBSEQUENT EVENTS

Up to the date of this report, the Group has no material events for disclosure after the reporting date.

48 COMPARATIVE FIGURES

Certain comparative figures have been adjusted to confirm with the presentation and disclosures in the current period.

Unaudited Supplementary Financial Information

1. 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.

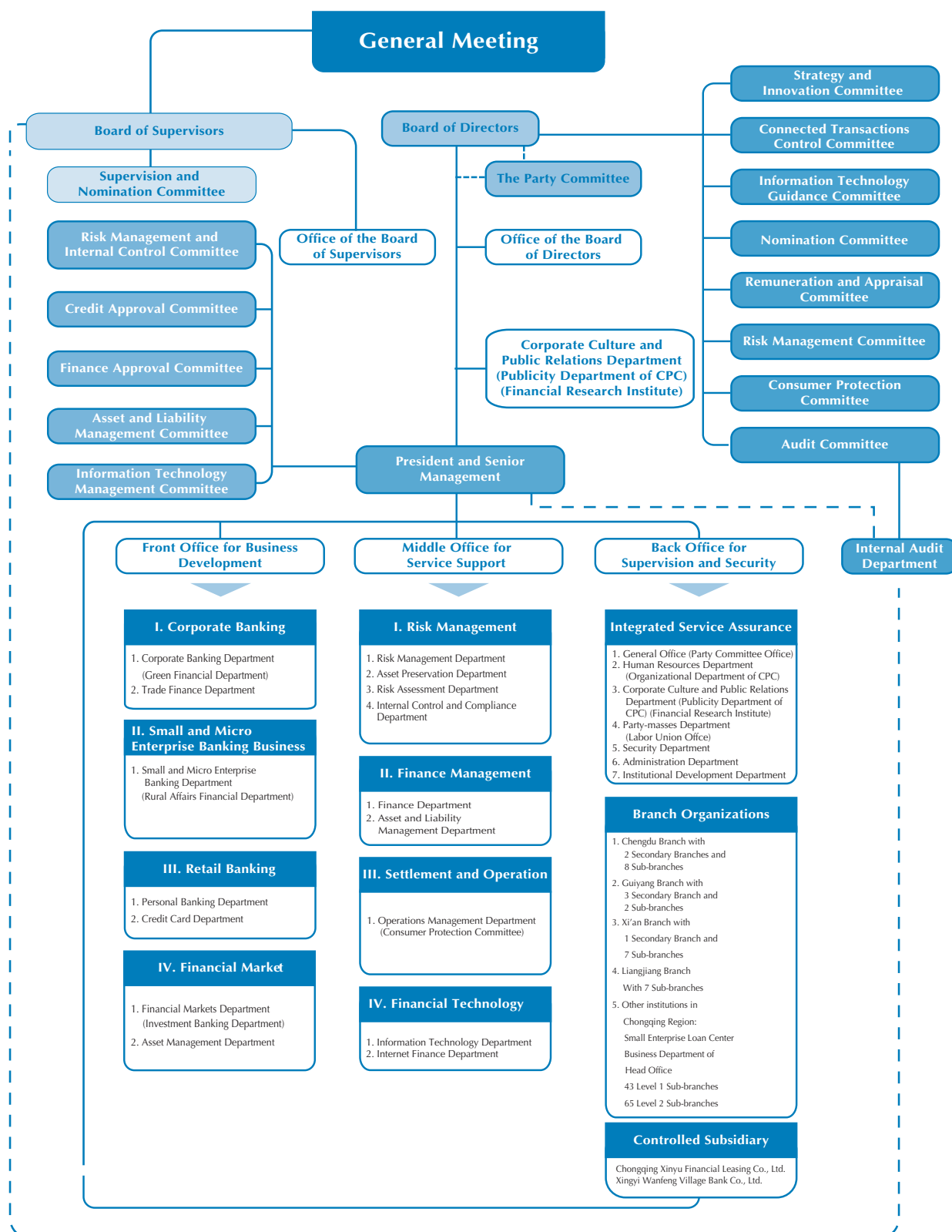
(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2020	As at December 31, 2019
Asia Pacific excluding Mainland China	33,067	726,101
– of which attributed to Hong Kong	20,863	722,375
Europe	8,523	26,392
North America	526,535	957,747
Oceania	–	–
Total	568,125	1,710,240

2. Currency Concentrations

(All amounts expressed in thousands of RMB unless otherwise stated)	Equivalent in RMB			Total
	US Dollar	HK Dollar	Others	
As at December 31, 2020				
Spot assets	9,815,041	3,524	71,725	9,890,290
Spot liabilities	9,361,169	3,541	72,782	9,437,492
Net long/(short) position	453,871	(17)	(1,058)	452,796

(All amounts expressed in thousands of RMB unless otherwise stated)	Equivalent in RMB			Total
	US Dollar	HK Dollar	Others	
As at December 31, 2019				
Spot assets	13,529,109	967	121,529	13,651,606
Spot liabilities	13,114,194	969	122,951	13,238,113
Net long/(short) position	414,916	(2)	(1,422)	413,492

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	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
11	Liupanshui Secondary Branch of Bank of Chongqing Co., Ltd.	1st to 3rd Floor, Longcheng Plaza, No. 81 Zhongshan Middle Road, Zhongshan District, Liupanshui, Guizhou	553000
12	Zunyi Secondary Branch of Bank of Chongqing Co., Ltd.	No. 1-1 Building 1, Jinxucheng Shangcheng Community, Nanjing Road, Huichuan District, Zunyi, Guizhou	563000
13	Luzhou Secondary Branch of Bank of Chongqing Co., Ltd.	No. 1001 and 1002, 10/F, No.12-5, Building 1, No.12, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City	646099
14	Wenhuagong Sub-branch of Bank of Chongqing Co., Ltd.	No. 139 Zhongshan San Road, Yuzhong District, Chongqing	400014
15	Qixinggang Sub-branch of Bank of Chongqing Co., Ltd.	No. 148 Zhongshan Yi Road, Yuzhong District, Chongqing	400013
16	Bayi Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 258 Bayi Road, Yuzhong District, Chongqing	400010
17	The Great Hall Sub-branch of Bank of Chongqing Co., Ltd.	No. 4 Xuetianwan Zheng Street, Yuzhong District, Chongqing	400015
18	Renhe Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 89 Renhe Street, Yuzhong District, Chongqing	400015

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
19	Shangqingsi Sub-branch of Bank of Chongqing Co., Ltd.	No. 38-4, 5, 6, and 7 Zhongshan Si Road, Yuzhong District, Chongqing	400015
20	Jiefangbei Sub-branch of Bank of Chongqing Co., Ltd.	No. 101 Minzu Road, Yuzhong District, Chongqing	400010
21	Minsheng Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 153 Zourong Road, Yuzhong District, Chongqing	400010
22	Dayanggou Sub-branch of Bank of Chongqing Co., Ltd.	(street frontage), Oupeng Building, No. 216 Xinhua Road, Yuzhong District, Chongqing	400010
23	Chaotianmen Sub-branch of Bank of Chongqing Co., Ltd.	No. 7 Datong Street, Yuzhong District, Chongqing	400011
24	Zongbucheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 44 and 46 Huxie Road, Yuzhong District, Chongqing	400011
25	Hualongqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 162 and 164 Ruitian Road, Yuzhong District, Chongqing	400043
26	Renmin Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 129 Renmin Road, Yuzhong District, Chongqing	400015
27	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
28	Daping Sub-branch of Bank of Chongqing Co., Ltd.	No. 121 Daping Changjiang Er Road, Yuzhong District, Chongqing	400042
29	Sanxia Plaza Sub-branch of Bank of Chongqing Co., Ltd.	No. 339-3, Xiaolongkan Zheng Street, Shapingba District, Chongqing	400030
30	Shazheng Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 37-6 Shazheng Street, Shapingba District, Chongqing	400030
31	Xiaolongkan Sub-branch of Bank of Chongqing Co., Ltd.	No. 40-6-1 Xiaolongkan New Street, Shapingba District	400030
32	Tianxingqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 40-28 Tianxingqiao Zheng Street, Shapingba District, Chongqing	400030
33	Xiyong Weidianyuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 17-21 and 63-67, No. 26, Xishuang Avenue, Shapingba District, Chongqing	401332
34	Chongda Sub-branch of Bank of Chongqing Co., Ltd.	No. 83 Shabei Street, Shapingba District, Chongqing	400044
35	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
36	Dadukou Sub-branch of Bank of Chongqing Co., Ltd.	No. 37-18 Cuibai Road, Chunhui Road Subdistrict, Dadukou District, Chongqing	400084
37	Ganghua Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 1 Shuangshan Road, Dadukou District, Chongqing	400084
38	Jiulong Square Sub-branch of Bank of Chongqing Co., Ltd.	No. 36 Yangjiaping Xijiao Road, Jiulongpo District, Chongqing	400050

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
39	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, Baishiyei Town, Jiulongpo District, Chongqing	401329
40	Jiulongpo Sub-branch of Bank of Chongqing Co., Ltd.	No. 1409 Jingwei Avenue, Jiulongpo District, Chongqing	400039
41	Yangjiaping Sub-branch of Bank of Chongqing Co., Ltd.	(Jianye Building) Yangjiaping Labour Village 3, Jiulongpo District, Chongqing	400050
42	Yuzhou Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 18-1 Yuzhou Road, Jiulongpo District, Chongqing	400039
43	Nanping Sub-branch of Bank of Chongqing Co., Ltd.	2-2, 1/F, No. 199 Nancheng Avenue, Nanping Subdistrict, Nan'an District, Chongqing	400060
44	Chayuan New District Sub-branch of Bank of Chongqing Co., Ltd.	No. 101-8 Tongjiang Avenue, Chayuan New District, Nan'an District, Chongqing	401336
45	Danzishi Sub-branch of Bank of Chongqing Co., Ltd.	No. 52 Danzishi New Street, Nan'an District, Chongqing	400061
46	Huilongwan Sub-branch of Bank of Chongqing Co., Ltd.	No. 37, 1/F, No. 29, Nanhu Road, Nan'an District, Chongqing	400060
47	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
48	Yudong Sub-branch of Bank of Chongqing Co., Ltd.	No. 60-1 Xinshi Street, Banan District	401320
49	Jieshi Sub-branch of Bank of Chongqing Co., Ltd.	No. 137, 139, 141 and 143 Jiemei Road, Jieshi Town, Banan District, Chongqing	401346
50	Lijiatuo Sub-branch of Bank of Chongqing Co., Ltd.	Shop 5 No. 5, Mawangping Zheng Street, Lijiatuo, Banan District	400054
51	Beibei Sub-branch of Bank of Chongqing Co., Ltd.	No. 453, 455 and 457 Yunqing Road, Beibei District, Chongqing	400700
52	Beibeichaoyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 73 Zhongshan Road, Beibei District	400700
53	Southwest University Sub-branch of Bank of Chongqing Co., Ltd.	No. 18 Shigang Village, Beibei District	400700
54	Tianshengqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 85-3 Huangshu Village, Beibei District, Chongqing	400716
55	Beibei District Shuitu Sub-branch of Bank of Chongqing Co., Ltd.	No. 98-27 Fangzheng Avenue, Beibei District, Chongqing	400700
56	Jianxin North Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 23-4 Jianxin North Road, Jiangbei District	400020
57	Ranjiaba Sub-branch of Bank of Chongqing Co., Ltd.	No. 433 and 435 Longshan Road, Nanqiao Temple, Yubei District, Chongqing	400020
58	Wulidian Sub-branch of Bank of Chongqing Co., Ltd.	No. 292 Jianxin East Road, Jiangbei District, Chongqing	400023

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
59	Jianxin East Road Sub-branch of Bank of Chongqing Co., Ltd.	Baiyexing Building, No. 3-1 Jianxin East Road, Jiangbei District	400020
60	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	400025
61	Longtousi Sub-branch of Bank of Chongqing Co., Ltd.	No. 331 Donghu South Road, Yubei District, Chongqing	401147
62	Jinkai Sub-branch of Bank of Chongqing Co., Ltd.	No. 11-1 Jintong Road, Beibu New District, Chongqing	401122
63	Yanghe Sub-branch of Bank of Chongqing Co., Ltd.	No. 383 Honghuang Road, Longxi Sub-district, Yubei District, Chongqing	401147
64	Yuanyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 119, Building G8, No. 1122 Jinkai Avenue, Beibu New District, Chongqing	401147
65	Liangjiang New District Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-3 Xingguang Avenue, Gaoxin Park, Beibu New District	401121
66	Fenglinxiushui Sub-branch of Bank of Chongqing Co., Ltd.	No. 52, 54, 56 and 58 Xihu Road, Yubei District, Chongqing	401120
67	Songshuqiao Sub-branch of Bank of Chongqing Co., Ltd.	District A, Shanghai Building, No. 71 Wuling Road, Longxi Sub-district, Yubei District	401147
68	Renhe Sub-branch of Bank of Chongqing Co., Ltd.	No. 50 Renhe Jile Avenue, Yubei District, Chongqing	401121
69	Jiazhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 115 Jiazhou Road, Yubei District	401147
70	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
71	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	401120
72	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
73	Lianglu Sub-branch of Bank of Chongqing Co., Ltd.	No. 86 Shuanglong Avenue, Shuanglonghu Sub-district, Yubei District	401120
74	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
75	Fuling Stadium Sub-branch of Bank of Chongqing Co., Ltd.	Xinghua Middle Road (Stadium South Road), Fuling District, Chongqing	408000

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
76	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
77	Changshou Sub-branch of Bank of Chongqing Co., Ltd.	No. 10 Taoyuan West Road, Changshou District, Chongqing	401220
78	Yanjia Sub-branch of Bank of Chongqing Co., Ltd.	No. 33 Yucai Road, Yanjia Sub-district, Changshou District, Chongqing	401221
79	Fengcheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 2 Xiangyang Road, Changshou District, Chongqing	401220
80	Hechuan Sub-branch of Bank of Chongqing Co., Ltd.	1-2, 2-1, No. 402, 400 Jiangcheng Avenue, South Office, Hechuan District	401520
81	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	401520
82	Wanzhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 193 Baiyan Road, Wanzhou District, Chongqing	404000
83	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	404020
84	Qianjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 555 Xinhua Avenue (West Section), Chengxi Sub-district, Qianjiang District	409000
85	Dashizi Sub-branch of Bank of Chongqing Co., Ltd.	No. 120 Jiefang Road, Chengdong Sub-district, Qianjiang District, Chongqing	409000
86	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
87	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
88	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
89	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
90	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

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
91	Yongchuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 78 Renmin South Road, Yongchuan District, Chongqing	402160
92	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
93	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
94	Liangping Sanxiafeng Sub-branch of Bank of Chongqing Co., Ltd.	No. 2, 4 and 8 Shuncheng Street, Liangshan Town, Liangping County, Chongqing	405200
95	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
96	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
97	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
98	Rongchang County Changyuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 199-205 Binhe Middle Road, Changyuan Town, Rongchang County, Chongqing	402460
99	Zhong County Sub-branch of Bank of Chongqing Co., Ltd.	No. 3-1 Zhongbo Avenue, Zhongzhou Town, Zhong County, Chongqing	404300
100	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
101	Qinggang Sub-branch of Bank of Chongqing Co., Ltd.	No. 190, 192 and 194 Zhong Street, Qinggang Sub-district, Bishan County, Chongqing	402760
102	Bishan Jinjian Sub-branch of Bank of Chongqing Co., Ltd.	No. 205 (3 to 5) Jinjian Road, Bishan County, Chongqing	402760
103	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	401420
104	Wansheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 23-1 Wansheng Avenue, Wansheng District, Chongqing	400800
105	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

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
106	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
107	Kaizhou Sub-branch of Bank of Chongqing Co., Ltd.	Market Square, Kaizhou Avenue (Middle Section), Kaizhou County, Chongqing	405400
108	Kaizhou County Pingqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 500 Kaizhou Avenue West, Yunfeng Street, Kaizhou County, Chongqing	405499
109	Dazu Sub-branch of Bank of Chongqing Co., Ltd.	No. 335 Shengji West Road, Tangxiang Avenue, Dazu District, Chongqing	402360
110	Shuangqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 10-39 Xihu Avenue, Shuangqiao District, Chongqing	400900
111	Dazu County Wuxing Avenue Sub-branch of Bank of Chongqing Co., Ltd.	No. 257 Wuxing Avenue, Tangxiang Sub-district, Dazu County, Chongqing	402368
112	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
113	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	402660
114	Fengdu Sub-branch of Bank of Chongqing Co., Ltd.	No. 184 and 186 Pingdu Avenue (West Section), Sanhe Town, Fengdu County, Chongqing	408200
115	Shizhu Sub-branch of Bank of Chongqing Co., Ltd.	No. 35-26-30, Dudu Avenue, Wan'an Street, Shizhu County, Chongqing	409100
116	Shizhu Wanshou Sub-branch of Bank of Chongqing Co., Ltd.	No.100-9, Wanshou Avenue, Wan'an Street, Shizhu County, Chongqing	409100
117	Dianjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 9-32 Nanyang West Road, Guiyang Sub-district, Dianjiang County, Chongqing	408300
118	Dianjiang County Fengshan Sub-branch of Bank of Chongqing Co., Ltd.	Unit 1-1, Building B51 Fengshan West Road, Guixi Town, Dianjiang County, Chongqing	408300
119	Yunyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 1299 Yunjiang Avenue, Qinglong Street, Yunyang County, Chongqing	404500
120	Wuxi Sub-branch of Bank of Chongqing Co., Ltd.	Entertainment and Sports Building, Chunshen Avenue, Chengxiang Town, Wuxi County, Chongqing	405800
121	Wulong Sub-branch of Bank of Chongqing Co., Ltd.	No. 117 Furong West Road, Xiangkou Town, Wulong County, Chongqing	408500
122	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

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
123	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
124	Youyang Taohuayuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 17 Chengbei New District, Zhongduo Town, Youyang County, Chongqing	409800
125	Pengshui Sub-branch of Bank of Chongqing Co., Ltd.	G/F (street frontage) Binjiang Community, Hanjia Town, Pengshui County, Chongqing	409699
126	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
127	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
128	Fengjie Sub-branch of Bank of Chongqing Co., Ltd.	No. 4 Qiaomu Street, Yong'an Town, Fengjie County, Chongqing	404600
129	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
130	Chengdu Binjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 65 Shangchi Zheng Street, Qingyang District, Chengdu, Sichuan	610015
131	Chengdu Wuhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 17 South Section 4, Yihuan Road Gaosheng Bridge, Wuhou District, Chengdu, Sichuan	610000
132	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
133	Chengdu Jinsha Sub-branch of Bank of Chongqing Co., Ltd.	No. 246 Shuhui Road, and No. 171 Jinze Road, Qingyang District, Chengdu, Sichuan	610074
134	Chengdu Kehua Sub-branch of Bank of Chongqing Co., Ltd.	Libao Building, No. 62 Kehua North Road, Wuhou District, Chengdu, Sichuan	610040
135	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
136	Chengdu Xindu Sub-branch of Bank of Chongqing Co., Ltd.	No. 470, 472 and 474 Yuying Road, Chengdu, Sichuan	610599
137	Guiyang Chengdong Sub-branch of Bank of Chongqing Co., Ltd.	No. 116 Baoshan North Road, Yunyan District, Guiyang, Guizhou	550001
138	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

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
139	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
140	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
141	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
142	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
143	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
144	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
145	Yan'an Nanshi Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 1 Nanshi Street, Baota District, Yan'an	716000